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Ethical Decisions of Leaders in Sustainable Investing to Promote Sustainable Development

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ABSTRACT

Sustainability has become an essential topic of discussions in the business community. Business leaders play a significant role in forming corporate strategy, leading to investment decisions and establishing a sustainable investment portfolio. This study leverages a unique method to study a global phenomenon by using social media data to identify reasons for investment decision. Qualitative research relies on several methods to collect data. The main methods include observation, interview, focus group, and document analysis. Each method brings pros and cons, especially when considering contextual constrains of the research such as geographical coverage, familiarity to the method and availability of participant/informant, as well as the selected research tradition and philosophical assumptions. The study finds that Intellectual Stimulation is the dominant characteristic under the Transformational Leadership theory demonstrated by the leaders, while upholding commitment is proposed as an addition to the Transformational Leadership component listed in the Multifactor Leadership Questionnaire There are four reasons for SI decision, i.e., climate change, stakeholders' demand alignment, risk–performance consideration, and value alignment.

1. INTRODUCTION

The perception and behaviour of Chief Executive Officers and corporate leaders towards Following the emergence of sustainability as a concept that was gaining traction since the United Nations World Commission on Environment and Development's report "Our Common Future," sustainable investing has continued to evolve and become a more recognized investment strategy [1]. The report highlights the phenomenon of human struggle towards survival and wealth creation with little respect to others, including future generations, whereby irreversible damage to the human environment has reached an alarming level. Eradication of such a global challenge can only be done through the mobilization of enormous sustainable development financing through various strategy options, including domestic public financing, domestic private financing, international public financing, international private financing, and blended finance [2]. The 40-year evolution of SI witnessed the shift from pure fiduciary investing, where the benefit to a stockholder is the sole objective of any investment, to the emergence of philanthropic movements, where social and environmental benefit takes precedence above commercial benefit [3]. Leading investors, such as BlackRock, the world's largest asset manager to date, are supporting SI in light of this predicament. However, it is unclear how much CEOs and business executives pay heed to the appeal [4].

Management and business leaders continue to strive to reconcile the demands of internal stakeholders, such as shareholders and workers, with external stakeholders, such as the environment, communities, and government, in the context of SI as a global phenomena [5]. Development of management practices such as sustainable strategic management leads to the sustainable investing decision augment the pursuit of such balance. Taking into account the advantages and disadvantages of SI, its progress toward becoming a mainstream investment strategy and the gap, as well as the contextual discussion and findings by scholars and practitioners, this study goes a step further by introducing the "SI level" as a construct proposed by the author to serve as a term of reference [6].

This study avoids taking a position on whether to support the "mainstream" or the SI gap believer by utilizing this phrase. Rather, because the adoption of SI is not the objective of the study, it permits it to be conducted in a neutral manner. Based on the work of ref. [6] on Sustainable Strategic Management [7, 8] which emphasize the importance of leadership in SI, as well as calls for more research from ref. [8, 9] the business situation described by Winston [4] and the importance of value-driven and ethical leadership, this study focuses on: A recent search on Google Trend shows the result that is still consistent with the work of ref. [10, 11] whereby among the prominent leadership theories such as the traits theory, leader-member exchange (LMX) theory, authentic leadership theory and servant leadership theory, transformational leadership (TL) remains the one attracting most interests. TL is employed as a theoretical perspective directing the investigation towards leadership style in SI in this inductive, theory-enhancing study.

The foregoing background leads to research-worthy business problems such as a lack of understanding of how leadership factors contribute to the current SI level, which for proponents of SI would take the form of low SI penetration in overall professionally managed investments and a lack of universal understanding of how corporations react to the call for SI by major asset managers such as BlackRock.

This research aims to elaborate on how sustainability as a concept is embedded into corporations' strategic management and investment decision- making process and how leadersplay a significant role in determining corporate strategy through their influence in the strategy. formulation process. Given the key role of CEOs and corporate leaders in establishing corporate direction towards sustainability, the research aims to study leadership in SI given the above research and theory gap. Further to understanding what motivates CEOs and corporate leaders towards SI, an emphasis is placed on evaluating an event using the information from the perceptual process during the decision-making process. Such a perceptual process consists of (1) scanning the environment using the five human sensory devices to absorb information, (2) giving attention to and screening of information of interest, (3) further simplifying the information by organizing them, and (4) recalling the information.

As SI is seen as a global phenomenon which would constraint data collection under the common methods, the study employs an innovative technique consists of social media data collection using adaptive keywords, case classification based on relevance to the research questions, followed by an established data explication and verification/triangulation technique. The study is timely as the world is calling for a more sustainable approach towards development. Global warming driven by a combination of greenhouse gas emission and constant deforestation has led to the Paris Agreement which became effective by November 2016, demanding ratifying countries to deal with greenhouse-gas-emissions mitigation, adaptation, and finance, starting in the year 2020. The Intergovernmental Panel on Climate Change (IPCC) issued a report on 8 Oct' 18, highlighting a strong message that the consequences of 1°C of global warming through more extreme weather, rising sea levels, and diminishing Arctic Sea ice, among other changes, are already seen. As key contributors to a given economy, corporations play a significant role in the implementation of the agreement. SI practices by a corporation, and research thereof, is of key importance. Pertinent to investment decision, an investor risk perception provides reason when he or she is presented with multiple investment options [12].

Therefore, the research will start by understanding CEOs and corporate leaders' perception of SI, the reasoning behind SI decision and how leaders engage their followers, specifically what leadership style they use during the decision-making process.

The research is expected to contribute to narrowing the gap of knowledge exists in the subject of leadership in SI, with both theoretical and practical implication. In terms of contribution to the body of knowledge, the research is expected to yield a contribution to the body of leadership style, transformational leadership, sustainability, and investing knowledge, as well as the relevant theories, through a better understanding of leaders' perception towards SI, SI level and the motives thereof. And in terms of contribution to business practice, through the understanding of CEOs and corporate leaders' perception towards SI and SI level, and how they translate the perception int real corporate actions, the research shall contribute to informing the SI decision making process in the overall professionally managed investment in particular, and investment in general.

2. LITERATURE REVIEW

Not enough people are thinking about pressing matters concerning many people or big space in the long term. Not enough people recognize the exponential nature of the impact of global issues such as environmental deterioration, population growth, and depletion of nonrenewable resources. If the trend is not altered, which is possible, then the trend will put a limit to change in forms of adverse impact such as the rapid-uncontrollable decline of the population [13]. As a potential alteration, Sustainable investing as an approach continuesto emerge and becomes a more recognized strategy following the establishment of sustainability as a concept which was gaining prominence since "Our Common Future", the report by United Nations World Commission on Environment and Development, or well known as the Brundtland Report [1]. The report highlights the phenomenon of human struggle towards survival and wealth creation with little respect to others, including future generations, whereby irreversible damage to the human environment has reached an alarming level. Eradication of such a global challenge can only be done through the mobilization of enormous sustainable development financing through various strategy options, including domestic funding public, domestic private financing, international public financing, internationalprivate financing, and blended finance [2].

2.1 Sustainable investing

As a general word for an investment strategy, sustainable investing has been connected with investment techniques that include environmental, social, and governance aspects and their effect, with ESG Investing being the most commonly used phrase [14]. It also goes by a variety of names and encompasses a variety of movements, such as values-based, socially responsible, and impact investment, all of which emphasize social and environmental considerations [15]. Socially Responsible Investing, mission investing, Program Related Investing, Responsible Investing, Triple Bottom Line, Double Bottom Line, Profit with Purpose, ESG, CSR, Impact Investing, and Sustainable Finance are some of the other SI terms. The terms are frequently interchanged [15]. According to Renneboog et al. [16], Lewis and Juravle [17] and the US SIF, the intended emphasis is on environmental, social, and governance objectives while achieving long-term financial returns and societal impact. Around USD 23 trillion of assets were managed using a wide definition of the method at the start of 2016.

According to Alliance [18] SI-categorized investments handled USD22.89 trillion in assets in 2016, accounting for 26% of all professionally managed assets. In the United States, more than one out of every four dollars handled by professional management was invested in SI strategies in 2017, totaling nearly USD12 trillion [19] almost the same proportion as the previous year. This is an increase of more than 38% from 2016 to 2018 [19]. Scholars and practitioners have attempted to review the history of SI, including the relationship between ESG criteria and corporate financial performance (CFP).

According to Schueth [20] SRI's origin dated back from hundreds of years during the biblical times when Jewish law issued directives on investing ethically. John Wesley, the founder of Methodism, examined the use of money as the second most crucial subject of New Testament teachings [15, 20] recalled the first ethic-based mutual fund available to retail investors in Europe started by the church-affiliated organization in Sweden in 1965. More than 2,000 empirical studies and several review studies have been performed starting from the beginning of searching for a relationship between ESG and CFP in 1970 (Friede, Busch and Bassen, 2015). Since then, SI has gained awareness, attention, and interests from various stakeholders, including scholars and investors [21] academic and practitioner [22] and business, government, and communities [23]. Investors also have witnessed increasing awareness towards social, environmental, ethical, and governance issues [16] while financiers begin to see advocation for ecological standards by the movement for ethically and socially responsible investment [24].

