LEADERSHIP IN SUSTAINABLE INVESTING: HERMENEUTIC PHENOMENOLOGY OF LEADERS FROM TOP GLOBAL INVESTMENT MANAGEMENT FIRMS

DISSERTATION

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Submitted by:

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To be presented in the Public Defense on 9 April 2021

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STATEMENT OF ORIGINALITY

I hereby declare that to the best of my knowledge this dissertation does not contain works which have ever been submitted to obtain a degree in any tertiary institution, and there are also no works or opinions that have been written or published by others, except those properly cited and mentioned in the Reference.

Jakarta 9 April 2021

Natali Hasto Kristijono

PREFACE

I decided to take the journey of doctorate study and braved myself to start a dissertation only after 22 years of professional life. Doing the study and writing a dissertation while continuing the professional life were both challenging and rewarding. Dissertation writing was truly a humbling experience, as no matter how hard you try there was always room for improvement, especially when you presented your work to such an experienced and competent group of people guiding and challenging it. It was simply impossible to get it finished alone.

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ABBREVIATIONS

AUM	Asset Under Management
CEO	Chief Executive Officer
CFP	Corporate Financial Performance
CIO	Chief Investment Officer
CS	Corporate Sustainability
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
IPCC	The Intergovernmental Panel on Climate Change
LMX	Leader-Member Exchange
MLQ	Multifactor Leadership Questionnaire
OCB	Organization Citizenship Behavior
PRI	Program-Related Investing
SI	Sustainable Investing
SRI	Socially Responsible Investing
SSM	Sustainable Strategic Management
TL	Transformational Leadership

ABSTRACTS

Sustainability has become a major topic of discussions in the business community and business leaders play a significant role in the formation of corporate strategy, leading to investment decisions and the establishment of a portfolio of sustainable investment. Despite extensive research on leadership theory in general and specifically on Transformational Leadership, coverage around leadership style in sustainable investing (SI) remains scarce. This study leverages a unique method to study a global phenomenon by using social media data to identify reasons for investment decision and specific styles demonstrated by leaders of the world's top investment management firms when driving sustainable investing. 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 (MLQ). There are four reasons for SI decision i.e., (1) climate change, (2) stakeholders' demand alignment, (3) risk – performance consideration, and (4) value alignment. A new phenomenon proposed to be called as "The Reversed Gresham's Law in Investment" is introduced.

Keywords: Sustainable Investing, Transformational Leadership, Leadership Style, Social Media

1. FOREWORDS

1.1. Background

This dissertation assesses the perception and behavior of Chief Executive Officers (CEO) and corporate leaders towards Sustainable Investing (SI), an approach which continues to emerge and becomes a more recognized investment 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 (World Commission on Environment and Development, 1987). 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 (United Nations, 2014)

Moving in between two dominant nodes on the Spectrum of Capital: the fiduciary and the philanthropic (Trelstad, 2016), the 40 years evolution of SI witnessed the shift from pure fiduciary investing where the benefit to a stockholder is the single objective of any investment, to the emergence of philanthropic movements where social and environmental benefit takes precedence over commercial benefit, and vice versa, from the pure philanthropic end towards the fiduciary end. At present, there is a growing trend that impact drives return, to a level where SI is becoming a significant investment strategy (Global Sustainable Investment Alliance, 2016), with SI-categorized investments reached USD22.89 trillion of assets under management, represent 26% of total professionally managed asset. While this appears to be significant, considering the 40 years of evolution one may argue that SI's portion of the total professionally managed asset remains minor. Given this situation, leading investors such as BlackRock, the world's largest asset manager to date, are promoting SI. However, it was not clear how much attention CEOs and corporate leaders pay to the calling (Winston, 2018).

Within the context of SI as a global phenomenon, management and business leaders continue striving to strike a balance between the demand of internal stakeholders, such as shareholders and employees, and external stakeholders, such as the environment, communities, and government (Freeman, 2001). Development of management practices such as sustainable strategic management (Stead and Stead, 2008) leading to sustainable investing decision, augment the pursuit of such balance.

1.2. Problem Identification

Considering the pros and cons of SI, its progress towards a mainstream investment strategy and gap, along with the contextual discussion and findings by scholars and practitioners, this study takes one level of analysis above by introducing the "SI level" as a construct proposed by the writer to serve as a term of reference. SI level, defined by the writer as the proportion of investment following SI strategies from the overall investment universe under discussion, is used to gauge an extent to which SI sits in the context of the Spectrum of Capital (Trelstad, 2016). By using this term, this study detaches itself from taking a stance on whether to support the "mainstream" or the SI gap believer. Rather, it allows the study to be done in a neutral stance as the adoption of SI is not the focus of the study.

Basing on the works of Stead and Stead (2008) on Sustainable Strategic Management (SSM), Strand (2014) and Rego et al. (2017) which highlight the importance of leadership in SI, along with the calls for further research from Rego et al. (2017) and Dumas and Louche (2016), the business situation described by Winston (2018), and the importance of value-driven and ethical leadership, this study focuses on leadership factors contributing to current SI level, especially in the investment decision making process.

A recent search on Google Trend shows result that is still consistent with the work of Dinh and Lord, and Garnder and Meuser, and Liden and Hu (2014) 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. In this inductive, theory-enhancing study, TL is used as a theoretical perspective guiding the research towards leadership style in SI.

1.2.1. Problem Statement

The above background leads to research-worthy business problems around the lack of understanding of how leadership factors contribute to the current SI level, which for the proponent of SI would be in the forms of low penetration of SI in the overall professionally managed investment, and lack of universal understanding on how corporations react to the call for SI by significant asset manager such as BlackRock.

1.2.2. Originality

In aiming to formulate a sound research to address the business problem, a literature review was conducted to capture findings of previous works around SI, corporate strategic planning, and leadership especially the TL theory. The review covers various aspects of TL, highlighting the superiority of TL as a leadership style in explaining the behavior of leaders and the performance of the companies thereof. However, the writer struggles to find relevant-meaningful coverage around TL in SI literature or vice versa. There exists a theory gap.

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.

By introduction of the SI level as a construct, this study is unique in a way that it detaches itself from taking a stance on whether to support the "mainstream" or the SI gap believer.

1.2.3. Urgency

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.

1.3. Research Goal

This research aims to elaborate on how sustainability as a concept is embedded into corporations' strategic management and investment decision making process, and how leaders play 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, and given the above research and theory gap, the research aims to study leadership in SI.

Further to understanding what motivates CEOs and corporate leaders towards SI, an emphasis is put on the importance of the evaluation of 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 devises 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. The resulted perception will initiate the decision-making process (Wagner and Hollenbeck, 2009). Pertinent to investment decision, an investor risk perception provides reason when he or she is presented with multiple investment options (Khan, 2017). 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.

To guide the overall flow of the research, the research questions are formulated as

1. Why do leaders make decision towards SI?
2. How do leaders translate the perception on SI into real corporate actions?
3. What leadership style do leaders employ when making the SI decision?

The research expects to uncover, based on empirical evidence, the holding of TL theories in explaining the behavior of CEOs and corporate leaders towards SI, or lack thereof.

1.4. Significance and Implication

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 into 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.

1.5. Outline of the Dissertation

Aiming to clearly describe the thoughts, research proceeding, result and finding, and final explication leading to a conclusion, the dissertation is outlined as follows.

Chapter 1, this chapter, provides a background of the study, including the underlying business problem, research/theory gap, justification, and research questions. Justification includes timeliness and the potential implication of the findings to both theory and practice of leadership.

Chapter 2 summarizes findings from literature reviews especially on SI, the role of leadership in firms' investment decision and portfolio, theory of transformational leadership and empirical evidence of the holding of the TL in SI. While also aiming to obtain an understanding of the current status of SI, the main purpose of the literature review is to identify potential research gaps and theory gap.

Chapter 3 describes the research methodology including the framework employed, plan for data collection, storage initial treatment, and further explication. The use of the Hopscotch model is described in this chapter, guiding the overall design of the research. Such a framework also describes all of the reasonings for method selection leading to a qualitative hermeneutic phenomenology approach for social media data.

Chapter 4 outlines the findings of the data gathered following the method described in chapter 3. Emerging themes as well as the initial general flow of the themes forming of the flow of thought process from the antecedent of SI, leaders' perception, all the way to leadership styles being employed in SI are discussed.

Chapter 5 further discusses the findings from the initial outline of the data described in chapter 4. Emphasizing more on reasons for decision and the leadership style being employed by leaders while driving SI, key findings on specific leadership characteristics under the TL, and outlined in the Multifactor Leadership Questionnaire-MLQ is discussed. The main finding on the dominant leadership characteristics of TL in driving SI is explained and a new theme that is not identifiable under the MLQ is proposed.

Chapter 6 forms the synthesis of the overall study, presenting the conclusion and identification of key insights and implications while ensuring to answer all research questions. Novelty, limitation, and recommendation for further research are presented.

2. LITERATURE REVIEW

Not enough people are thinking about pressing matters concerning many people or big space in the long term. Not enough people are recognizing the exponential nature of the impact of global matters 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 growth in forms of adverse impact such as the rapid-uncontrollable decline of the population (Meadows and Club of Rome, 1972). As a potential alteration, Sustainable investing (SI) as an approach continues to 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 (World Commission on Environment and Development, 1987). 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 (United Nations, 2014)

2.1. Sustainable Investing

Sustainable Investing (SI) as a broad term to describe an investment strategy has been associated with investment approaches that consider environmental, social, and governance (ESG) factors and their impact, with ESG Investing being the most used term (Oppenheimer Funds, 2017). It also goes by many names and involves many trends including values-based, socially responsible, and impact investing, giving emphasis on consideration for social and environmental effects (Mittelman, 2018). Other SI terminologies include SRI (Socially Responsible Investing), MRI/mission investing, Program Related Investing (PRI), Responsible Investing (RI), Triple Bottom Line, Double Bottom Line, Profit with Purpose, ESG, CSR, Impact Investing, and Sustainable Finance. The terms are often used interchangeably (Mittelman, 2018). The common emphasis is consideration towards environmental, social, and governance (ESG) criteria while pursuing long term financial returns and societal impact according to Renneboog, Horst, and Zhang (2008), Lewis and Juravle (2010), and US SIF (2017).

