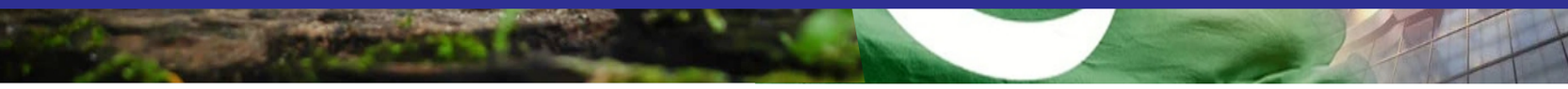


ESG, Agility and SDGs: The Role of Pakistan's Financial Institutions



A typical Pakistani financial institution (FI) levied with the highest rates of taxation in the economy, expected to make responsible use of public money, bears international pressures of transparency while remaining profitable to its investors and providing growth stimulus to the deprived strata of the economy. Despite all these intrinsic limitations, Environmental, Social and Governance (ESG) initiatives lead banks in Pakistan. Such initiatives are typically expected from entities with much larger financial muscle, such as conglomerates, MNEs, FMCGs and industrial mega houses. Evidently, ESG initiatives ranging from Non-Financial Advisory Services (NFAS) for marginalized businesses to financing sports, cultural, expo, educational, entrepreneurial and career counselling events are all hallmarks of financial institutions in Pakistan.

Be it a small farmer in the most remote location of the country or a young student graduated from a large university campus in a cosmopolitan city, all are treated equitably to uphold the promise of inclusion. This is the slogan of all stakeholders in the financial industry of Pakistan. This includes sponsoring the education of employees' children, scholarships and internal competitions. Day care centres for female employees, gymnasiums for health and well-being, coupled with free of cost training and funded programmes of professional qualifications for employees.

Whether it is novel ESG or classic CSR initiatives, irrespective of nomenclature and jargon, all efforts are aimed at one goal, namely sustainability. The sustainability parameters adopted by the UN are the 17 Sustainable Development Goals (SDGs), introduced in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity.

Agility is a great attribute in any organization, enabling it to not only remain sustainable but also serve as a catalyst for achieving sustainability parameters in society as a whole. Why is agility important? Agile corporates, being buoyant and resilient, have the strength and advantage to take risks on innovation and strategic changes such as investment in green technology, for example in the banking industry, investment in digital initiatives, fintech and artificial intelligence. Organizational agility is a multidimensional construct that helps corporates overcome risks and contribute to efficient performance, translating into ambitious ESG policies to achieve SDGs at both organizational and community level.



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Corporate SDG activities such as ESG need agility, that is, the ability to withstand and adapt to external shocks. Be it climate change, geopolitical instability or changes in market tastes, all risk the organizational business model, structure and culture. These risks present unique opportunities within threats and may at times lead to situations where agility would uphold SDGs.

Despite the above optimistic picture, yet, as with every phenomenon, there is another side of the picture which is not as promising. Theoretically speaking, innovation that curtails outcomes and strategic misalignments can slow growth. This would hamper organizational resilience to absorb shocks and may, God forbid, result in SDG failures.

In relation to the above, it is heartening to learn from experiences and academic research that innovations with simultaneous capacity building, development of market niches and organizational ownership of strategic change, such as development of green technology, may bring the desired results, namely the achievement of sustainability and its goals, measured by the UN through SDGs for standardization across the globe.

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