2.2 Performance

The success of SI-related investments has been reported to be good in general, while there have been some indifferent and skeptical remarks. Investment [25] compared the Calvert U.S. Large Cap Core Responsible Index, Dow Jones Sustainability U.S. Index (DJSI U.S.), FTSE4Good US Index, MSCI KLD 400 Social Index, and MSCI USA IMI ESG Leaders Index with two well-known U.S. equity-based indexes, the Russell 3000 and S&P 500 indexes, and found no statistical differences.

In a country context, data from 2011 to 2015 demonstrates that the SRI KEHATI index, which is tied to sustainability, outperforms the LQ45 index (45 most liquid stocks in the Jakarta Stock Exchange). The sustainability score also demonstrates resistance to market corrections [26].

2.3 Impact investing, spectrum of capital, and value chain of capital

Trelstad [3] provides coverage on some key points of the above literature review. First, it touches on the definition of impact investing according to the Global Impact Investing Network in 2009 and argues that it is problematic. It then proposes dimensions of “Spectrum of Capital” and “Value Chain of Capital” to better define impactinvesting. Second, it suggests “impact fidelity” as a construct expected to align investment stakeholders to impact; the same way fiduciary aligns the same stakeholders to financial returns. And third, it introduces “impact classes” as a framework to describe different objectives. The following paragraphs will describe [3] first two points above as relevant to the purpose of this paper.

Commenting on the definition of impact investments, which according to the GIIN in 2009 are “investments made into companies, organizations, and funds to generate measurable social andenvironmental impact alongside a financial return”, Trelstad [3] argues that the definition is problematic for two reasons. First, it covers such a broad range of asset classes, themes, and returnorientations, making it difficult to identify an impact investment and what is not. Second, the definition assumes that the intention to have a “social or environmental impact” in an investment correlates with whether an investment delivers (presumably positive) social or environmental benefits. The central question is whether the impact sacrifices financial returns.

Impact investors argue that combining financial and social or environmental purposes, under certain circumstances, can outperform the market and philanthropy operating independently. In other words, more of both financial return and social or environmental impact can be obtained through impact investing than through profit-maximizing investment strategy and donates a particular portion of the economic returns to achieve social or environmental goals. Such impact investing can be done by using an impact perspective in making investment decisions or operating an investment perspective when making philanthropic (or impact) decisions. Whether impact investing can achieve the intended benefits can be answered by empirically evaluating the financial and impact performance thereof over time. Trelstad [3] doesnot intend to answer such a question but instead tries to offer constructs that would be helpful in the continued study of the field.

To move beyond a single definition of impact investing, Trelstad [3] suggests moving towards a complete analytical framework by understanding the Spectrum of Capital and then thinking critically about the value chain of capital. Two dominant nodes on the Spectrum of Capital existed until the middle of the 20th century: the fiduciary and the philanthropic. At the fiduciary end of the spectrum, capital investment is aimed for maximum financial gain with little regard to the environmental or social consequences. By contrast, capital is donated for a maximum social or ecological benefit at the philanthropic end, with no consideration for the financial return. The middle of the Spectrum of Capital started to fill in the late 1960s and early 1970. Movements from the fiduciary-only end of the spectrum are called socially responsible investing where there had been historical precedent for social considerations in investment decisions. Initiating from exclusionary strategies, especially by avoiding “unethical investments” in their portfolio, SRI uses more shareholder proxies to advocate for stronger ESG and screeningout for objectionable investment destinations. Around the same time as the SRI movement,movement from the philanthropic end is called program-related investment (PRI). The main idea that can be concluded from this movement is expanding philanthropical endeavors made possible by establishing an income generation business model for the grant recipient. Also, it could help the grant recipient to develop creditworthiness allowing them to transition towards more traditional investment capital.

Finally, in the late 1990s and early 2000s, the next set of development along the Spectrum of Capital took place initiated by an affirmative investment thesis based on social and environmental factors, departing from the notion that one can do just as well by investing to avoid certain negative social or environmental factors. The movement called sustainable supporting (SI) gave rise to the belief that doing less harm through one’s investments is not the only way to define investment, as one might also invest in creating more social or environmentalbenefits.

The above discussion around the Spectrum of Capital is one of the sources of confusion inthe investment marketplace. The other source is the complexity of the “chain of capital,” i.e., the number of steps from the source of capital to the source of financial return. Money is sourced fromthe asset owner, while the financial return is sourced from the companies or projects being financed. Overlaying the chain of capital to the Spectrum of Capital will create confusion, although things are still relatively straightforward at the end of the Spectrum of Capital. At the fiduciary end, involved matters include the owner of capital, fund managers, some investment instructions/principles, source of investment returns/investee, some return requirement, compensation upon exceeding specific hurdle rate, and consequence of not meeting expectation. At the fiduciary end, involved matters include the former owner of capital, trustees, foundations, grantrecipients, evidence of impacts, and consequence of not meeting an “impact hurdle rate,” which is less dramatic than that of the fiduciary end. As the discussions move towards the center of the Spectrum of Capital, maintaining both fiduciary duty and impact fidelity is challenging, especially in the context of the grander scale of happening in the future. Maintaining fidelity to the investor’s preference is challenging due to the difficulty defining and measuring and subjectivity and idiosyncrasy of an impact compared to financial returns [3].

When viewed from a broader context, as can be in ref. [27] and [28] works, the function of finance is argued to have a big room for improvement still. In the aftermathof the 2007-2008 financial crisis, societal movement manifested in public protest targeted towards government and financial establishment appeared in media frontpages in 2001. Such demonstrations included the Movimiento 15-M in Madrid followed by the Occupy Wall Street in New York, occupy Boston, Occupy Los Angeles, Occupy London, and similar activities. The main message the protests would like to deliver was around lack of trust towards government and financial institutions’ duty of care towards societal welfare, i.e., financial stature should not be used to influence government to enable grabbing more financial welfare at the expense of the public [27]. At the same time, Shiller [27] also suggests that finance is also a significant force that could be used toward the creation of a better, more prosperous, and equitable society, despite its flaws and imperfectness. He further described the contributions of various stakeholders in the financialindustry such as chief executive officers, investment managers, bankers, investment bankers, mortgage lenders, market makers, insurers, market designers andfinancial engineers, derivative providers, lawyers and financial advisers, lobbyist, regulators, accountants and auditors, and educators. It remains unclear what needs to be done to connect financial institutions with the individual people, which is fundamental for society.

2.4 The SI level

The USD22.89 trillion of assets under management represents 26% of the total professionally managed support reported by Alliance [18]. The report of ref. [19] that in the United States, as of the year 2017, more than one out of every four dollars managed by professional management was invested following SI strategies, one can argue that to date, SI has been a mainstream investment strategy. However, implying from the suggestion of Richardson [24] to regulate the financial sector, which often funds and profits from environmentally unsustainable development, the funding gap of around USD 2 trillion a year to decarbonize the world’s energy system and the potentially important role of institutional investors with its USD 71 trillion in assets Kaminker and Stewart [29] and Mittelman [15] report that while the market for green bonds surged to $170 billion, green bonds, by value, represented only about half a per cent of all bonds issued in 2017, it can also be argued that the above SI proportion still has room to grow. There exists a gap between the expected and actual engagement of investors in SI, or called the “SI gap”, using the term introduced by Paetzold and Busch [22].

2.5 Investment decision making process and role of leadership

In this study, the discussion of the leadership component in SI begins with a review of decision-making and capital chain [3]. Capital flows from investors who possess capital or assets via a number of intermediaries before reaching the projects or firms engaged in, which in turn deliver a return on investment through a number of intermediaries to the owner of capital. SI has evolved from a niche market of individual ethical investors, ranging from average retail investors to very high net worth individuals and family offices, to institutional investors, such as universities, foundations, pension funds, nonprofit organizations, and religious institutions, from the investor's perspective [17, 30]. While an investor may mandate a specific investment plan that includes ESG concerns through a consensus, either explicitly or inferred in certain situations, an investor may also mandate a specific investment strategy that does not include ESG concerns. The final duty for selecting where the majority of these assets are invested remains with a small number of principals and their agents, rather than the ultimate asset-owner [31] ESG analysis should be embedded into the investing processes of every serious investor and into the corporate strategy of every firm that cares about shareholder value, according to Fulton et al. [32]. However, according to Sullivan et al. [33] many investors have yet to completely integrate ESG considerations into their investing decision-making processes.