At the start of 2016, around USD 23 trillion of the asset were managed using a broad definition of the approach (Mittelman, 2018). According to the Global Sustainable Investment Alliance (2016), in 2016 SI-categorized investments reached USD22.89 trillion of assets under management, represent 26% of total professionally managed assets. In the United States, as of the year 2017 more than one out of every four dollars managed by professional management, a total of around USD12 trillion was invested following SI strategies (US SIF, 2018), approximately a similar proportion from the previous year (US SIF, 2017). This represents growth of more than 38 percent from 2016 to 2018 (US SIF, 2017).

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 (2003), SRI's origin dated back from hundreds of years during the biblical times when Jewish law issued directives on how to invest ethically. John Wesley, the founder of Methodism examined the use of money as the second most important subject of New Testament teachings (Schueth, 2003). Mittelman (2018) 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 the search 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 (Friede et al., 2015), academic and practitioner (Paetzold and Busch, 2014), and business, government, and communities (Ormiston, Charlton, Donald and Seymour, 2015). Investors also have witnessed increasing awareness towards social, environmental, ethical, and governance issues (Renneboog, Horst and Zhang, 2008), while financiers begin to see advocation for environmental standards by the movement for ethically and socially responsible investment (Richardson, 2009).

2.1.1. Support and motivation towards SI

Support for SI is demonstrated by stakeholders from various backgrounds. Supporters believe that pursuing blended value allows them to gain efficiency not possible through pursuing purely commercial or purely social strategies (Bonini and Emerson, 2005). Investors and companies view SI as a clear win (Fulton, Kahn, Sharples, 2012). Investor groups are collaborating and use their scale and build expertise in clean energy investment (Kaminker and Stewart, 2012). Among the early adopters of the implementation of impact investment strategies are philanthropists, charitable foundations, and institutional investors (Ormiston et al., 2015). Although later revised in 2018, in 2015 the US Department of Labor revises its guidelines to allow pension funds to consider the social impact in their investments. Others would use the term “doing good” and “doing well” and argue that the former can lead to the latter (Mittelman, 2018), and Bonini and Emerson (2005) state that both legal definition and conventional wisdom separate the two, although Renneboog, Horst and Zhang (2008) found that their studies hint but do not clearly show that SI investors are willing to accept suboptimal financial performance for the sake of pursuing social or ethical objectives.

The motivation for following SI strategy also varies among stakeholders. Certain parties are motivated by personal values and goals, the mission of the institution, and the demands of external stakeholders such as clients, constituents, or plan participants (US SIF, 2017). Private investors believe in long-term returns, whereas effort to reduce financial risks motivates institutional investors (Jansson and Biel, 2011). Many believe that investors carry responsibility for the impact their money has in the world, in addition to the benefits of ownership, and they believe that long term investment return is dependent upon the health of the human society and ecological system creating well-managed corporation that can sustain all economic enterprise (Schueth, 2003). Friede, Busch, and Bassen (2015) conclude from research that empirically the business case for ESG investing is very well-founded. Investors use ESG criteria to assess the quality of management and the sustainability of their portfolio companies given future challenges (US SIF, 2017).

2.1.2. Performance

The performance of SI-related investment is reportedly positive in general, although neutral and doubting comments present. US SIF (2017) noted a growing body of academic research shows a strong link between ESG and CFP. CSR and ESG factors are correlated with superior risk-adjusted returns at a security level (Fulton et al., 2012), in line with Freshfields Bruckhaus Deringer (2005). Roughly 90% of more than 2,000 empirical studies and several review studies evaluated by Friede, Busch, and Bassen (2015) found a non-negative ESG-CFP relation. TIAA Investment (2017) compared U.S. equity RI indexes with track records of at least 10 years: 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 widely recognized U.S. equity-based indexes, the Russell 3000 and S&P 500 indexes and found no statistical difference in RI index returns compared to the two broad market benchmarks and concluded that RI can achieve comparable performance over the long term without additional risk.

In a country context, data from 2011 – 2015 shows the Indonesia's sustainability linked SRI KEHATI index' superior performance when compared with the LQ45 (45 most liquid stocks in the Jakarta Stock Exchange). The sustainability index also shows resilience towards severe market correction (Hadad and Maftuchah, 2015).

2.1.3. Risk management

Taking SI and ESG factors as part of risk management, investors embrace SRI strategies to manage risk and fulfill fiduciary duties (US SIF, 2017). Freshfields Bruckhaus Deringer (2005) noted the importance of assessing ESG-related risks along with growing evidence the ESG issues can have a material impact on the financial performance of securities. Range of ESG-related risks are recognized, such as regulatory risk due to lack of clarity in terms of environmental and climate policy, and specific to clean energy projects, a lack of suitable investment vehicles providing the risk/return profile that institutional investors need to manage the risks (Kaminker and Stewart, 2012).

2.1.4. Cons of SI

While supports to SI are notable, scholars and practitioners also note pushbacks and skepticism. Noting that SI initiatives are increasing, Hachigian and McGill (2012) also warn that the transition to a more sustainable economy remains an aspiration. Among key issues found in the literature are broad and less well-defined goals (Mittelman, 2018), prudence and readiness for consideration by fund managers (U.S. Department of Labor, 2018), fiduciary consideration (Friedman, 1970 and US SIF, 2017), return orientation and legal consideration (Richardson, 2009), measurements (Mittelman, 2018), and practicalities of impact investment (Ormiston, Charlton, Donald and Seymour, 2015). Skeptics' voice that pursuing broader and less well-defined goals is not the proper role of business (Mittelman, 2018). Mittelman (2018) also state that although the legendary investor Warren Buffet has shared his wealth through charities, he also says that executives have pursued a confusing array of goals in the name of social-impact agenda. The U.S. Department of Labor (2018) has revised its 2015 guidance and state that SI isn't always a "prudent choice" and shouldn't "too readily" be considered by fund managers. Richardson (2009) finds that such financing as a path to be prosperous, rather than virtuous, partly owes to how financial institutions view their legal responsibilities. Investment institutions tended to emphasize financial returns for their beneficiaries (both private and institutional) and underestimate the importance of ethical, environmental, and social aspects (Jansson and Biel, 2011).

2.1.5. Measurement of SI

Measuring the social and environmental effects of any business is much harder than measuring how much money it's made or lost (Mittelman, 2018), while Richardson (2009) suggests that to promote sustainability reforms to financial markets, including improved corporate environmental reporting are required. Concerns lie around lack of transparency and inconsistency in corporate reporting Sullivan, et al. (2015). Therefore, a better tool is needed to determine how companies perform on non-financial goals (Mittelman, 2018). To provide such a tool, the Sustainability Accounting Standards Board (SASB) has published proposed metrics for 79 industries (Mittelman, 2018). SASB is complementary and does not see significant overlap with existing organizations such as Global Reporting Initiatives (GRI), International Integrated

Reporting Council (IIRC), Securities and Exchange Commission (SEC), and Global Initiative for Sustainability Reporting (GISR). The reporting initiatives have been supported by many corporations, including 92 percent of the world's largest 250 companies, which in 2015 reported in some way on their social and environmental impact (Mittelman, 2018).

2.1.6. Fiduciary and legal consideration.

Adding to the skepticism of various parties, misperceptions on SI are also noted by US SIF (2017), including on lower return, focus only on negative screening, the involvement of only public equity investments, and inconsistency with fiduciary responsibility. A bold statement related to fiduciary responsibility was made by Friedman (1970) who stated that the cost of social agenda undertaken by the corporate executive is passed on to stockholders, consumers, or employees. This contrasts with a trend of the so-called sustainable investors who want social and environmental impact as additional measures to the traditional one bottom line i.e., profit upon which companies have been held accountable (Mittelman, 2018). Sullivan, Martindale, Feller, and Bordon (2015) supported Mittelman (2018) by positing that failing to consider long-term investment value drivers including ESG issues in investment practice is a failure of fiduciary duty. Arguments towards this position include legal consideration embarking from a belief that institutional principals and their agents are legally prevented from taking account of such issues according to Freshfields Bruckhaus Deringer (2005) who later confirmed that integrating ESG considerations into an investment analysis leading to a more reliable prediction of financial performance is permissible and is arguably required in all jurisdictions. Among other reasons, the debate is due to a lack of clarity about what ESG integration means in practice within prevailing definitions of fiduciary duty (Sullivan et al, 2015). Jansson and Biel (2011) found indications that private and institutional investors/beneficiaries give a wider interpretation of fiduciary duty than investment institutions do. Previously, Richardson (2009) suggested reforming the fiduciary duties of financial institutions, which later was supported by Sullivan et al (2015) who suggested to modernize definitions and interpretations of fiduciary duty in a way that ensures the relevance of these duties to 21st-century investors.

2.1.7. Barriers of SI.

Pushbacks, skepticisms, misperception along with debates around fiduciary duty and legal aspects of SI have created barriers towards adoption thereof, as gathered from various scholars. Freshfields Bruckhaus Deringer (2005) reported that resistance was based on a belief that institutional principals and their agents are legally prevented from taking account of ESG issues during the decision-making process. Sullivan et al (2015), further to Friedman (1970), reported on the debate about whether fiduciary duty is a legitimate barrier to investors integrating ESG issues into their investment processes. Real barriers were also created by existing thinking and practice whether in securing capital investments or the day-to-day basis management of the organization (Bonini and Emerson, 2005). Hachigian and McGill (2012) add to Bonini and Emerson's finding by stating that the conception and execution of SI largely through existing governance frameworks are incongruent with the 'sustainability' problems facing institutional investors. Lack of information and expertise on direct investment requirement and a potentially unsupportive regulatory backdrop are also the reasons for institutional investor hesitancy (Kaminker and Stewart, 2012). Wood, Thornley, and Grace (2013) further add institution policy that intersects with the specific legal requirements and a distinct investment culture into the list of barriers of SI.

A media study by Dumas and Louche (2016) identified five periods of responsible investing (RI) adoption between 1982 and 2010 and confirm the existence of collective belief around RI and demonstrate dynamic change in the RI field marked by changes in the content of the collective beliefs throughout the five periods. The study concludes that RI collective beliefs currently do not provide a favorable environment for RI mainstreaming, i.e., adoption of RI by mainstream investors, and such collective beliefs need to be taken into account when discussing the value of sustainability.

And finally, the study of Paetzold and Busch (2014) found that barriers towards SI are the perception of high volatility in combination with a short investment time horizon, recent financial losses, and investment advisors that withhold required information from their clients while suggesting further research to cover different types of investors or markets.

