

Over half of South Africans focus social and environmental issues

The majority of South African investors are now placing more importance on environmental (58%) and social issues (55%) than before the Covid-19 pandemic, while calling for greater sustainability-focused performance data.



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This is according to the Schroders Global Investor Study (GIS) 2021, an annual survey which highlights savings and investment trends based on the answers and opinions of more than 23,000 respondents globally.

Vast economic disparity

Kondi Nkosi, country head at Schroders South Africa, explains that while Covid-19 has widened the gap between rich and poor the world over, South Africa was already burdened by a vast economic disparity prior to the pandemic, which has since become further entrenched.

“This might account for the increased focus on sustainability issues, particularly those that are social.”

The data also reveals that among those who said their interest in environmental and social issues had increased, the majority were found to be in the 51-70 years age bracket.

Yet, seemingly in contradiction, it appears that South African investors aged between 18-27 were more at ease with the prospect of embracing sustainability.

“63% of younger respondents stated they would feel positive about moving to an entirely sustainable portfolio provided the same level of risk and diversification was maintained - compared to 58% within the 51-70 category.”

However, Nkosi says that almost six in 10 local investors (56%) believe that data which suggests sustainable investing delivers better returns would further encourage them to increase allocations.

A further 50% said that more information on funds aligned to their preferences would motivate them to increase their sustainable investments, while 46% said that regular reporting highlighting the impact of their investments would motivate them to increase allocations.

When it comes to personal motivation for moving to a more sustainable portfolio, 67% said that the environmental impact of investing sustainably was the most appealing factor, while 55% believe that sustainable investing offers scope for greater returns.

Financial scandals

The study also revealed what controversies are likely to drive South Africans to withdraw from investments.

Financial scandals were cited as the most likely, with 76% of local investors stating they would sell out if their investments were impacted by financial or accounting scandals, which is in line with the global consensus.

However, an interesting departure from other markets is that 67% of South African respondents cited a human rights scandal as a reason to withdraw their money from an investment fund if the companies associated were involved in a controversy of this nature.

This is in contrast to the global data, which records a cyber attack as the next scenario that would most likely lead to people withdrawing from their investments.

According to Nkosi, this is not particularly surprising when you consider the human rights breaches of South Africa's past, which have left citizens with a deeply ingrained sense of justice.

“As sustainability moves to the fore, the 2021 GIS has highlighted that South African investors are prepared to defend these hard-won rights with their investment spend,” he concludes.

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