A leader’s role in decision making, especially when involving ethical decisions such as those with responsible investing, is highlighted by Bazerman [34] When facing ethical decision-making options, leaders have the option of following either System 1 thinking, i.e., the Intuitive system, which is fast, automatic, effortless, and emotional; or the System 2 thinking, i.e., DeliberateSystem, which is slower, conscious, effortful, and logical. Bazerman [34] argues that thedeliberate system creates move value. In any case, leaders have the opportunity to amplify their value creation through his/her followers by creating an ethical decision-making environment.

In the context of this situation, leading investors such as BlackRock are promoting SI. With around USD6.2 trillion under management to date, BlackRock is the world’s largest investment manager. It established the Global Investment Stewardship unit in 2015 to drive the intended change in the investment world, followed by an escalation of the unit’s profile by the assignment of the Vice-Chairman to oversee the unit, in line with Larry Fink [7], BlackRock’s CEO inhis annual letters to S&P 500 CEOs, has been calling for long term value creation and corporate purpose, leading to a strong statement in the 2017 letter highlighting corporate’s contribution to long term growth, attention to external and environmental factors, and recognition of the company’s role as a member of the communities in which it operates.

It was not clear how much attention CEOs pay to these letters CEOs who are for Fink’s request were quiet as they may have already been doing it [4]. Those who do not see the value may not be rushing to change as capital will not leave their stock due to BlackRock’s nature as an index investor that cannot move capital around based on the assessment of how well companies do at managing long-term value [4].

2.6 The management's challenges – a stakeholder's view

In traditional managerial capitalism, according to Freeman [5] a corporation is established by stockholders who appoint management to act for and on behalf of them. Such relation is evolving as managerial capitalism is transforming into a modern corporation. Under this transformation, managers' duty to stockholders is changing to the notion that managers have fiduciary relations to stakeholders, defined as parties that have claims to a corporation such as customers, employees, suppliers, stockholders, and the local community. Each of the stakeholders demands fair treatment so that the core topic of a stakeholder theory is a question for whose benefit and at whose cost should a firm be managed.

Still, according to Freeman [5] the above demands of stakeholders represent attacks on general capitalism and are justified by both legal and economic arguments. Under the legal discussion, corporations are now "legal persons", whereby claims of the stockholder to the corporation are now constrained as the law also provides solid bases for other stakeholders to register claims towards the corporation. Under the economic argument, management's previous notion of value maximization to the benefit of stockholders without government intervention is constrained by at least three factors - externalities, moral hazard, and monopolistic power. Externalities include the cost of ensuring "public goods" such as minimized pollution and preservation of air and water quality. Such a charge is increasingly imposed on the corporation to bear.An example of a moral hazard is the one that stems from the possibility of consumers passing on the cost of products or services to the next value chain and therefore undermine the resource- optimization behavior. Monopolistic power arises from the ability of large corporations to command market terms and thus discourage competition. The three factors are increasingly regulated.

Up to this point, the stakeholder theory is a generalization of the stockholder act, including what, when, and why a stakeholder could register a claim to the corporation and how any problem thereof could be managed to yield a resolution.

2.7 Sustainable strategic management

This study views the SI phenomena from the perspective of Sustainable Strategic Management (SSM) practice introduced by Jean Garner Stead and W. Edward Stead in 1977 [6]. SSM comprises integrating the concept of sustainability into the theory and practice of strategic management and is believed to be the next evolutionary stage inthe discipline of strategic management [6]. While giving credits to prior contributions of scholars such as Isaac Newton, Adam Smith, Max Weber, and Frederick Taylor, along with the evolution of strategic management, which was mainly internally focused in the 1960s into a more externally focused starting in the 1970s, W. E. Stead and J.G. Stead [6] posit a departure from the neo-classical economic assumption the economy is a closed system concerning the larger social and ecological systems, creating a mental model of an economy that can grow forever without any serious social and environmental consequences. Therefore, W. E. Stead and J.G. Stead [6] further argue that the evolution from strategic management to SSM necessarily begins with a paradigm shift regarding the fundamental relationship between the economy, society, and the natural environment.

Strand [7] claims that the creation of top management team (TMT) posts with specialized corporate sustainability duties marks the confluence of strategic leadership and corporate sustainability. Furthermore, Rego et al. [8] discovered that the most important management practices for developing CS are the organization's strategic alignment with a long-term orientation and developing and energizing people within a positive organizational climate characterized by trust and ethics. According to Rego et al. [8] CEOs feel that analyzing the future and guiding people via a mobilizing vision; motivating and developing personnel; and leading by example are the most significant leadership qualities and behaviors for fostering CS. On the other hand, Rego et al. [8] concluded that the majority of CEOs in the research had not embraced such integrative and coevolutive approaches. As a result, the study recommends further research and coherence between leaders' actions and their discourse/rhetoric. This conclusion is consistent with ref. [9] proposal of two theoretical dimensions: justifying RI and performing RI, as well as the gap between the two. As a result, Dumas and Louche [9] advocated for further study into establishing the benefits of sustainability as a previous research strategy, rather than as a byproduct of the coordinating process.

Based on the work of ref. [6-8] which emphasize the importance of leadership in SI, as well as calls for more research from ref. [8, 9] and the business phenomenon described by Winston [4] and the importance of value-driven and ethical leadership, this study employs Transformational Leadership as a theoretical framework. This study employs Transformational Leadership (TL) as a reference, which is consistent with one of the study's goals, namely, understanding the leadership style used by leaders while pushing SI via the adoption of a sustainable SI strategy. The choice of TL is based on a study by Dinh et al. [10], which found that TL is the most researched leadership theory when compared to other popular theories like traits theory, leader-member exchange (LMX) theory, authentic leadership theory, and servant leadership theory. According to a recent Google Trends search, TL remains the most popular leadership theory, which is consistent with the findings of ref. [10].

2.8 Leadership theories and transformational leadership

In reviewing TL, almost all of the sources in this study link to Burns [35], emphasizing the significance and origins of the transformative leadership concept. Burns [35] defined leadership as leaders who shape, change, strengthen, and heighten the motives, values, and goals of their followers by acting as teachers. The above leaders' transformational leadership style is based on the assumption that followers are now or potentially acting in concert for a "higher" purpose, notwithstanding their diverse personal interests. The new state of act or condition of being mutually recognized by both leaders and followers is considered as the embodiment of this cohesive act. Transformational leadership, according to Burns [35] focuses on end-values. While not paying enough attention to the methods might taint these ultimate ideals, transformational leaders raise their followers to a higher moral level.

Following Burns [35], Bass [36] defined transformational leadership as a leader's act of achieving superior organizational performance by providing clarity of the organization's purposes and mission and gaining acceptance by doing so, as well as transforming followers, causing them to gain a broader and higher interest beyond their current self-interest. Transformational leaders accomplish outcomes in one or more methods, including being charismatic and so inspiring to their followers, addressing the emotional needs of their followers, and/or intellectually challenging their followers. Transformational leadership and transactional leadership are contrasted. The latter entails the exchange of particular values such as performance and incentives, which motivates followers to heed leaders' directions and adhere to organizational regulations.

Suggestion from ref. [36] the use of four important elements of leadership to further elucidate on how to achieve transformational leadership: charismatic leadership, inspiring leadership, intellectual stimulation, and customized consideration. Charismatic leadership is defined by the followers' and others' great trust and respect for the leader as a result of a strong sense of purpose. Inspirational leadership is communicating a vision clearly and confidently, boosting optimism and excitement, and motivating people. Intellectual stimulation leadership is actively encouraging people to examine their present state of act and state of being, to look for new ways of doing things and addressing old issues, and to build an environment that encourages innovation and intelligence. Finally, individualized consideration is considering and appreciating each follower as an individual human being and expressing appreciation for their contributions.

While the main idea of ref. [36] transformational leadership theory is that transformational leaders are more than just an exchange of rewards (and punishments) for agreed-upon performance (or lack thereof) and thus inspirational, Bass [36] also believes that transformational leaders frequently exhibit transactional leadership behaviors. As a result, according to Bass, a leader may demonstrate both transformative and transactional leadership. This differs from ref. [35] distinction, which places the two leadership styles on different sides of a continuum.

Additional literature evaluations were done in order to uncover empirical evidence for the hypothesis and to test it. Following in the footsteps of Burns and Bass, this review discovered that, since its origin, different researchers and practitioners have offered empirical evidence for the transformation leadership theory and construct. The test and support angles span from single to multi-level analysis, nation, and research factors, as well as their relationship to the transformation leadership concept (either as antecedent or impact).

The work of ref. [37] on the impact of transformational leadership on organizational effectiveness; ref. [38] on the relationship of transformational leadership perception and superior performance; ref. [39] on a school-level analysis of the relationship between transformational leadership behavior and pre-service teacher performance; and ref. [39] on a school-level analysis of the relationship between transformational leadership behavior and Bass et al. [40] studied the domino effect of transformational leadership; Yammarino and Bass [41] studied the relationship between transformational leadership and followers' extra effort and satisfaction with the leader, and ultimately the leader's performance.