2.1.8. Capitalism and Society – Impact Investing

The work of Trelstad (2016) 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 (the GIIN) in 2009 and argues that it is problematic. It then proposes dimensions of "Spectrum of Capital" and "Value Chain of Capital" to better define impact investing. Second, it proposes "impact fidelity" as a construct that is 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 Trelstad's (2016) first two points above as relevant to the purpose of this paper.

Commenting of the definition of impact investments, which according to the GIIN in 2009 are "investments made into companies, organizations, and funds to generate measurable social and environmental impact alongside a financial return", Trelstad (2016) argues that the definition is problematic for two reasons. First, it covers such a broad range of asset classes, themes, and return orientations, making it difficult to identify what is 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 certain portion of the financial returns to achieve social or environmental goals. Such impact investing can be done either by using an impact perspective in making investment decisions or by using an investment perspective when making philanthropic (or impact) decisions. The question as to whether the impact investing can achieve the intended benefits can be answered by empirically evaluate, over time, the financial and impact performance thereof. Trelstad (2016) does not 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 (2016) suggests moving towards a more complete analytical framework by starting to understand the Spectrum of Capital and then to think 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, at the philanthropic end capital is donated for a maximum social or environmental benefit, 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 (SRI), where there had been historical precedent for social considerations in investment decisions. Initiating from exclusionary strategies, especially by avoiding "unethical investments" in their portfolio, today SRI uses more shareholder proxies to advocate for stronger ESG and screening out 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 can be concluded from this movement is the ability to expand philanthropical endeavor made possible by establishing income generation business model for the grant recipient. Also, it could help the grant recipient to establish 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 which is now called sustainable investing (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 be able to invest to create more social or environmental benefits.

The above discussion around the Spectrum of Capital is one of the sources of confusion in the 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. Capital is sourced from the 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 start creating the confusion, although at the end of the Spectrum of Capital things are still relatively clear. 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 certain hurdle rate, and consequence of not meeting expectation. At the fiduciary end, involved matters include the former owner of capital, trustees, foundations, grant recipients, 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 requirement for the greater scale of happening in the future. Maintaining fidelity to the investor's preference is challenging due to the difficulty defining and measuring as well as subjectivity and idiosyncrasy of impact as compared to financial returns (Trelstad, 2016).

When viewed from a broader context, as can be in the works of Shiller (2012) and Bowles (2016), the function of finance is argued to still have a big room for improvement. In the aftermath of the 2007-2008 financial crisis, societal movement manifested in public protest targeted towards both government and financial establishment appeared in media frontpages in 2001. Such protests 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 (Shiller, 2012). At the same time, Shiller (2012) also suggests that finance is also a big force that could be used toward the creation of a better, more prosperous, and equitable society, despite its flaws and imperfectness. He further described contributions of various stakeholders in the financial industry such as chief executive officers, investment managers, bankers, investment bankers, mortgage lenders and securitizer, traders and market makers, insurers, market designers and financial engineers, derivative providers, lawyers and financial advisers, lobbyist, regulators, accountants and auditors, and educators. It remains unclear as to what needs to be done to connect financial institutions with the individual people, which is fundamental for society. Shiller (2012) proposes to start with clarifying the terms of connection to establish a proper context to implement and enhance such connection. It is then followed with questions and discussions regarding the morality and substance of finance in an ever -evolving society.

Along with the same tone of Shiller, Bowles (2016) challenges the basic assumption commonly used in designing public policies, whereby a citizen is full of self-interest and amoral. Policies are designed using incentives, and disincentives aimed to direct towards what is believed to be a good society. Bowles (2016) argues using various cases and behavioral experiments to justify his point that basic human aspiration to a good cause is a better approach towards decision making. Incentives create a “crowding effect” which could undermine the importance of ethics and morals.

2.1.9. The SI Level

Taking reference from the USD22.89 trillion of assets under management, which represents 26% of total professionally managed asset reported by Global Sustainable Investment Alliance (2016), and the report of US SIF (2018) 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 (2009) 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, 2012), and Mittelman (2018)'s report that while the market for green bonds surged to $170 billion, green bonds, by value, represented only about half a percent 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 (2014).

Considering the pros and cons of SI, its progress towards a mainstream investment strategy and gap, along with the contextual discussion and findings by scholars and practitioners, this study takes one level above of analysis by introducing the "SI level" as a construct to serve as a term of reference. SI level measures an extent to which SI sits in the context of the Spectrum of Capital. By using this term, this study detaches itself from taking a stance on whether to support the "mainstream" or the SI gap believer. Rather, it allows the study to be done in a neutral stance as the adoption of SI is not the focus of the study. The focus of the study is the leadership factor contributing to the SI level.

2.1.10. Investment decision making process and role of leadership.

Discussion towards leadership factor in SI in this study is started from reviewing decision making along with Trelstad's (2016) chain of capital. Along the chain of capital, capital flows from investors who own the capital or asset, series of intermediaries, before it ultimately reaches the projects or companies invested, which in turn provide a return of investment to flow back to the owner of capital through series of intermediaries. From the investor's angle, SI has grown from a niche market of individual ethical investors including 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 (US SIF, 2017; Lewis and

Juravle, 2010). While an investor may mandate a particular investment strategy including ESG considerations through a consensus, either expressed or in certain circumstances implied, and a decision-maker is required to decide between some value-neutral alternatives, the ultimate responsibility for deciding where the majority of these assets are invested lies with a small number of principals and their agents, rather than the ultimate asset-owner (Freshfields Bruckhaus Deringer, 2005). Fulton, Kahn, and Sharples (2012) suggest that ESG analysis be built into the investment processes of every serious investor, and into the corporate strategy of every company that cares about shareholder value, although Sullivan et al. (2015) found that many investors have yet to fully integrate ESG issues into their investment 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 (2020). 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. Deliberate System, which is slower, conscious, effortful, and logical. Bazerman (2020) argues that the deliberate 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 assignment of Vice Chairman to oversee the unit, in line with Strand (2014). Larry Fink, BlackRock's CEO in his 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 (Winston, 2018). CEOs who are for Fink's request were quiet as they may have already been doing it. Those who do not see the value may not be rushing to change as capital won't 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 (Winston, 2018).

2.2. The management's challenges – a stakeholders' view

In the traditional managerial capitalism according to Freeman (2001), 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, the notion that managers have a duty to stockholders is transforming 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 as to for whose benefit and at whose cost should a firm be managed.

Still according to Freeman (20011) the above demands of stakeholders represent attacks on general capitalism and are justified by both legal and economic arguments. Under the legal argument, corporations are now "legal persons", whereby claims of the stockholder to the corporation are now constrained as the law also provides strong bases for other stakeholders to register claims towards the corporation. Under economic argument, the previous notion of value maximization by management 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 cost is increasingly imposed on the corporation to bear. An example of 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 therefore 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 claim could be registered by a stakeholder to the corporation, as well as the way any problem thereof could be managed to yield a resolution. Due to the potentially large number of stakeholders and associated claims, Freeman (2001) proposes two definitions of stakeholders: narrow definition and wide definitions. The narrow definition involves all stakeholders critical to going concern of the firm, while the wide definition involves all stakeholders both affect and are affected by the firm.

Freeman (2001) articulates the stakeholder theory by using the narrow definition. Under this definition, stakeholders covered are the owner, employees, supplier, customer, local community, and management. Management has a special characteristic. While it is taking care of the corporation’s affair, it is in a way also an employee. As ideally there is no primacy of any stakeholder over any other, it is the management duty to maintain balance.

2.3. 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 (Stead and Stead, 2008). SSM comprises the integration of the concept of sustainability into the theory and practice of strategic management and is believed to be the next evolutionary stage in the discipline of strategic management (Stead and Stead, 2008). 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, Stead and Stead (2008) 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 ecological consequences. Therefore, Stead and Stead (2008) further argue that the evolution from strategic management to SSM necessarily begins with a strategic managers' paradigm shift regarding the basic relationship between the economy, society, and the natural environment.

The emphasis on the strategic managers as the ultimate strategic decision makers is in line with the work of Strand (2014), whereby the emergence of top management team (TMT) positions with dedicated corporate sustainability responsibilities mark the convergence of strategic leadership and corporate sustainability. Further, on the role of leadership in sustainability, Rego, Cunha, and Polonia (2017) explored the perspective of 72 CEOs of companies operating in Portugal about the definition of corporate sustainability (CS) and its facilitators and found that 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 are the management practices considered as most important to develop CS. Rego et al. (2017) also concluded from the study that the CEOs believe that leadership characteristics and behaviors considered as most important to foster CS are (1) scrutinizing the future and leading people through a mobilizing vision; (2) energizing and developing employees; and (3) leading by example. However, Rego et al. (2017) also concluded that the great majority of CEOs who participate in the study have not embraced such integrative and coevolutive perspectives. Thus, the study suggests further research along with consistency between action and discourse/rhetoric demonstrated by leaders. This finding is in line with that of Dumas and Louche (2016) which proposed two theoretical dimensions – justifying RI and practicing RI, and the gap between the two dimensions. Therefore, Dumas and Louche (2016) called for research around demonstrating the value of sustainability as prior research approach value as an intrinsic notion, rather than as resulting from the coordination process.

Basing on the work of Stead and Stead (2008), Strand (2014), and Rego et al. (2017) which highlight the importance of leadership in SI, along with calls for further research from Rego et al. (2017) and Dumas and Louche (2016), and the business phenomenon described by Winston (2018), and the importance of value-driven and ethical leadership, this study uses Transformational Leadership as a theoretical perspective to guide the research towards sustainability, particularly in SI.

2.4. Leadership Theories and Transformational Leadership

Consistent with one of the aims of the study, i.e., understanding leadership style employed by leaders when driving SI through adoption of sustainable SI strategy, this study uses the Transformational Leadership (TL) as a reference. Selection of TL is based on the study by Dinh and Lord, and Garnder and Meuser, and Liden and Hu (2014) which shows that TL is the most researched leadership theory, compared to other prominent leadership theories such as the traits theory, leader-member exchange (LMX) theory, authentic leadership theory and servant leadership theory. Recent search on Google Trend shows result that is still consistent with the work of Dinh et al (2014), whereby TL remains the most sought-after leadership theories.