The country from which empirical supports have been provided range across multi continents, all but one continent-Antarctic, marking the generality of the paradigm [36]. While most of the studies referred to in this review are performed in the United States, supporting evidence do come from other regions such as Australia [40] Europe [42-45] Africa [46] and Asia [39, 46-48] work results provided empirical support towards the view of cross-culture effectiveness of transformational leadership.

2.9 Transformational leadership and sustainability investing

Other research focusing on different research variables such as performance, employee innovation and creativity, extra effort, organizational commitment and organization citizenship behavior, and ethical environment. This review finds performance, both leaders' performance and followers' performance is among the most researched variables as the impact of transformational leadership.

The preceding review examines many elements of TL, emphasizing the superiority of TL as a leadership style in explaining leader behavior and company success. The writer, on the other hand, has a hard time finding relevant and significant treatment of SI in the literature. Given this theoretical gap, and in response to calls for research ref. [4, 6-9] questions such as what is the leader's perspective on SI in general and SI level in particular, why such perspectives occur, and how leaders contribute to the achievement of cues have been raised.

3. METHOD

The study's main focus is on research questions. It provides direction on the study's goals and conceptual framework, as well as how to perform it, including the relationship between methodologies and validity. In an inductive-iterative qualitative study, research questions should be responsive and adaptable to the implications of other aspects of the design, and can be articulated in depth only after the goals and conceptual framework have been specified, according to ref. [49, 50]. It may also have to wait until broad components of the design's sampling and data gathering have been identified. Personal, practical, and academic aims are all part of the study's objectives. This study's personal purpose is to bring the researcher up to speed on the present status of SI and transformational leadership. In terms of comprehending SI level and improving the mix thereof, practical goals include making a contribution to the corporate society while retaining honesty and avoiding bias. While intellectual goals include developing his firm's strategic direction in the framework of SI by clarifying how leaders perceive SI, why such perception arises, and how leaders act on such perception. Themes that emerged from the analysis of the collected data and describe participants' experiences on the SI level as the observed phenomenon will be analyzed using transformational leadership as a theoretical perspective to see if the theory can explain the experience or if new findings are needed to enrich the theory. To collect data for qualitative research, a variety of methodologies are used. Observation, interview, focus group, and document analysis are the most common tactics used. Each approach has advantages and disadvantages, especially when considering the research's contextual constraints, such as geographical coverage, method familiarity, and participant/informant availability, as well as the chosen research tradition and philosophical assumptions. "The phenomena drives the approach (not vice versa), including even the sort of participants," according to Hycner [50]. This study analyzes the business case as well as the necessity to comprehend leaders' experiences with SI, which is a worldwide phenomena. It's tempting to limit the study's reach to a smaller geographic area in order to make it easier to identify individuals with whom to investigate lived experience. While such a design decision is beneficial to the research, it does have limitations in terms of generality. Opportunities to collect data from these sources are many, in keeping with the chosen research tradition, namely hermeneutic phenomenology, and the abundance of international lived experience data in the forms of text, audio, and video in social media/internet. Because of the number of easily available information on the internet, data gathering may be done at a low cost and in a short amount of time using the media and social media. Corporations, including their CEOs and leaders, are increasingly opening themselves up to providing public insights on their investment strategies and portfolios through interviews, public statements, letters, blogs, posts, tweets, and a variety of other ways leveraging information and communication technologies such as the internet and other broadcasting media ("social media data"). [9] analyzed the text of 3,982 articles on responsible investing published in the UK financial press between 1982 and 2010, obtained from Factiva, a Dow Jones news database spanning more than 28,000 sources, to examine collective belief on social and environmental issues in investment (see Table 1).

Table 1. World's top 10 largest investment management firms in 2018

Company	Country	Total AUM 2018 (31/12/17 in EUR Billion)
BlackRock	US/UK	5.315
Vanguard Asset Management	US/UK	4.090
State Street Global Advisors	US/UK	2.316
Fidelity Investment	US	2.003
BNY Mellon Investment Management	US/UK	1.585
Capital Group	US	1.504
J.P. Morgan Asset Management	US/UK	
PIMCO	US/UK/Ger	
Amundi	France	
Prudential Financial	US	

For this study, data collection starts with obtaining social media data from informants who are leaders of leading investment management firms in the world. According to IPE International Publishers Limited, the world's top 10 largest investment management firms by asset under management (AUM) are as follows.

In addition to the secondary data gathered from the social media, interviews of qualified informants were also conducted. Selection of the informants are based on criteria of expertise and experience in investment in general and investment following SI strategies in particular. Informants interviewed in this study are founder of an Indonesian major investment management firm, and Chief Policy & Strategy of a multilateral development institution.

The abundant data from informants, i.e., leaders of the leading investment firms on the internet in social media posts, open interviews, and other types of contents, are searched using the adaptive keywords leading to sites containing information with potential relevance to SI. The data are then transcribed and stored in the NVivo program for preliminary analysis. Each transcript is studied to see whether it has the potential to answer the research questions. Those with potential are then grouped into cases which then form the relevant data for the explication process. Explication, i.e., the hermeneutic circles, is a constant reference to both research questions and the TL theory. The findings are then triangulated with the findings from interviews of qualified informants before building the synthesis of the study. By validity, it means to confirm whether research data is valid, and the findings accurately represent the phenomenon being researched [50]. To ensure the validity of the data, validation checks were conducted at both the researcher level and triangulation interviews of qualified respondents.

The researcher ethically confirms that the data and findings are valid to the best of his ability.Further literature review on the related field will need to be done to see the fit of findings to currentresearch tradition and the subject and phenomena. And finally, the result will be submitted to a scientific community for acceptance, modification, or rejection as necessary.

Confirming replicability of research is an essential feature of natural scientific research [50]. The researcher ensures that other researchers can replicate the study and still yield essentially the same result. While this feature is critical for any research,it is based on the assumption of the objective manner of the study, which is an epistemological context. In qualitative, phenomenological research, especially hermeneutic phenomenology, researcher bias is involved in discovering knowledge and therefore creates a challenge in replicability. To ensure arrival to essentially the same result, readers are to embark from the same viewpoints as articulated by the researcher. Such perspectives including but are not limited to background on SI and leadership practice.

Triangulation of the finding is conducted by employing parallels, including the types of information gathered and the variety of persons providing the data. Types of information gathered range from the written public statement, targeted interviews, general interviews, written reports on personal internet sites, and corporate websites. On the person providing the data, multipleproviders with different demographics such as gender and position are obtained. Interviews of qualified informants were conducted to triangulate the findings further. The selection of the informants is based on expertise and experience in investment in general and investment following SI strategies in particular. Anonymity is another critical element of qualitative research. With the nature of data and big data analysis, making the source of data anonymous is challenging.

Finally, the risk of harm, especially for those providing unfavorable input or belonging to a vulnerable group, while not expected in this study, will also need to be considered. The mitigation strategy for this risk goes along with the discussion on privacy and public disclosure.

The above four ethical risk considerations were also part of the terms of reference for engaging the informants who provided their insights through interviews. The terms of respect for the interview includes provisions on the use of the interview for dissertation research purposes, the anonymity of the informants and his/their insights, and the availability of transcripts upon requestof the informants. The presentation of the interview data in this dissertation reflects compliance to the above considerations. Names and profiles of the interviewees were not disclosed. Instead, they are referred to as "Interviewee 1" and "Interviewee 2".

4. ANALYSIS AND FINDINGS

Initial steps of data explication were performed, including transcription, delineating units of general meaning, and delineating units of meaning relevant to the research question was conducted with the help of the NVivo program. A total of 75 themes were identified from conducting the step of delineating units of general meaning. Further refinement of the identified themes, 64 themes were identified as potentially relevant to address the research questions. The 64 themes were then brought to the next step i.e., delineating units of meaning relevant to the research question, and further grouped in to 12 organizing themes as follows what attitude, why attitude, action to affect SI, believe, climate change, corporate responsibility, reasons for decision, investment management, portfolio, sustainable investing, transactional leadership, transformational leadership.

Representing the one of the key findings of the study, themes relevant to the reasons why leaders through his/her firms, decide to employ the SI strategy emerge from the hermeneutic circles as follows climate change, stakeholder demand alignment, risk – Performance consideration, value alignment.

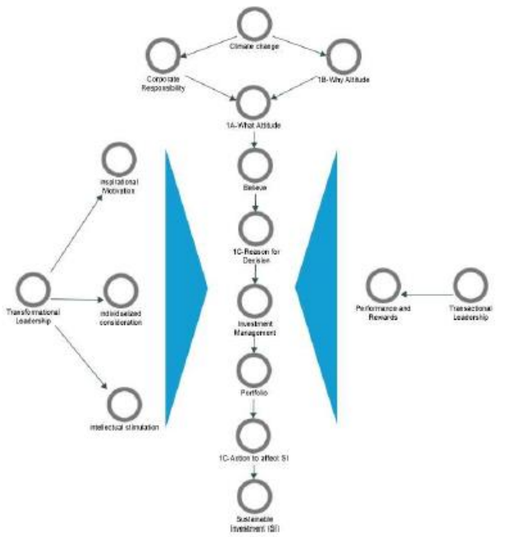

Figure 1. Initial mapping of the organizing themes

Following the approach outlined above (see Figure 1), 28 transcripts were created from more than 150 sites gathered from different media, including interviews, blog statements, and websites, as a consequence of the application of the anticipated keywords in the first quarter of 2019. The range of informants included CEOs of investment management companies, directors in charge of investment or Chief Investment Officials, as well as officers in charge of sustainability and the firm's SI divisions. The 13 examples were then further processed to reflect a link between each of the informants' particular information, such as gender and position within their companies, such as CEO or sub-CEO groups. This would enable for more qualitative analyses to be refined. While not all of the world's top 10 investment management firms provided potentially relevant results, and representatives from the next group (top 15) were obtained, the selected case did include notable firms such as BlackRock, UBS Group, Allianz, State Street Global Advisors, and Fidelity Investment. CEOs from Allianz, BlackRock, and UBS Group were present at the executive level in the representative instances. The remaining positions included Director and Head of ESG Investment at the sub-CEO level. State Street Global Advisor Asset Stewardship and Amundi's Deputy Global Head of Institutional & Sovereign Clients.

With the aid of the NVivo software, the first phases of data explication were completed, including transcribing, outlining units of general meaning, and outlining units of meaning specific to the study issue. After completing the stage of drafting units of generic meaning, a total of 75 themes were discovered. After further refining the discovered themes, 64 topics were found to be possibly related to the study objectives. The 64 themes were then divided into 12 organizing themes: what attitude, why attitude, action to affect SI, believe, climate change, corporate responsibility, reasons for the decision, investment management, portfolio, sustainable investing, transactional leadership, and transformational leadership.

Following the determination of investment management, strategy, portfolio design and investment decisions, companies through their leaders subsequently make real actions that ultimately affect SI. Various actions emerged from the interviews, including building a billion-dollar impact portfolio, establishing a corporate stewardship team, developing a long-term philanthropy policy, eliminating discrimination, encouraging the social involvements of its employees, ensuring transparency and integrity in its governance, financial innovation, the launch of ESG platform, mobilization of stakeholders, promoting equal opportunity, reducing and managing its environmental impact, stopping to invest in coal as an equity class, unlock private capital flows for climate finance in developing countries, vertically integrated ESG team. Throughout the initial explication process, careful attention was given to emerging themes from the message, attitude, emotion, and selection of words by the respective leader of the organizations. Specific attention also was given to words that represent either personal belief or collective/ group beliefs. And to understand the relevant leadership style through applying the lensof Transformational Leadership (TL), which forms the focus of the study, themes on the leadershipstyle are focused on those reflecting personal beliefs and personal statements characterized by the use of the word "I" instead of "we" or name of the company.

From the selected cases described above, emerging themes within the line of TL were captured. In addition to TL, a theme from Transactional Leadership also appeared, albeit very minor. Under the concept of TL, four major characteristics present, i.e., Idealized Influence/Charismatic Leadership, Inspirational Leadership/Motivation, Intellectual Stimulation, and Individualized Consideration. Based on each of the characteristics, themes are assigned to relevant statements made by the leaders.

Intellectual Stimulation appears to be the most dominant characteristic representing the statements made by the leaders when driving SI. To a lesser degree, Idealized Influence/Charismatic, Leadership Inspirational Leadership/Motivation, and Individualized Consideration also emerge from the transcripts.

Insights from the transcripts show that climate change emerges as the primary SI driver and is widely discussed in various informant interviews. At the same time, it can be said that the influence is more contextual rather than directive. Natural catastrophes believed as results of climate change are indeed taking place in today's situation, starting from rainfall and drought anomaly, heatwave and extreme cold, all the way to typhoon and tsunami creating catastrophe around the world. Leaders picture the future as the future that has less carbon emission because carbon emission is believed to be one of the culprits of global warming, which will create climate change. This is in line with the report of the Intergovernmental Panel on Climate Change (IPCC) on 8 Oct ’18, highlighting a strong message that the consequences of 1℃ of global warming through more extreme weather, rising sea levels and diminishing Arctic sea ice, among other changes, are already seen.

Leaders also believe that the impact of climate change is long term. However, as the existingsituation has been taking place since the beginning of industrialization, the impact on valuation return on the investment is already here, as recognized by several leaders. The understanding has created some belief in both individual leaders and the companies. Leaders increasingly believe in taking an active role in driving efforts toward mitigation of climate change, including better allocate capital in favor of energy transition. To do that, innovation is one of the critical factors of success Controversies arise from the fact that the United States decided not to ratify the Kyoto Protocol, a treaty among the members of the United Nations adopted in 1997 in Kyoto, Japan, aimed toward reducing greenhouse gas emissions. Such non-ratification by the world’s largest economy had attracted significant criticism. However, later withdrawal in 2011 by major economies such as Canada, Japan, and Russia further adds to the controversy, meaning the climate change discourse. The support towards the concerted effort against climate change is renewed through the ratification of the Paris Agreement in 2015. However, the Trump administration delivered a withdrawal notice in 2017, before the winning Joe Biden finally remedied it in 2021.

Interviews with informants confirm the findings from the hermeneutic circles. Interviewees view climate change as a huge topic that has become a catalyst for sustainability. It couldbe the most significant global public good or global environmental challenge, catalyzing global action. It has attracted the attention of policymakers on a much larger scale than the local environmental issues, which are not per se more or less essential but overall, climate changeis a single problem that affects the survival of the entire planet. So, it is natural that it attracts so much more attention and catalyzes global action, although it took 50 years from the understanding of climate change to concerted international action.

According to an informant through the interview, even though the US is not taking leadership in climate change issues, it is overwhelmingly global. Everybody is concerned, and this is fueled by social media and streaming services, which carries content that shows how our planet changes dramatically because of climate change issues.

Leaders’ actions in driving SI are affected by the belief, attitude, and corporate responsibility, especially in climate change awareness. When viewed from the Stakeholder Theory [5] perspective, the actions of leaders can be categorized as relevant to each of the company's stakeholders, both internal stakeholders such as shareholders and employees and external stakeholders such as customers or investees communities, environment and government or regulators.

Actions that satisfy shareholders’ demand include continued delivering superior return and sustained profitability, creating financial value. Financial value creation is paramount to theestablishment of an entity. Therefore, most leaders would view this first and foremost tobe fulfilled before considering other things. When ensuring long-term profitability by implementing additional measures, just like ESG, profit has always been at the top of the list.

Another essential internal stakeholder is an employee. As can be seen from the leaders, care towards employees goes beyond essential matters such as salary or minimum wage and working tools. Corporations that were leading in SI focus on meaningful actions such as establishing a corporate stewardship team vertically integrated ESG team, encouraging its employees' social involvement.

As one of the key external stakeholders, customers of fund management companies are typically investees from whom management fees and capital gain from the exit of the investments are obtained. In fulfilling customers or investors' needs, firms driven by leaders perform many actions such as creating a billion-dollar impact portfolio, various financial innovation, launching an ESG platform, and unlocking private capital flows for climate finance in developing countries. The samples of action performed by leaders and companies can potentially provide various options of products and services in the market, which will benefit the customers and createvalue in each of their activities.

Going beyond the customer as an external stakeholder, companies reach out to the community, environment, governments, or regulators and address their demand. In the community, firms conduct actions such as developing long-term philanthropy, introducing policy eliminating discrimination and promoting equal opportunity for the community. On addressing the environment, samples of critical activities performed by leaders and companies include reducing and managing environmental impact and stopping to invest in non-environmentally friendly commodities such as coal.

Manifestation of leaders and corporate actions can be summarized as embedment of sustainability concept into the firms’ investment strategy, policy, and procedure. This is obvious both from the secondary data and interviews. From the theoretical perspective, such action reflects the SSM approach [6] where it is proposed that a sustainable strategic management process considers a balance between economic competitiveness, social responsibility, and natural balance, which will lead to sustainability of the economic system, social system, and ecosystem. The view on sustainability in the context of SSM differs from that of the traditional strategic management practice, where sustainability is narrowly viewed as the abilityof firms to survive on a long-term horizon, including maintaining their profitability.

On a broader perspective, the award of the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2018 to William D. Nordhaus for integrating climate change into long-run macroeconomic analysis in general, and a model to determine the price of carbon emission, in particular, may add substance to the way actions are done to affect SI. However, as often happened in the history of the Nobel award, the controversy around a potentially politically loaded effort by the Nobel committee to drive a specific plan may emerge, or at least can be seen as an attempt to influence political step towards climate change agenda. To the proponents of SI, such action can be seen to mainstream the SI strategy.