In reviewing TL, it is found that almost all of the references in this review take reference to Burns'(1978) work, noting the importance and the origin of the transformation leadership construct. In *Leadership,* Burns (1978) described leaders that form, shift, enhance, and heighten the motives, values, and goals of followers by practicing a role as a teacher. The transformational leadership style practiced by the above leaders has a premise that followers are both presently or potentially act coherently towards a "higher" goal, regardless of varied personal interests among them. The manifestation of this coherent act is seen from the new state of act or state of being that is mutually accepted by both leaders and followers. Burns (1978) further posits that transformational leadership focuses on end-values. While insufficient attention to means may corrupt these end values, transformational leaders bring up their followers to a higher level of morality. The work of Burns (1978) is a masterpiece due to its fulfillment of three criteria of quality: significance, competence, and likability (Bennis, 1982). Scholars and practitioners base their research and build on the seminal work of Burns (1978). Bass (1985); Kuhnert and Lewis (1987); Bass, Waldman, Avolio, & Bebb (1987); Avolio, Waldman, & Einstein (1988); Hater and Bass (1988); and Yammarino and Bass (1990) are a few of the examples, which highlight Bass' involvement in the development of transformational leadership theory.

Following the work of Burns (1978), Bass (1985) described that transformational leadership is about an act of a leader in achieving superior organization performance level by providing clarity of organization purposes and mission and gain acceptance by doing so, and transforming the followers, causing them to obtain broader and higher interest beyond their current self-interest. One or more ways lead to the achievement of the results by transformational leaders, including by being charismatic and therefore inspiring to their followers, by meeting the followers' emotional need, and/or by intellectually stimulating their followers. A contrast is made between transformational leadership and transactional leadership. The latter involves the transaction of certain values such as performance and rewards causing the followers to follow leaders' command and/or obey organization rules.

To further elaborate on ways to accomplish transformational leadership, Bass (1985) proposed the employment of four key dimensions of leadership: charismatic leadership, inspirational leadership, intellectual stimulation, and individualized consideration. Charismatic leadership is characterized by the followers' and others' state of high confidence in the leader due to trust and respect gained from a strong sense of purpose. Inspirational leadership, or inspiration, involves fluent and confident communication of a vision, increasing optimism and enthusiasm, and energizing others. Intellectual stimulation leadership involves active encouragement of others to question the current state of act and state of being, seek for new ways of doing things and solving old problems, and create an environment that is conducive for creativity and the use of intelligence. Finally, individualized consideration is treating and valuing each follower as an individual human being, and conveying recognition of the importance of each person's contribution.

Studies of transformational leadership go hand in hand with that of transactional leadership, such as that Bass's (1985) theory of transformational leadership is a derivation of Burns's (1978) qualitative classification of political leaders (Howell and Avolio,1993). In transactional leadership, the nature of the relationship between leaders and followers is characterized by a series of exchanges of certain values among them. Bass identified two factors composing transactional leadership, based on the intensity of the leader's interaction with the follower, and the way the leader interacts with followers. The first factor is the contingent reward, whereby leaders and followers actively and positively perform exchange of values, through the provision of rewards and/or recognition by leaders to followers upon accomplishment of an agreed-upon objective. The second factor of transactional leadership is when leaders transact with followers by focusing only on the deviation to agreed-upon objective, delaying a decision, or delaying intervention until a mistake happens. This second factor is referred to as management by exception, either active or passive, depending on the timing of leaders' intervention to followers' actions (Hater and Bass, 1988). The more active transaction is when leaders using the agreed-upon objectives as a reference in actively monitoring followers' actions, anticipating mistakes, and making corrections along the way. The more passive transaction is where a leader waits until the task is done by a follower and determine whether a mistake has happened by referring to the agreed-upon standard (Bass 1985).

While the main idea of Bass' (1985) transformational leadership theory is beyond merely an exchange of rewards (and punishment) for an agreed-upon performance (or lack thereof) and therefore being inspirational, Bass (1985) also posits that transformational leaders also frequently display transactional leadership behaviors. Thus, Bass argues that a leader may exhibit both transformational and transactional leadership. This is in contrast with Burns' (1978) distinction, where the two leadership styles are located on the opposite side of a continuum.

Noting the dominance of behavioral theories of leadership effectiveness in the 1970s, Yukl (1999) concludes that emotions and values represent the main emphasis of transformational leadership theories, in contrast to the "traditional" leadership theories, which emphasized rational processes. The above emphasis brings about the consequences of the acknowledgment of the importance of symbolic behavior, and how leaders make events meaningful for followers. Yukl (1999) also concluded that the new theories help understand the influencing process performed by leaders to cause followers to make self-sacrifices and commit to difficult objectives, which ultimately yield to the achievement of much more than was initially expected.

2.4.1. Empirical support and test of the theory

Following the early works of Burns and Bass, this review found that the test of the theory and empirical supports to the transformation leadership theory and construct have been provided by various scholars and practitioners since its inception up to recent date. The angle of test and support range from the level of analysis (single to multi-level), country, and research variables and its relation to the transformation leadership construct (either as antecedent or impact).

2.4.1.1. A single level of analysis

Sample of a single level of analysis is the work of Avolio, Waldman, & Einstein (1988) on the impact of transformational leadership to organization effectiveness; Hater and Bass (1988) on the relationship of transformation leadership perception and superior performance; Koh, Steers, & Terborg (1995) on a school-level analysis of the relationship between transformational leadership behavior and predictors of followers performance. The leader, in this case, is the school principal, and the followers are school teachers and students. Performance predictors include follower satisfaction with leader, organization commitment, and organization citizenship behavior, while performance measure is the student academic performance; to more recent work by Pieterse, Van Knippenberg, Schippers, & Stam (2010) on transformational leadership's role in engendering follower innovative behavior; and the work of Böhm, Dwertmann, Bruch, & Shamir (2015) on CEO charisma impact to firm performance through its effect on two transformational leadership climate within an organization and firm's organizational identity strength (OIDS).

2.4.1.2. Multi-level analysis

Sample of multi-level analysis that present empirical support to the transformational leadership theory and the construct was performed by Bass, Waldman, Avolio, & Bebb (1987) on the domino effect of transformational leadership; Yammarino and Bass (1990) on the relationship between transformational leadership and followers' extra effort and satisfaction with the leader, and ultimately the leader's effectiveness; Waldman, Siegel, & Javidan (2006) on the role of CEOs in determining their firms' engagement level in corporate social responsibility (CSR); to more recent work by Braun, Peus, Weisweiler, & Frey (2013) on the relations between transformational leadership, trust in supervisor and team, job satisfaction, and team performance.

2.4.1.3. Country

The country from which empirical supports have been provided range across multi continents, all but one continent-Antarctic, marking the generality of the paradigm (Bass, 1997).

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 (Bass, Waldman, Avolio, & Bebb, 1987), Europe (Gumusluoglu & Ilsev, 2009; García-Morales, Jiménez-Barrionuevo, & Gutiérrez-Gutiérrez, 2012; Braun, Peus, Weisweiler, & Frey, 2013; and Böhm, Dwertmann, Bruch, & Shamir, 2015), Africa (Walumbwa and Lawler, 2003), and Asia (Koh et al, 1995; Shin and Zhou, 2003; and Jung, Chow, & Wu, 2003). Walumbwa and Lawler's (2003) work results provided empirical support towards the view of cross-culture effectiveness of transformational leadership.

2.4.1.4. Research variables

A wide range of research variables have been tested and contribute to providing support to the transformational leadership theory and construct. Combined with the relationship of each research variable to the transformational leadership construct, various works provided further clarity of support to the transformational leadership theory. This review finds performance, both leaders' performance and followers' performance, is among the most researched variables as the impact of transformational leadership.

2.4.1.5. Performance

The works by Hater and Bass (1988); Yammarino, Spangler, & Bass (1993); Barling, Loughlin, & Kelloway (2002); Schaubroeck, Lam, & Cha (2007); Liao and Chuang (2007); and García-Morales, Jiménez-Barrionuevo, & Gutiérrez-Gutiérrez (2012) are a few examples of the works on the impact of transformational leadership to either leader or follower performance.

Hater and Bass (1988) after taking data from a US-based express delivery company found empirical evidence that independently selected top-performing managers obtain significantly higher transformational leadership ratings from their subordinates compared to randomly selected ordinary managers. In line with Hater and Bass (1988), Yammarino et al (1993) found that officers' appraised performance can be predicted by officers' transformational leadership while on fleet duty, Jung and Avolio (2000) concluded that, through mediating effect of followers' trust and value congruence, direct and indirect impact of transformational leadership to performance are obtained, Schaubroeck et al (2007) concluded that team performance is influenced by transformational leadership, with team potency acts as a mediator, and team power distance and team collectivism act as moderators; and Zhu, Newman, Miao, & Hooke (2013) concluded that followers' work outcomes relate to transformational leadership with affective trust as full mediator.

A different angle was proposed by Barling et al (2002). Through modeling of linkage between transformational leadership and workplace safety, Barling et al (2002) concluded that in the field of safety, performance measured with occupational injuries is affected by transformational leadership when moderated by climate, consciousness, and related events. Performance, transformational leadership, climate, consciousness, and related events, in this case, are all safety-specific. Similar mediating role was demonstrated by García-Morales et al (2012) who revealed that organizational learning and organizational innovation mediate the positive influence of transformational leadership towards organizational performance.

And finally, on performance as a research variable, Liao and Chuang (2007) in Taiwan attempted to conduct a multi-level analysis on transformational leadership's impact on customer relationship outcomes through the mediating effect of employee service performance. Outcomes include the intention of the customer to maintain a service relationship and the number of long-term customers. Liao and Chuang (2007) claimed that this study marked an extension of transformational leadership study to the service industry, compared to previous studies that were aimed towards educational and military context. The study was also positioned as an integrated study combining management, psychology, and marketing literature. At the individual level the study found a positive relationship between transformational leadership and employee self-efficacy, affective commitment, and job satisfaction, although when the three attitudes were considered together to predict service performance, only self-efficacy was the significant predictor. At the store level, this study found that transformational leaders may be capable of forming a positive service climate by transforming the environment; a finding that extends the transformational leadership beyond transforming individual followers (Liao and Chuang, 2007).

2.4.1.6. Employee innovation and creativity

The next variable among the most researched variables is innovation and employee creativity. Samples of work include those of Shin and Zhou (2003), Jung, Chow, & Wu (2003); Eisenbeiss, van Knippenberg, & Boerner (2008); Gumusluoglu & Ilsev (2009); and Pieterse, Van Knippenberg, Schippers, & Stam (2010).