At the operational level, a manifestation of leaders and corporate action is seen in how they engage their counterparts, i.e., investees. Leaders providing insight in this study come from the world's largest investment management firms, which by nature are passive investors. This means the investment firms do not have direct control over the investees' strategy formulation. Instead, after applying the ESG screening process to select the investees, they actively participate in the shareholders' meetings and exercise their voting rights to choose board members to realized their sustainability aspiration. Multilateral and bilateral development institutions take a more active role by requiring borrowers to adhere to specific ESG standards before obtaining financing from the development institutions. According to one of theinterviewees, it is more straightforward for a multilateral development institution as their mandateis not profit maximization but more towards people's welfare maximization.

Reasons for investment decision obtained from the hermeneutic circles, i.e., climate change, stakeholder demand alignment, risk-performance consideration, and value alignment, represent one of the study's key findings, leading to the answer to the research questions. Climate change appears to be the initial driver of perception leading towards understanding and later decision to adopt SI strategies. Despite the controversies emerging from the withdrawal of major economies from the Kyoto Protocol, followed by withdrawal notice from the Paris Agreement delivered by the Trump administration in 2017, the concerted action, especially in climate financing, gained traction since the Paris Agreement. Established multilateral development institutions such as the World Bank Group, which includes the International Bank for Reconstruction and Development (IBRD) and the International Financial Corporation (IFC), the Asian Development Bank (ADB), and the European Bank for Reconstruction and Development (EBRD) were at the forefront of climate financing effort. Such movement is then followed by adopting the Equator Principles, a risk management framework to assess and manage environmental and social risks in project finance, by more private financiers. Stemming from the IFC Performance Standard for Environmental and Social Management, establishing the Equator Principles and its adoption by more private financiers have sent a strong signal about the importance of ESG in investment and financing decisions. Based on the researcher's experience, over the last five years, it has been getting more challenging to raise capital and financing for projects that are perceived as "not sustainable", such as coal-fired power plant projects.

While both hermeneutic circles and interviews show the role of climate change as a global phenomenon in influencing leaders' decision towards adoption of the SI strategies, the same hermeneutic circles lead to an understanding that based on the above context around the climate change discourse and phenomenon climate change acts more like an overarching theme or context throughout leaders' decision-making process. That means, rather than being an antecedent to a decision, climate change provide context that will guide the perceptive process leading to a conclusion. When viewed from a quantitative research methodology, climate change is suggested to act as a moderator rather than a mediator. In addition to gaining a better knowledge of what motivates CEOs and business leaders to pursue SI, the need of analyzing an event utilizing information from the perceptual process during the decision-making process is emphasized. Scanning the surroundings with the five human sense devices to absorb information, paying attention to and screening information of interest, further simplifying the information by organizing it, and recalling the information are all part of this perceptual process. The US automotive executives' request for the USD34 billion bailout, which was critical for the survival of the industry that employs thousands of people, was rejected by Congress after the latter discovered that the executives flew into Washington DC in private jets, giving the impression of insensitivity during the 2008 financial crisis.

Pertinent to investment, leaders always face a situation where not enough data are available when making a decision. Investment decision theories make a significant assumption that investors make rational decisions, while in reality, the lack of data perception and investor attitude may causethem to act irrationally. An investor risk perception provides reason when he or she is presented with multiple investment options [12].

A more direct cause for a decision is the demand of stakeholders. Various leaders' statements include reference to stakeholders' market, especially the external stakeholders such as government and political leaders through regulations and treaties, and predominantly investors. Specific mentions are made on millennials and women investors who are increasingly demanding for SI, as reflected by even the most assertive fund manager like Larry Fink of BlackRock and confirmed by one of the interviewees.

Leaders and managers accommodate the increasing demand and relevance of external stakeholders described by Freeman [5] by responding to their orders to invest following the SI strategy. In the absence of enough data points to prove the investment results, such action may contradict.

Therefore, while the stakeholder's demand reflects the reason for investment decision, it is proposed that the adherence to the demand is seen in conjunction with the investment result, which,when viewed from Michael Porter's idea of Creating Shared Value is the third level of shared value, whereby the investment that creates return to the investor is at the same fostering clusters of development of the external stakeholders such us supplier and the communities where the investee company operates.

Further to the alignment to stakeholders' demand, respondents' view and literature reviews show that investment following the SI strategy yield superior results that are not statistically different from the conventional investment strategies. This is an important finding that could be discussed from a various angle, leading to one of the key findings of this study. This key finding may imply the theory and practice of investment discussed later in thissection.

From the economic theory perspective, externalities have increasingly been internalized, leading to more tangible value creation from the investors' point of view. An example of internalization is the policy and decision made by more governments to provide subsidy and favourable tax treatment for sustainable energy projects, which has helped improve the bottom line. To a lesser degree, while is yet to be more widely established, a carbon market that value carbon emission reduction has driven sustainable development projects through additional income stream,enhancing return. The indirect benefit of investment previously not reflected in either balance sheet or income statement is increasingly becoming more tangible and reflected in the financial report. The benefits of doing good once linked only to indirect measures such as corporate reputation and branding are now more concrete in the forms of profit.

An angle to view this phenomenon refers to the movement from the left side of ref. [3] Spectrum of Capital, the fiduciary end, towards the right side. From a pure fiduciary or profit maximization orientation, the investment strategy moves toward a more responsible and ethical investing by introducing the exclusionary method, which prevents the firm from investing in businesses that are considered “less ethical” by those involved in weaponry and polluting activities. It remains to be studied when precisely the notion of shared value and tangible value starts to bridge the chasm between the two extremes.

The Russell 3000 and S&P 500 indexes, both based on U.S. stock, found no statistical difference in RI index returns when compared to the two major market benchmarks, concluding that RI may achieve equal long-term performance without adding risk. With a note on the inaccuracy of the divergence between the principal and agent's interests stewardship theory, Larry Fink assertively stated that he is reconfirming Milton Friedman on delivering profit to stockholders, which can be explained by the agency theory. Michael Porter's CVS theory is more in line with the stakeholder theory and appears to better explain the phenomenon.

What can be inferred from the above is, in addition to insights on stockholders’ demand, agency cost, corporate responsibility, and the creation of shared value, a phenomenon that is proposed to be called “The Reversed Gresham’s Law in Investment” demands further discussions. The Gresham’s Law, named after Sir Thomas Gresham (1519-1579), suggests that a coin made of less valuable material when valued the same to that made of a more valuable material, as governedby a legal tender law, will drive the latter out of circulation, i.e., bad money crowd out good money.In a similar context, but in a reversed direction, it is suggested to further research phenomenon where SI strategy (“the good investment strategy”) yields the same or even better return than conventional strategy (“the bad investment strategy”), to see whether the good investment strategywill crowd out the bad investment strategy.

While appearing to be not too significant, the last reason for the decision, i.e., value alignment, is discussed by leaders in the secondary data. The primary reference to the alignment is around the exclusionary strategy, which is part of the SI strategy, i.e., avoiding investing in companies or businesses considered unrelated to the firm’s core value, belief, and principles.

It can be inferred here that there is a particular element of ethics involved in the investment decision process, as investing in the excluded companies or businesses are mostly not illegal. Currently, there is no law prohibiting such companies or enterprises in tobacco, weaponry, or coal mining, to name some examples. Bazerman [34] suggested ways for leaders to make more ethical decisions by employing a deliberate method to minimize cognitive barriers that may lead to intuition-based decision-making, which will bring about unethical decisions. The method includes consideration of the wellbeing of many rather than the wealth of a few. Notably, the world suffered from the 1998 financial crisis, which majority were attributed to the failure of the financial system, and public trust in businesses, especially financial-related, went down to its lowest level. Protests around fundamental regulation and governance and ethical behavior of actors in the financial industry were intensive. At the same, there is still an argument that finance is critical to fostering many. It remains unclear what needs to be done to connect financial institutions with the individual people, which is fundamental for society’s wellbeing. Bazerman [34] proposes clarifying the terms of connection to establish a proper context to implement and enhance such a relationship.

When analyzed from the point of view of ethics and the social norms essential for the working of the financial system in general, it is relevant to refer to Bowles [28] who describes that the design of government policy in public and in the financial system in particular, a major assumption “homo economicus” is always taken. Here it is assumed that all members of the citizenare generalized as completely amoral and full of self-interest. Therefore, all incentives and constraints are introduced according to this major assumption [28] concerns that, in a way similar to the Gresham’s Law discussed above, such a setting may crowd out the ethical conduct of well-meaning citizen, while at the same time arguing that people may behave in a more amoral and self-interested in the presence of intensive rather than the absence thereof.

Combining the points on ethical behavior and incentives with the views of agency theory, stewardship theory and stakeholder theory, an incentive is part of the agency cost. From the practical point of view, management incentives such as bonus and stock options drive executives’ behavior. According to the news in the market, there have been cases where executives behave unethically for such incentives. Therefore, it is notable when value consideration emerges as one of the reasons for SI decision.

The mindfulness-based business concept is proposed to view business as not merely for profit, but also the sustainabilityof the venture by ensuring interdependence and co-arising of all stakeholders based on a belief that such responsible acts will be presented to God the Almighty; a metaphysical perspective of running a commercial business. The first action in pursuit of building the MBB is establishing the corporate core values, which will guide the overall conduct of individuals within the organization. The selection of business starts with ensuring alignment of it to the corporate core values, which is like selecting investment targets by first applying the ESG screening method.

Following the research design, findings and insights from leaders obtained through social media, the secondary data are reconfirmed through interviews of qualified informants. Insightsfrom the interviews, in general, confirm the findings. Climate change is recognized as a global phenomenon, catalyzing global actions including in the investment space. Political leaders and countries established regulations and treaties aimed toward climate response and mitigation.

Business leaders respond to the demand and constraints by embedding sustainability into their corporate strategy while realizing benefits from doing so, internalizing externalities. However, one of the interviewees notes that it has taken so longsince the discourse of climate change emerged around 40 years ago until a concerted global movement take shape.

Interviewees recognize with positive perception the transition from profit maximization policy, strategy, and real corporate action into creating shared value. The term “double-dip” reflects the phenomenon that SI strategy can yield the same or superior return compared to other investments in their portfolio. They also recognize the demand of stakeholders, especially the women and millennials investors, for investment managers to invest in sustainable businesses.

Recognition towards political leaders' action to drive global practices that would allow internalization of externalities, which in time will encourage more SI, increasing the SI level. On the value and ethical behavior, an interviewee with a background of multilateral development institution supports that well-being maximization is in the DNA of the multilateral development institutions while recognizing the transition from main profit- maximization into a more responsible investment realizing good return from doing so. One of the interviewees observed a norm development phenomenon where the acceptability of specific conduct, particularly business activities, is forming relatively rapidly.An example of such a norm is activities in carbon-emitting power generation. While most are still legal, the environmental impact of coal power projects is increasingly moving toward consensus, to a level where it is becoming more difficult to justify investment in such project. The use of Multifactor Leadership Questionnaire - MLQ [40] to evaluate every single insight derived from leaders' statements. The four characteristics to achieve TL, in general, are Charismatic leadership (Idealized Influence), Inspirational leadership, Intellectual Stimulation leadership and Individualized consideration. The four characteristics are further elaborated in the MLQ consisting of 36 items represent certain leadership styles/characteristics listed as follows: TL - Builds Trust (Idealized Influence -- Attributes), Display a sense of power and confidence, TL - Acts with Integrity (Idealized Influence -- Behaviors), Specify the Importance of Having a Strong Sense of Purpose, TL - Encourages Innovative Thinking (Intellectual Stimulation), Re-examine Critical Assumptions to Question Whether They Are Appropriate, TL - Encourages Innovative Thinking (Intellectual Stimulation), Seek Differing PerspectivesWhen Solving Problems, TL - Encourages Innovative Thinking (Intellectual Stimulation), Get Others to Look at Problems from Many Different Angles, TL - Encourages Innovative Thinking (Intellectual Stimulation), Suggest New Ways of Lookingat How to Complete Assignments.

Explication of leaders' statement by referring to the above characteristics yielded in the findings described in Figure 2 below, highlighting the dominance of the Intellectual Stimulation of leaders when driving both SI decision and converting perception on SI into actual corporate actions.

It is noted that the theme related to one element of TL - Encourages Others (Inspirational Motivation) and its characteristics: Talk Optimistically About the Future, Articulate a Compelling Vision of the Future, Express Confidence that Goals will be Achieved, are not found from the transcripts.

The above discussions forms majority of coverage and themes learned from reviewing the statements made by the leaders. All the above themes lead to a demonstration of TL in driving SI.

In addition to the above themes that are easily categorized, using the MLQ checklist, into specific TL characteristics, the data also show several statements made by leaders that are not easily recognized to be part of the TL behaviors under the MLQ the below word tree.The word "commit" and its derivatives, including "committed" and "commitment", are part of several statements made by several leaders that can be inferred as having a meaning of upholdingstrong commitment. While the implication seems to be clear concerning the importance of commitment and a certain level of maintaining commitment, no explicit statement in the MLQ was found. The closestcategory would be that under the TL-Encourages Others (Inspirational Motivation) Talk Enthusiastically About What Needs to be Accomplished and Express Confidence that Goals will be Achieved.

The above research did not yield in the specific commitment of leaders as part of the TL theory in general and specifically on MLQ. Therefore, the writer posits that Upholding Commitments as one of the critical leadership behaviors can be included in the suite of TL in general and especiallyunder Encourages Others (Inspirational Motivation) of the MLQ.

Interviews confirm and highlight the finding on Intellectual Stimulation as a dominant leadership style demonstrated by leaders when making SI decision. Statements such as, "you take time dimension of your investment and possible externalities that your investment is causinginto account", "I guess economic sustainability is part of the quite traditional analysis", and "so a company the is just better managed, a company that is less inefficient and therefore less wasteful,in the end, you would expect is more profitable on an average right?" clearly reflect re-examination of critical assumptions to question whether they are appropriate and looking at problems from many different angles, which are two of the key components of Intellectual Stimulation under the MLQ.

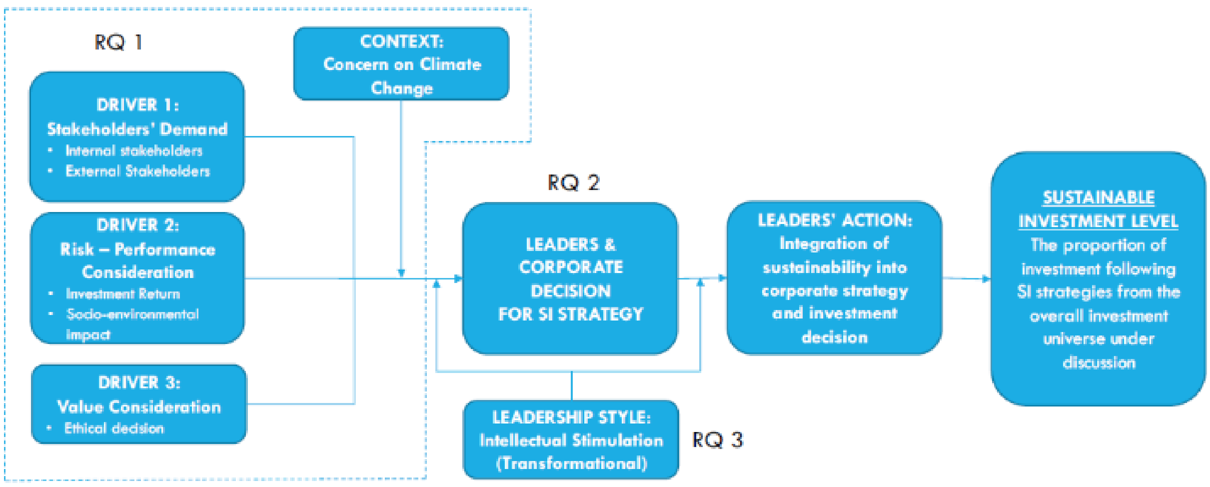

Figure 2. Conceptual model of the findings

Inspirational Motivation statements, while less frequently made by the interviewees, are represented by statements such as “So you have BlackRock going out with a certain image now. It's a very deliberate shift to promote sustainable investing. That is a very deliberate repositioning of a large asset manager”, and “I would describe three unstoppable trends on investments that are happening” reflect optimistic view about the future and a compelling future,which are two of the key components of Inspirational Motivation under the MLQ.

While Individualized Consideration is not mentioned by any of the interviewees and Idealized Influence is also only briefly touched, leaders' commitment is viewed as an essential component when driving SI. Statements made include “once you, the leader, is committed to this agenda, then it could be the narratives of the entire team”, and “so, I guess the numbers speak for itself once you can deliver the return then the whole team, including ourfellow investors that is not so committed”.

At this point, all research questions have been addressed. Connections between reasons for investment decisions which represent drivers of leaders’ action in the real world, along with the overarching context for such decision and the leadership style employed by leaders when driving the investment decision, leading to the decision for investment following SI strategies, action to integrate sustainability into corporate strategy, and ultimately affect the SI level can be described in the following model (see Figure 2).

5. CONCLUSIONS

The hermeneutic circles and the subsequent interviews of qualified informants show that investment strategy is evolving from full fiduciary to become more impact or value-oriented, reflecting the phenomenon described by Trelstad [3] whereby firms are moving from the left part to the right part of the Spectrum of Capital. This leads to the realization that this is becausethe sample is investment management companies that view profit as still at the top of the list. Now they are moving from only profit orientation also to ensure the sustainability of profitability. This is done by entering into SI, which from the economics and governance standpoint is justified because by adding ESG metrics into an investment decision, risk management is better performed. More risk factors that are not identified from the financial statement are uncovered; externalities are more internalized.