Through the study of a sample of established and start-up companies in Korea Shin and Zhou (2003) attempted to understand the impact of transformational leadership on followers' creativity and innovation, using intrinsic motivation theory to gauge the psychological mechanism that causes such relationship. Shin and Zhou (2013) found empirical evidence that transformational leadership, moderated by followers' conservation, a value favoring propriety and harmony in relations, was positively related to follower creativity. In line with this finding is Jung et al (2003)'s findings on a direct and positive link between transformational leadership style and organizational innovation.

Eisenbeiss et al (2008) evaluated how climate theory could help to explain the impact of transformational leadership on team innovation. The study concluded that transformational leadership influence team innovation through the mediating effect of support for innovation. However, support for innovation's influence on team innovation is positive only at the presence of a high climate for excellence, which in this case acts as a moderator towards the relationship between the two constructs.

An alternative model is suggested by Gumusluoglu & Ilsev (2009). The suggested model serves a similar purpose, i.e. aiming to determine what impact transformational leadership has on organization innovation. However, while Eisenbeiss (2008) take the path of climate theory, Gumusluoglu & Ilsev's (2009) model introduces follower's creativity as a mediator, and three constructs that are proposed to act as potential moderators to the relationship between transformational leadership and follower's creativity. The three potential moderating constructs are psychological empowerment, perception of support for innovation, and intrinsic motivation. Data from multi-level analysis on software developers in Turkey shows the existence of a positive relationship between transformational leadership and follower's creativity at the individual level, with psychological empowerment acts as a moderator; while at the organizational level empirical evidence shows a positive association between transformational leadership and organizational innovation. Pieterse et al (2010)'s work is in line with and supports Gumusluoglu & Ilsev (2009) by highlighting the importance of psychological empowerment.

2.4.1.7. Other research variables

Various other research variables noted in this review include extra effort (Yammarino and Bass, 1990), organization commitment and organization citizenship behavior (Koh, Steers, & Terborg,1995); ethical environment (Carlson and Perrewe, 1995); CSR engagement (Waldman, Siegel, & Javidan, 2006); Gender and women access to leadership (Druskat, 1994; Vinkenburg, van Engen, Eagly, & Johannesen-Schmidt, 2011); and job satisfaction (Braun, Peus, Weisweiler, & Frey, 2013).

Yammarino and Bass (1990) conducted a multi-level study on leaders-followers interaction to understand the impact of transformational leadership on follower's behavior and performance, as well as comparing the strength of the influence to that of other leadership styles such as transactional leadership and laissez-faire. The study concluded that transformational leadership significantly affects followers' effectiveness through followers' extra effort and satisfaction. The level of affection is stronger than that of transactional leadership and laissez-faire. In line with Yammarino and Bass (1990), a similar result at the organizational performance level is found by Koh et al's (1995) study involving commitment, citizenship behavior, and satisfaction. A more similar result is reported from Braun et al's (2013) multi-level analysis involving followers' trust and followers' job satisfaction.

In the field of ethics and later on corporate social responsibility (CSR), Carlson and Perrewe (1995) found the significant role of transformational leadership towards the establishment of corporate ethics. Such an establishment is achieved due to the facilitation of transformation leadership in the creation of an ethical environment. Further to Carlson and Perrewe (1995), Waldman et al (2006) found that a facet of transformational leadership, CEO intellectual stimulation has a significant association with the firm's propensity to engage in 'strategic' CSR. This type of CSR activity pertains primarily to the firm's corporate and business-level strategies. The same study also found that CEO charismatic leadership, another facet of transformational leadership was not strongly associated with the firm's propensity to engage in strategic CSR.

On gender view of transformational leadership, significantly more demonstration of transformational leadership and significantly less demonstration of transactional leadership by female leaders as compared to male leaders are found in Druskat's (1994) study. While on gender stereotype about transformational leadership and its relationship to women's access to the organization leadership position, Vinkenburg et al (2011) studied facets of transformational leadership that are important to determine the promotion of a leader to senior management/CEO position, viewed from a gender perspective. Empirical evidence supports the importance of both inspirational motivation and individual consideration, exhibited by both genders. In terms of the perception of the importance to gender, inspirational motivation is more important for men, and individual consideration is more important for women. Based on the stereotypical beliefs about leadership, the study advised that women interested in the promotion are to blend inspirational motivation and individualized consideration behaviors.

2.4.2. Antecedents of TL

In terms of antecedent to TL, the works of Turner, Barling, Epitropaki, Butcher, & Milner (2002) and Rubin, Munz, & Bommer (2005) are highlighted. Turner et al (2002) focus on moral reasoning while Rubin et al (2005) focus on emotion recognition ability and personality characteristics. To gather empirical evidence for the impact of moral reasoning to the performance transformational leadership behavior, Turner et al (2002 analyzed data from organizations in Canada and the UK, and analyzed whether the varying level of moral reasoning demonstrated by leaders has a connection to varying level of transformational leadership demonstrated by those leaders. Both leaders' moral reasoning and transformational leadership are measured based on scores obtained from their subordinates. Leaders with high moral reasoning are hypothesized to demonstrate a higher level of transformational leadership, and empirical evidence supports the hypothesis.

To understand how emotion recognition and personality influence demonstration of transformational leadership behavior, Rubin et al (2005) conducted a review of data from managers of a US company and the empirical evidence found the positive influence of an emotion factor, i.e. emotional recognition ability of the leader, and personality factors, i.e. positive affectivity and agreeableness.

2.4.3. Other tests of the theory

Other tests of transactional leadership theory and construct involve test instruments such as MLQ-multifactor leadership questionnaire (Lowe, Kroeck, & Sivasubramaniam,1996; Tracey and Hinkin,1998; Avolio, Bass, & Jung, 1999; Judge and Piccolo, 2004) and MPS - managerial practices survey of Yukl (Tracey and Hinkin, 1998), linkage to other constructs such as LMX – leader-member exchange (Howell and Hall-Merenda, 1999), and linkage to personality models such as the 5-factor model of personality, the Big 5 (Judge and Bono, 2000).

With regards to the MLQ instrument, Lowe, Kroeck, & Sivasubramaniam (1996) studied various literature on transformational leadership and attempted to integrate various finding from various leadership measurement instruments to obtain a combined effect of such a broad range of scale, and predict moderating effects of certain constructs to the relationship between leadership styles and effectiveness. Tracey and Hinkin (1998) compared MLQ of Bass and Avolio with the four scales from the MPS-Managerial Practices Survey of Yukl to clarify similarities in conceptualization and fundamental managerial practices. Avolio, Bass, & Jung (1999) evaluated the best application of the MLQ survey by reviewing nine models of distinct factor structures. And Judge and Piccolo (2004) attempted to validate and determine correlations between facets of each of the three (transformational, transactional, and laissez-faire) leadership styles.

In the relation of transformational leadership to other constructs, Howell and Hall-Merenda (1999) examined leader-member exchange (LMX) and physical distance, while Judge and Bono (2000) studied traits from the 5-factor model of personality behaviors (the Big 5).

2.4.4. The focus of the theory

By referring to Bass' (1985) description of transformational leadership as an act of a leader in achieving superior organization performance level by providing clarity of organization purposes and mission and gain acceptance by doing so, and transforming the followers, causing them to obtain broader and higher interest beyond their current self-interest, it can be argued that focus of the theory is on leadership effectiveness. As described earlier in the empirical support and test of the theory part of this review, works by scholars have been in line with Bass, which is in further understanding how transformational leadership leads to superior performance, even beyond expectation. This review, however, also found some works on leadership emergence.

2.4.4.1. Focus on leadership effectiveness

Scholars’ work on transformational leadership that focus on leadership effectiveness range from direct impact of transformational leadership to organizational outcome (Avolio, Waldman, & Einstein,1988; Keller, 1992; Dvir, Eden, Avolio, & Shamir, 2002; Bass, Avolio, Jung, & Berson, 2003; Walumbwa, Wang, Lawler, & Shi, 2004; Gumusluoglu and Ilsev, 2009; Wang, Oh, Courtright, & Colbert, 2011), indirect impact through mediator and/or by acting as moderator (Hater and Bass, 1988; Seltzer and Bass, 1990; Podsakoff, MacKenzie, Moorman, & Fetter, 1990; Howell and Avolio, 1993; Ross and Offermann, 1997; Jung and Avolio, 2000; Barling, Loughlin, & Kelloway, 2002; Walumbwa and Lawler, 2003; Avolio, Zhu, Koh, & Bhatia, 2004; Zhu, Chew, & Spangler, 2005; Wang, Law, Hackett, Wang, & Chen, 2005; Schaubroeck, Lam, & Cha, 2007; Liao and Chuang, 2007; Gumusluoglu and Ilsev, 2009; Pieterse, Van Knippenberg, Schippers, & Stam, 2010; García-Morales, Jiménez-Barrionuevo, & Gutiérrez-Gutiérrez, 2012; Braun, Peus, Weisweiler, & Frey, 2013; Zhu, Newman, Miao, & Hooke, 2013; Chen, Tang, Jin, Xie, & Li, 2014; Böhm, Dwertmann, Bruch, & Shamir, 2015).

2.4.4.2. The direct impact of transformational leadership

Studies that review the direct impact of transformational leadership to organizational outcome including Avolio, Waldman, & Einstein’s (1988) analyses of relationships between active transactional leadership, transformational leadership, and organizational effectiveness; a longitudinal study of Keller’s (1992) on project groups’ performance; Dvir, Eden, Avolio, & Shamir’s (2002) field experiment focusing on enhancing the role of training.

Bass, Avolio, Jung, & Berson (2003) highlighted the role of contingent reward in predicting unit performance. Walumbwa, Wang, Lawler, & Shi (2004) presented the positive effect of transformational on organizational commitment and job satisfaction, and negative correlation with job and work withdrawal. Gumusluoglu and Ilsev's (2009) model is centered on followers' creativity and innovation. And finally Wang, Oh, Courtright, & Colbert (2011) offered multi-criterion types and multi-level analysis of the relationship between transformational leadership and follower performance.

2.4.4.3. The indirect impact of transformational leadership

More scholarly works are found in studying the indirect impact of transformational leadership on various individual behavior and organizational outcomes. The indirect impacts are obtained through the mediating and moderating role of various variables/constructs, transformational leadership's role as moderator, or combination of both.

Hater and Bass (1988) propose that transformational leaders enable the achievement of followers' performance beyond expectations. The leaders help followers achieved such a high-performance level through providing purpose, nurturing learning, and challenging the status quo. Similarly, Podsakoff, MacKenzie, Moorman, & Fetter (1990) examine the mediating role of subordinate's trust and satisfaction towards the impact of transformational leader behaviors on organizational citizenship behaviors, and Seltzer and Bass' (1990) work in reviewing the role of transformational leadership in addition to initiation and consideration, and its impact to subordinates' satisfaction and, ultimately, leader effectiveness.