Furthermore, more justification also emerges from the hermeneutic circles and the subsequent interviews showing no meaningful difference between the return ofinvestment of SI-related strategy compared to the traditional investment. However, belief is increasing in the assets' sustainability elements because more stakeholders are satisfied by the adoption of the SI strategy. Some leaders even believe that SI enhances investment return.

Reasons for the decision to invest through the SI strategy emerge from leaders’ insight from the hermeneutic circles and are supported by interviews. There are four reasons for the decision, i.e., climate change, stakeholders’ demand alignment, risk–performance consideration,and value alignment. Climate change is viewed more as a context for the decision, while the other three are more direct antecedents. However, value alignment is not as strong and widely discussed as the other two, i.e., stakeholders’ demand alignment and risk–performance consideration. Special note is taken on stakeholders’ demand alignment whereby such alignment may challenge the significant assumption basing the stakeholder theory, which assumes that the principal's interest diverges from that of the agents. Another important note is on the risk-performance consideration, whereby the performance of SI strategy is no different statistically from conventional investment strategies, leading to a worthy research phenomenon proposed to be called “The Reversed Gresham’s Law in Investment”, to see whether “good investment strategy” (SI) can drive “bad investment strategy” (conventional strategy) out of the market. As a result of understanding one of the main drivers of SI, i.e. climate change, along with the sense of corporate responsibility, attitude, perception, and further reflected in the way investments are managed, and portfolios are designed, leaders and companies perform actions would affect SI. When viewed from the Stakeholder Theory [5] perspective, the activities of leaders can be categorized as relevant to each of the company's stakeholders, both internal stakeholders such as shareholders and employees and external stakeholders such as customers or investees communities, environment and government or regulators. Re-emphasizing [5] and supporting the mainstream sustainable development in general, such actions reflect the belief of leaders and corporations in ensuring the sustainability of both corporations andprofitability.

Manifestation of leaders and corporate actions can be summarized as embedment of sustainability concept into the firms’ investment strategy, policy, and procedure. The view on sustainability in the context of SSM (Stead and Stead, 2008) differs from that of the traditional strategic management practice, where sustainability is narrowly viewed as the ability of firms to survive in a long-term horizon, including maintaining their profitability. Whereas in the SSMapproach, it is proposed that a sustainable strategic management process considers a balance between economic competitiveness, social responsibility, and natural balance, which will lead to sustainability of the financial system, social system, and ecosystem. Upon further explication of the data, the core purpose of the study starts being served, as it can be mentioned that leaders’ statements when driving SI reflect the demonstration of TL characteristics. The dominant TL characteristics in driving SI are Intellectual Stimulation, as seen from the multiple reports made by various leaders. Such an aspect of SI includes examining critical assumptions to ensure their appropriateness, the pursuit of contrasting views in solving problems, encouragement for others to look at issues from different perspectives, and suggestions in new ways to complete tasks.

While other characteristics of TL such as Idealized Influence/Charismatic Leadership, Inspirational Leadership/Motivation and Individualized Consideration also emerge from leaders’ statements, they are relatively less demonstrated. Therefore, Intellectual Stimulation represents a significant finding from the data. Leaders’ act in upholding commitment emerges from the transcripts but is not explicitly described in the MLQ. Upon further literature searches, the findings show thatmaintaining commitment, specifically and responsibility in general, is considered necessary, as demonstrated by the works of the proponent of TL such as Bass and Avolio and other scholars and practitioners highlighting the importance of commitment. In the relationship of TL with other theories such as Leader-Member Exchange Organization Citizenship Behavior and Change

Leadership, responsibility mostly is associated with that of either employee or organization, instead of the leaders' commitment, despite the importance of such commitment to be demonstrated or upheld by a leader. Therefore, it is proposed that Upholding Commitment can be seen as the unique finding of this research that can be considered to enrich the MLQ, TL or leadership theories in general. The insights from the conclusion of the study are calling for actions from key business components, i.e., Investor, Corporations/Management, and Regulator. For investors, implication ranges from commanding for sustainable investment through selecting relevant agents to drive corporate leadership development program to highlight the importance of the leaders' behaviors reflecting the Intellectual Stimulation and directly monitoring the implementation thereof.

For corporations/management, implications range from increasing the portion of SI strategy in their investment portfolio to establishing and/or enhancing leadership development program, focusing on Transformational Leadership, especially the Intellectual Stimulation behaviours. While for the regulator, implications include establishing more/improving existing policies to foster SI and establishing/enhancing/promoting performance standards and reporting systems for SI.

The significant implication is driven by the finding from Driver 2, Risk Performance consideration. It is a significant finding of this study that, as the main reason for investment decisions, investor (principal) and corporations/management (agent) realize a superior investment return while minimizing negative impact or even providing a positive impact to the environment and social/community, through proper governance practices. The implication that applies to all three key business components above is related to this study's significant finding, i.e., The Reversed Gresham's Law in Investing.

Working in reverse of Gresham's Law, where "bad money drives good money out of circulation", it is posited that "good investment crowd out bad investment". This significant position shall be promoted in more qualified publications following credible research to confirm theholding of the place.

The study contributes to both method and theory as follows. Contribution to research method through social media data in addressing thechallenge in studying a global phenomenon, contribution to the TL and leadership theory in general, especially the potential inclusionof Upholding Commitment as part of the MLQ, A phenomenon that is proposed to be called "The Reversed Gresham's Law in Investment"demand further research and discussion in pursuit of encouraging more sustainable development.

The use of social media data to form the backbone of this study has resulted in a meaningful discussion around leadership style in SI. As more leaders are opening themselves to providing inputs relevant to the subject being researched, through interviews and personal statement on personal internet sites, with innovative query techniques, relevant insights can be extracted and then further explicated to form new knowledge contributing to the body of knowledge.

The second significant contribution of this study is a contribution to the body of knowledge in understanding leadership style in SI. As previously mentioned, the research-worthy businessproblems are around the lack of understanding of how leadership factors contribute to the current SI level. Further and specifically, there is a theory gap in TL, which shows very little coverage around SI from a literature review. Along with the use of social media to form the primary data of the research, the finding on dominant TL characteristics, Intellectual Stimulation, in driving SI along with the new theme of Upholding Commitment by leaders

As the world is undergoing the ongoing impact of climate change and the massive requirement for sustainable development financing, "The Reversed Gresham's Law in Investing" is proposed to be further studied and debated. Together with the above methodical and theoretical contributions, "The Reversed Gresham's Law in Investing" is presented to be the main novelty contributions of this research to the body of knowledge.

However, the study also has significant limitations: Assumption on the sincerity of business leaders when making a statement in the public interviews. More interviews may be needed. Samples are taken from leaders of investment management firms. Bias and limited knowledge of the researcher may affect how codes are generated, and hence the synthesis.

While explications show that meaningful discussion insights are obtained from the data, a significant assumption is made during the use of social media as a base of research data. The research assumes that leaders are sincere when making the statements, while they know that that statement will be made public. Although later argue by proposing a principle of genuine public justification.

The second limitation of the study comes from the fact that samples are taken from leaders of investment management firms. These firms, by nature, come from the left side of the Spectrum of Capital of ref. [3] i.e., those which start from pure fiduciary focus. As can infer from the statements and insights, the leaders' position is more from upholding profit as the first factor in driving the firms' day-to-day operation. The firm is moving from a pure fiduciary orientation to more socially responsible investing strategies. Therefore, it can be said that this research does not obtain insights from companies or institutions that move from the right end to the left of the Spectrum of Capital, i.e., institutions that start from pure philanthropical orientation towards a programmatic approach to ensure the sustainability of the endeavour.

And finally, the third limitation of this study comes from the inherent characteristic of the method being employed for the research. In interpretive phenomenology, the researcher allows his/her interpretation to reflect on informants' lived experience. Using hermeneuticphenomenology as a research methodology, the researcher will need to apply reading texts, including transcripts, which represent spoken accounts of personal experience and identify 'themes' that can be viewed as written interpretations of lived experience. The researcher's skills and prior knowledge of the subject and level of understanding of the theories can present bias in determining the themes that emerged from the transcripts. Considering finding as well as the above limitations, the following topics are suggested for further research: time-series study on the say-do ratio of the informants to confirm sincerity of their publicstatement, Insight using samples from institutions that engage SI after fullphilanthropical orientation (right end of the Spectrum of Capital), Generalization of the finding on dominant style in driving SI, including relevant researchwith certain country context, Further confirmation of Upholding Commitment as part of the MLQ. The use of theresearch method to test another global phenomenon, Use of other methods and data collection strategies to test the holding of findings. A quantitative study around reasons for decision is suggested, where investment decision is the dependent variable, climate change is a moderator and the other three reasons for decisions i.e., stakeholders' demand alignment, risk-performance considerations, and value alignment are mediators/independent variables, to confirm the holding of "The Reversed Gresham's Law in Investment".

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