Further on performance, various scholars have attempted to draw a connection and/or identify the impact of transformational leadership to various forms of followers and organizational behavior and performance, by using various constructs as either moderator and mediator, or a combination of both. Example of the above various constructs is the locus of control and innovation support (Howell and Avolio, 1993), personality attributes and subordinate satisfaction (Ross and Offermann, 1997), trust and value congruence (Jung and Avolio, 2000), perceived safety climate, safety consciousness, and safety-related events (Barling et al, 2002). In a wider context, Walumbwa and Lawler’s (2003) cross-cultural study on transformational leadership examined collectivism as a moderator and its effect on the relationships between transformational leadership, work-related attitudes, and perceptions of withdrawal behaviors.

More mediating roles of various constructs to the relationship of transformational leadership demonstrated by various leadership tittles and various individual and organizational outcomes including psychological empowerment and structural distance between leaders and followers with organizational commitment as an outcome (Avolio, Zhu, Koh, & Bhatia, 2004), human–capital-enhancing human resource management with subjective assessment of organizational performance, absenteeism, and average sales as outcomes (Zhu, Chew, & Spangler, 2005), leader-member exchange (LMX) with followers' task performance and organizational citizenship behaviors as outcomes (Wang, Law, Hackett, Wang, & Chen, 2005), team potency with the outcome of group performance (Schaubroeck, Lam, & Cha, 2007), service employees' attitudes at the micro level and the work unit's service climate at the macro level with outcomes of employee service performance and customer relationship (Liao and Chuang, 2007), follower psychological empowerment with follower innovative behavior as an outcome (Pieterse, Van Knippenberg, Schippers, & Stam, 2010), dynamic capabilities of organizational learning and innovation with outcome of organizational performance (García-Morales, Jiménez-Barrionuevo, & Gutiérrez-Gutiérrez, 2012), trust in supervisor and team, and job satisfaction with team performance analyzed from multi-level (Braun, Peus, Weisweiler, & Frey, 2013), cognitive and affective trust with outcomes of follower perceptions of transformational leadership behavior and their work outcomes (Zhu, Newman, Miao, & Hooke, 2013), corporate entrepreneurship and technology orientation with outcome of firm's product innovation (Chen, Tang, Jin, Xie, & Li, 2014), and transformational leadership climate within organization raised by charismatic CEO and firm's organizational identity strength (OIDS) with firm's performance as an outcome (Böhm, Dwertmann, Bruch, & Shamir, 2015).

2.4.4.4. Focus on leadership emergence

As previously stated, although it is argued that the focus of transformational leadership is on leadership effectiveness, this review also found scholarly works in transformational leadership that covers the emergence of this leadership style. Examples on predictors/antecedents of transformational leadership include Kuhnert and Lewis' (1987) work using constructive/developmental theory aim to look at the role of critical personality differences in leaders, Druskat (1994) focus on gender differences; Judge and Bono (2000) and Bono and Judge's (2004) work centering around linkage of the Big 5 personality model to transformational leadership behavior; Turner, Barling, Epitropaki, Butcher, & Milner (2002) focus on moral reasoning; and Rubin et al (2005) on emotion recognition ability and personality characteristics.

2.4.5. Major strengths

This review so far has been describing features and benefits of transformational leadership, mainly its positive impact towards various outcomes, both at individual and organizational levels supported by various moderators and mediators. At the individual level, positive outcomes are predicted by individual behaviors such as employee self-efficacy, affective commitment, and job satisfaction (Liao and Chuang, 2007). Yammarino et al's (1993) outcomes were on job performance. Avolio (2000) looked at followers' trust in the leader and value congruence as mediators. Zhu, Newman, Miao, & Hooke (2013) also found empirical support on the role of affective trust as a full mediator in predicting positive followers' work outcomes as it relates to transformational leadership.

At the organizational level, transformational leaders may be capable of forming a positive climate by transforming the environment; a finding that extends the transformational leadership beyond transforming individual followers (Liao and Chuang, 2007). Schaubroeck et al (2007) concluded that team performance is influenced by transformational leadership, with team potency acts as a mediator, and team power distance and team collectivism act as moderators. García-Morales et al (2012) revealed that organizational learning and organizational innovation mediate the positive influence of transformational leadership towards organizational performance. Koh et al (1995) found that transformational leadership significantly augment transactional leadership in predicting followers' organizational commitment, organizational citizenship behavior, satisfaction, and ultimately performance. Carlson and Perrewe (1995) posit that the transformational leadership style facilitates the creation of an ethical environment, and ultimately facilitate the institutionalization of corporate ethics.

2.4.6. Limitations and critiques

Besides the above strengths, scholars proposed some critiques towards transformational leadership theory and construct and offered some recommendations for further research, such as Pawar and Eastman (1997) who argued that a study in transformational leadership must be concerning a contextual framework.

Bass and Steidlmeier (1999) despite the superiority of transformational leadership acknowledge that its ethics have been questioned. Major criticisms including the suggestion that transformational leadership makes use of impression management, and therefore is prone to be immoral (Snyder, 1987); is prohibitive to the employment of a democratic process in organizational learning and development (McKendall, 1993); risk the followers to be manipulated emotionally by the leader in such a way that the followers would pursue an end that is contrary to their best wishes, at the mask of going beyond self-interest for the good sake of the group (Stevens, D'Intino, & Victor, 1995); causes the followers to lose more than they gain through manipulation of followers along a primrose path (White & Wooten, 1986); and leads to dictatorship and oppression of a minority by a majority due to lack of the checks and balances of countervailing interests, influences, and power to avoid them (Keeley, 1995). Bass and Steidlmeier (1999) argued that negativity of the critics has been dominant when evaluating the aspects of inspirational leadership, while democratic process and organizational development have been overvalued so that the shortcomings are ignored, and critics also have not been able to accurately point out the difference between transformational leadership and pseudo-transformational leadership. Towards the last point, Price (2003) argued that in responding to transformational leadership's ethical concerns scholars should look beyond merely distinguishing "authentic" transformational leadership and pseudo-transformational leadership.

On a wider critical view of charismatic and transformational leadership, Conger (1999) while acknowledging significant development of the theory and its empirical support, and therefore the deepened knowledge, numerous dimensions are still very little known. Conger (1999) examined progress along several dimensions, starting with leader behaviors and their effects.

From the dimension of leader behaviors and effects, Conger (1999) argued that charismatic and transformational leadership theory development and empirical research have been focusing more on leader behavior than on the follower effect. Being the first scholar to come up with a measurement instrument that operationalizes the transformational leadership model (the MLQ), Bass has witnessed more usages of his scale in research than any other model proposed. Here Conger (1999) points out that Bass' scale may be flawed as it appears to be an outcome of a methodological shortcoming. For example, in the measurement of charisma, Bass' by treating vision as a component of inspiration is in contrast with the majority of research and literature which categorize vision under charismatic leadership. The next dimension proposed by Conger (1999) is contextual factors, whereby at the date of Conger's (1999) publication very few studies had been done, therefore knowledge of the impact of context towards operationalization of the transformational leadership theory was very poor and speculative. An example of the significant impact of this contextual issue is around the varying nature of context, and therefore the form and nature follower's parameters such as need, that could vary depending on the context. At the same time, leader's parameter such as resource and opportunities could also vary depending on the context, all the way to the state of organization that would also vary by context, that may cause transformational leadership practice to be less effective or even dysfunctional.

On the dimension of institutionalization and succession Conger (1999) proposes that faulty assumption on transformational leader's willingness and capability to develop succeeding leaders of equal quality may have caused the lack of research and discussion on a succession of transformational leaders. Therefore researches are imperative. A key concern raised by Conger (1999) in this regard is that issues may arise when time is due for the succession of a charismatic leader due to their strong ego needs so that preparing a succession could be problematic.

Finally, on the dimension of liabilities of charismatic and transformational leaders, Conger (1999) argued that scholars have been overlooking the liabilities of the transformational leader. Liabilities that could have been caused or being possessed have gone unnoticed because the transformational leaders are seen as so positive. Taking the contextual dimension into account, transformational leadership's lack of effectiveness or dysfunction under certain contexts could possess certain liabilities.

2.5. TL in SI

The above review covers various aspects of TL, highlighting the superiority of TL as a leadership style in explaining the behavior of leaders and the performance of the companies thereof. However, the writer struggles to find relevant-meaningful coverage around SI in the literature. Given this theory gap, building from previous works of and responding to calls for research by Stead and Stead (2008), Strand (2014), Dumas and Louche (2016), Rego et al. (2017), and Winston (2018) above, questions around what is the perspective of the leader towards SI in general and SI level in particular, why such perspectives take place, and how leaders contribute towards the achievement of current SI level remain topics that are relevant to be studied, and hence the focus of this study.

3. RESEARCH DESIGN/METHODOLOGY

3.1. Research design framework

The design of the research is built following the Hopscotch Method developed by Jorrín Abellán (2016). This method represents steps in building a qualitative research design basing on previous works by Miles and Huberman (1994), Denzin and Lincoln (2003), Shenton (2004), Guba and Lincoln (2005), Maxwell (2008), Stake (2010), Chenail (2011), Yin (2011), and Creswell (2013). The hopscotch is a traditional game in England and the USA, which also presents in many cultures under different names such as "Tejo" in Argentina, "Amerelinha" in Brasil, or "Rayuela" in Spain (Jorrín Abellán, 2016). The game requires players to make repeated-iterative steps towards a final goal, reflecting the nature of a qualitative study. The pictorial view of the method is as follows.

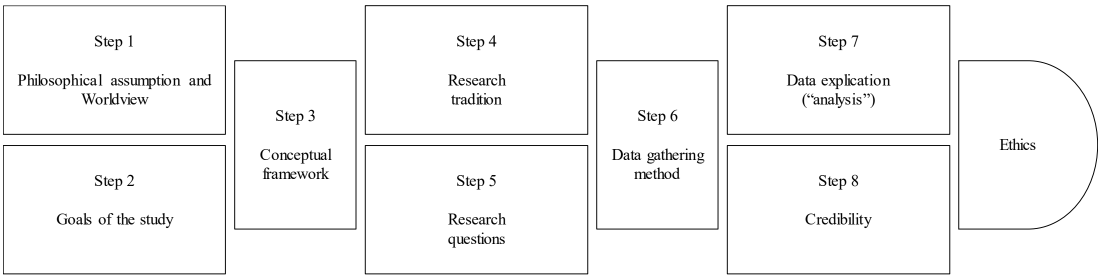

Figure 1. Steps and visual representation of the Hopscotch Model (adapted from Jorrin Abellan, 2016)

3.1.1. Step 1: Philosophical assumption and worldview

Philosophical assumption and the worldview of the researcher determine the overall research design/methodology which in turn will determine the selection of methods of data collection and analysis before delivery of the research outcome.

3.1.1.1. Philosophical assumption

Referring to Creswell (2013), the philosophical assumption of this research is determined starting with a review of ontological, epistemological, axiological, rhetorical, and methodological perspectives to determine research fit. From the ontological perspective, whereby the nature of reality is considered, the reality of the research environment is believed to be subjective according to and multiple as seen by informants in the study, which is typically found in qualitative studies. In contrast, for quantitative researchers, the reality is objective and singular, and they are apart from what they are studying.

From the epistemological perspective whereby the relationship of the researcher to what being researched is examined, the researcher interacts with what being researched, using a constant analysis and verification of the data being researched. This is typical of qualitative research, in contrast to quantitative research whereby the researcher is independent of that being researched. As the researcher will be involved with the data, from the axiological perspective the research will be value-laden and biased. This is typical of qualitative research, in contrast to quantitative research that is value-free and unbiased. From the rhetorical perspective, the language of the research will be informal, a decision will be evolving, personal voice and accepted qualitative words will be noticeable, typical qualitative research, in contrast with that of quantitative research characterized by formal language, based on set definitions, impersonal voice, and use of accepted quantitative words.

Finally, from the methodological perspective, the research process will be inductive whereby shaping of factors will be mutual and simultaneous, emerging design-categories identified during the research process, context-bound, patterns and theories developed through the understanding obtained throughout the research process. These are also characteristics of qualitative research.

The quantitative process is typically deductive, evaluating cause and effect, static research design whereby categories are isolated before the study, context-free (independent).

3.1.1.2. The worldview of the researcher.

The main worldviews highlighted by Creswell (2013) are post-positivism, constructivism, transformative, and pragmatic. Postpositivist believes that there is no such thing as absolute truth. They aim to test theories by empirically observe phenomenon “out there”. Constructivist further argues that truth us socially constructed, and their work focus more on understanding meaning in an attempt to generate theory. Those with transformative views challenge postpositivist assumptions as having imposed structural laws and the certainly generated theories did not fit marginalized individuals. While the pragmatic researchers want to have the freedom to choose the methods, techniques, and procedures of research that best meet their needs and purposes.

This research embarks from an inquiry of whether transformational leadership (TL) theory could explain the leadership styles exhibited by leaders in the SI area while staying open for discoveries that could further enhance TL, or even generate a new theory. Influenced by the theory of communicative action and the discourse theory of Jurgen Habermas, this study can be said as leaning more towards a transformative worldview.

3.1.2. Step 2: the goals of the study.

Maxwell (2008) defines goals as anything that motivates the researcher to conduct the study, which includes motives, desires, and purposes, or anything the researcher hopes to accomplish by doing the research. Clear goals help guide other research design decisions to ensure that the study is worth doing, and are essential to justifying the study, a key task of a dissertation. There are three kinds of goals for doing a study: personal goals, practical goals, and intellectual goals.

At a personal level, this study is intended to take a researcher to the current state of SI and transformational leadership, two topics that are relevant to the researcher's daily activities as both scholar and practitioner. Practical goals include a contribution to the business society while maintaining the integrity and minimizing bias, in terms of understanding of SI level and improvement of mix thereof.

At the intellectual level, the study intends to clarify how leaders perceive SI, why such perception exists, and how leaders act upon such perception towards establishing his firm's strategic direction in the context of SI. As leaders, especially that of large-influential firms, have the potential to construct social belief in SI, understanding their leadership styles and practices is the worthy topic of study, given the current trend of SI level, despite the pros and cons. Such understanding brings both practical and theoretical contributions.

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 into 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.

3.1.3. Step 3: Conceptual Framework of study.

A conceptual framework solidifies an argument about why the topic to be studied matters, and why the means proposed to study it are appropriate and rigorous (Ravitch and Riggan, 2016).

As an argument, a conceptual framework comprises a series of sequenced, logical propositions to ground the study and convince readers of the study's importance and rigor. Whether a study really "matters" is very subjective, depending on the audience. However, the study's conceptual framework should argue for its relevance within that audience. To be appropriate and rigorous, a conceptual framework should argue convincingly on: (a) the relevance of the research questions; (b) the clear mapping of study goals, questions, and context(s) in the research design; (c) the relevance of the data to be collected in exploring the research questions; and (d) the effectiveness of analytical approach towards addressing (if not always answer) those questions. Components of a conceptual framework are described in the figure (adapted from Jorrin Abellan, 2016) as follows.

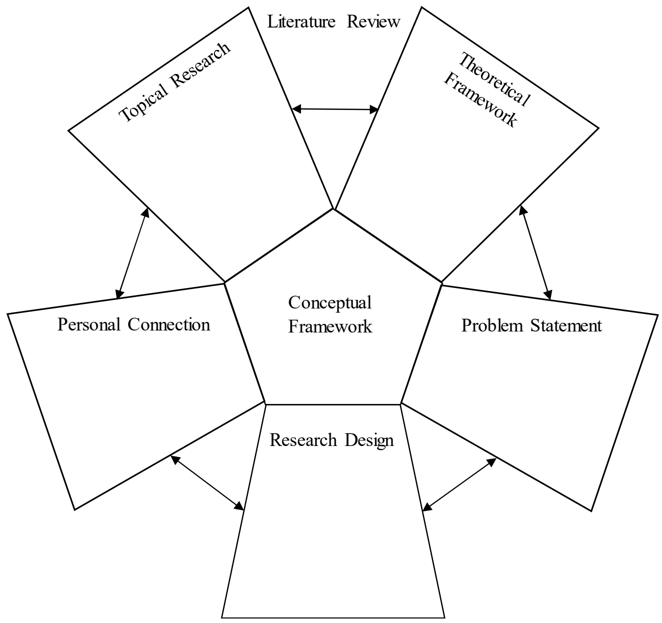

Figure 2. Conceptual framework

3.1.3.1. Topical research and theoretical framework.

Following the review of the literature covering both SI and transformational leadership, key topics that form the conceptual framework of this research are identified. Topical researches include the work of Stead and Stead (2008) on Sustainable Strategic Management (SSM), Strand

(2014), and Rego et al. (2017) which highlight the importance of leadership in SI, along with calls for further research from Paetzold and Busch (2014), Dumas and Louche (2016) and Rego et al. (2017), the business phenomenon described by Winston (2018) where it is not clear how CEOs react to a calling from a significant leader such as BlackRock's CEO, and the importance of value-driven and ethical leadership, this study focuses on leadership factors contributing to current SI level. In this inductive, theory-building study, Transformational Leadership (TL) is used as a theoretical perspective guiding the research towards leadership style in SI.

3.1.3.2. Problem statement

The above background leads to research-worthy business problems around the lack of understanding of how leadership factors contribute to the current SI level, which for the proponent of SI would be in the forms of low penetration of SI in the overall professionally managed investment, and lack of universal understanding on how corporations react to the call for SI by significant asset manager such as BlackRock.

3.1.3.3. Personal connection

Personal connections appear in various parts of this research design, starting with the determination of philosophical assumptions (ontological and epistemological parts), determination of goals of the study (personal goal), as well as the selection of research tradition, given the stated problem.

3.1.4. Step 4: The research tradition for study – hermeneutic phenomenology

The main research traditions in qualitative research are narrative research, phenomenology, ethnography, grounded theory, action research, and case study. Narrative research studies the lives of individuals by asking individual(s) to provide stories about his/her/their lives. The researcher then re-stories this information into a narrative chronology (Clandinin & Connellly, 2000).

Phenomenology, which was made a distinct philosophical project in the mid-1890s by Edmund Husserl, studies the structure of various types of experience and associated choice towards awareness, action, and social activity including linguistic activity by a person or group of individuals regarding a concept or phenomenon. Such a structure of experience includes perception, thought, memory, imagination, emotion, and desire. Ethnographic research inquires, learns, and reflects on the way of life of a certain social group, and the final product i.e., ethnographic portrait.

A grounded theory tradition aims to generate theory through a systematic process of data collection and analysis. It assumes that the generation of "bottom-up" categories and concepts can be better to analyze the behaviors that occur naturally in social contexts. This tradition is generally suitable to generate theory from the study of situations, phenomena, and contexts, on which not enough study has been done and not enough literature is available.

Case study as a research tradition allows the in-depth analysis of particular social realities or case, or according to MacDonald and Walker (1975), the study of well-defined systems in action. Finally, action research that can often be found in the school environment consists of evaluative, investigative, and analytical research methods designed to diagnose problems or weaknesses and develop practical solutions to address them quickly and efficiently. Action is the focus of this tradition.

After considering the background of the study, business problem, and reviewed literature, the research tradition in this study is phenomenology. The experiences lived by a person or group of individuals regarding the concept of sustainability and SI, and the phenomenon of SI level as seen from the perspective of strategic management and leadership will be the substance of this study. Similar to other research traditions within the qualitative approach, this study is not ultimately interested in the explanation of the SI level. Rather, it is interested in reaching a deep understanding of SI from the eyes of the persons who have experienced it as leaders of firms involved in SI.

There are two main approaches to phenomenology: descriptive and interpretive (Sloan and Bowe, 2014). Descriptive phenomenology is often also called transcendental phenomenology, while interpretive phenomenology is often also called hermeneutics phenomenology, a methodology promoted by scholars such as Heidegger, Gadamer, and Ricoeur. The main objective of both types of phenomenology is the same, i.e., reaching a deep understanding of the phenomenon being studied from the experience of the individual(s). The main difference rests in the way the researcher gets involved with that being researched. In descriptive/transcendental phenomenology, the researcher isolates his/her thoughts and preconceived ideas by performing an action called "bracketing" and aim the re-describe the experience "as it is". In interpretive phenomenology researcher allows his/her interpretation to be involved in reflecting on the lived experience of participants. As SI and SI level as the context of the study is a worldwide phenomenon and given the potential data source i.e., the abundance of world-wide lived experience data in forms of text, audio, and video in the social media/internet, while at the same time present a barrier for confirmation/clarification from participants, this study will apply hermeneutic phenomenology as a methodology.

Using hermeneutic phenomenology as a research methodology, the researcher will need to apply the skill of reading texts, including the text of transcripts, which represent spoken accounts of personal experience and identify 'themes' that can be viewed as written interpretations of lived experience. So, hermeneutics phenomenology would require the researcher to examine the text, reflect on the content, and discover themes. After phenomenal themes are discovered, the researcher rewrites the theme and at the same time interprets the meaning of the phenomenon or lived experience. Further details of the research process are described in the following paragraphs.

3.1.5. Step 5: Research Questions

Research questions form the heart of this study. It helps the study on goals and conceptual framework as well as provide guidance for how to conduct it, including the relationship to methods and validity. Following Maxwell (2008), research questions in an inductive-iterative qualitative study should remain sensitive and adaptable to the implications of other parts of the design and can be formulated in detail only after the goals and conceptual framework are clarified. Sometimes it also must wait until general aspects of the sampling and data collection of the design are identified.

As described in the previous step, the goals of the study include personal goals, practical goals, and intellectual goals. A personal goal of this study is to take the researcher to the current state of SI and transformational leadership. Practical goals include a contribution to the business society while maintaining the integrity and minimizing bias, in terms of understanding of SI level and improvement of mix thereof. While intellectual goals include clarifying how leaders perceive SI, why such perception exists, and how leaders act upon such perception towards establishing his firm's strategic direction in the context of SI. Themes emerged from the analysis of the collected data, which describe the experience of participants on the SI level as the observed phenomenon will then be analyzed using transformational leadership as a theoretical perspective to identify whether the theory can explain the experience or new findings are yet to enrich the theory.

Based on the above considerations, the research questions are formulated as follows.

1. Why leaders decide towards SI?
2. How do leaders translate the perception on SI into real corporate actions?
3. What leadership style do leaders employ when making the SI decision?

3.1.6. Step 6: Data gathering methods.

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. Hycner (1985) stated that “the phenomenon dictates the method (not vice-versa) including even the type of participants.” This research takes into consideration the business case along with the need to understand leaders’ experience towards the SI level, which is a global phenomenon. It is tempting to narrow down the scope of the study into a narrower geographical coverage to reduce the challenge in finding participants from whom lived experience will be explored. While such a design decision will help the research, it does come with limitations around generalization.

In line with the selected research tradition i.e., hermeneutics phenomenology and the abundance of world-wide lived experience data in forms of text, audio, and video in the social media/internet, opportunities to collect data from these sources are wide open. Key features that define social media, and differentiate it from other types of media, include (1) internet base, (2) Web 2.0 ideological and technological foundation, and (3) the possibility of creation and exchange of User Generated Content (Kaplan and Haenlein, 2010). Following the establishment and enhancement of social media technologies, the number of users who post contents in forms of text messages, pictures, and video on the internet have grown (Duggan, 2013; Duggan, Ellison, Lampe, Lenhart, & Madden, 2015).

3.1.6.1. The data, its source, and collection

Media and social media data collection using public and social media is employed due to the abundance of readily available materials on the internet, enabling low cost and time efficiency of data collection. Data sources including website text and video, Facebook posts, tweets (Twitter posts), YouTube videos, or other social media content (Snelson, 2016), including data gathered in discussion forums, chat rooms, and via blogging sites such as WordPress (Townsend and Wallace, 2016).

Corporations including its CEOs and leaders nowadays are increasingly opening themselves to providing insights on their investment strategies and portfolio to the public through interviews, public statements, letters, blogs, posts, tweets, and many other ways leveraging the information and communication technologies such as the internet and other broadcasting media ("social media data"). Dumas and Louche (2015) researched to examine collective belief towards social and environmental issues in investment by analyzing contents of data gathered from the UK financial press in the forms of 3,982 articles on responsible investing published between 1982 and 2010, collected from Factiva, a Dow Jones news database encompassing more than 28,000 sources.

Sample of insights provided by corporate leaders includes that in the forms of a video interview of Larry Fink, the CEO of BlackRock with CNBC (https://www.cnbc.com/video/2018/01/16/blackrock-ceo-larry-fink-pushes-companies-to-become-more-socially-responsible.html), an edited excerpt of an interview of with Michael

Baldinger, Head of Sustainable and Impact Investing at UBS Asset Management (http://www.climateaction.org/climate-leader-interviews/interview-with-michael-baldinger-head-of-sustainable-and-impact-investing-a), and an interview with Andrew Parry of Hermes Investment Management in a blog (https://blogs.cfainstitute.org/investor/2018/06/15/effective-esg-investing-an-interview-with-andrew-parry/).

An example of a statement made by a leader in the statement by Andrew Parry as follows:

> …Up to a few years ago, there was a widespread perception that ESG came at a cost. These days, I sometimes feel that we are moving too far in the opposite direction, namely that we may conclude that ESG automatically produces improved results….

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.

	Company	Country	Total AUM 2018 (31/12/'17 in EUR billion)
1	BlackRock	US/UK	5,315
2	Vanguard Asset Management	US/UK	4,090
3	State Street Global Advisors	US/UK	2,316
4	Fidelity Investment	US	2,003
5	BNY Mellon Investment Management	US/UK	1,585
6	Capital Group	US	1,504
7	J.P. Morgan Asset Management	US/UK	1,471

8	PIMCO	US/UK/Ger	1,462
9	Amundi	France	1,426
10	Prudential Financial	US	1,160

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

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 (1) Founder of an Indonesian major investment management firm, and (2) Chief Policy & Strategy of a multilateral development institution.

3.1.6.2. Searching and storing

To initiate the data collection process, searches were performed using keywords such as 'sustainable investing [company name]', 'interview sustainable investing [company name]', 'sustainable investing [executive name]', and 'interview sustainable investing [executive name]'. Further refinement of searches was done by specifying the media name, e.g., '…. [executive name] [media name]'. Keywords were adjusted from time to time depending on the results of the search and analysis.

Relevant data are results of searches, in forms of media, and social media data that represent answers to interview questions, either asked by the interviewer in the media or expressed by the informant as a public statement, along with the experience of informants towards SI level. While the exact question will vary from events to events, initial exploratory questions include:

1. What is your investment philosophy?

This question explores informants' investment philosophy (belief, mandate, strategy) in general, can be used to gauge interest in SI as well as gauging lack thereof.

2. Could you describe your investment portfolio in general?

   This question explores informants' actual investment in general, can be used to gauge contribution to SI level.

3. What do you think about sustainability and SI?

   This question explores informants' attitudes and perceptions towards SI can be used to gauge contribution to SI level.

4. Could you describe your involvement in SI?

   This question explores actual informants' experience in SI and can be used to gauge overall experience as well as actual action along with SI.

Following the search, relevant results were stored in an electronic format in the NVivo program, listed and indexed as necessary for ease of access. Subsequently, after first review (reading or listening) to gain an understanding of the overall context of the data, relevant textual quote/ data and relevant transcribed non-textual data will be stored in forms of transcripts with clear index. Using NVivo program, relevant transcripts are grouped in Cases, which each represent a unit of analysis. The search process was repeated following iterative constant comparison techniques throughout the research up to a saturation point.

3.1.7. Step 7: Data Explication (in lieu of Data Analysis)

In this phenomenology work, 'data analysis' was deliberately avoided, following Hycner (1985) cautions that 'analysis' which usually means 'breaking into parts' signal for a loss of the whole phenomenon. While 'explication' can mean an investigation of the constituents of a phenomenon while keeping the context of the whole. Following a 'hermeneutic circle' (Gadamer,

1997) which constitutes a constantly expanding circle of interpretation and understanding, an adjusted version of Hycner's (1985) explication process, was used and the steps are described as follows.

3.1.7.1. Transcription

The process starts with transcription which involves transcribing non-textual data into the text as well as organizing various types of textual data, especially from social media transcripts which are directly attributable to each informant/actor experiencing the phenomena. The transcript should also include non-verbal and para-linguistic communication such as pauses and body language.

3.1.7.2. Listening to the interview or reviewing transcripts for a sense of the whole

Once the transcription is done, listening to the overall interview as well as reading the overall transcript will be done to get a general understanding and context of the informants' story from experience.

3.1.7.3. Delineating units of the general meaning

This was then followed by dividing the transcript into statements of general meaning, a process called 'horizontalization' (Creswell, 2013). A rigorous review of every aspect of the text was done to elicit every unique meaning from informants' expression. At his stage, such delineation was done as it was, not considering the research questions.

3.1.7.4. Delineating units of meaning relevant to the research question and TL.

The next step involved applying research questions to rationalize the delineated texts into relevant general meaning, the beginning of a critical phase in the explication of data (Hycner, 1985). By relevant means the general meaning which correlates with and represents clear links to the phenomenon, i.e., SI level. Those which do were collected as relevant general meaning, those which do not were excluded. Those which are not so clear were given the benefits of the doubt and were included in the list of relevant general meanings. Continuous reference to both research questions and TL were made to guide this process.

3.1.7.5. Clustering units of relevant meaning

Relevant meanings were then reevaluated, observed, and determined whether they naturally cluster together. This was done through a rigorous examination and elicitation of the relevant meanings to identify whether there is a common meaning that links each of the clusters, given the context of informants' situation while data are collected. Understanding the context is critical in assigning themes, as different contexts will give a different meaning of the same data.

3.1.7.6. Determining themes from clusters of meaning

Each cluster was then assigned a certain theme before another round of interrogation of those clusters of themes was done to identify whether one or more central themes which represent the essence of the clusters existed.

3.1.7.7. Writing a summary for each informant's data

Emerging themes at various levels were used to summarize the transcript of each informant's data. As part of the hermeneutic circle, this process gave a sense of the whole, as well as providing a context to the emergence of each theme.

3.1.7.8. Contextualization of themes

Key contextual information includes the investment portfolio currently being held by each informant's firm. Those with a relatively higher level of SI arguably would behave differently from those at a relatively lower SI level. The general context applicable to all informants can then be determined and would for a significant factor to conclude a composite summary.

3.1.7.9. Composite summary

Finally, a composite summary describing central themes applicable to all informants can be written and is considered as describing "the world" in general as experienced by all informants. The composite summary also will list the deviation of certain informant's experiences from the whole.

3.1.8. Overall flow of the data gathering and explication.

The overall flow of the data gathering, and explication process is summarized and described in the following picture.

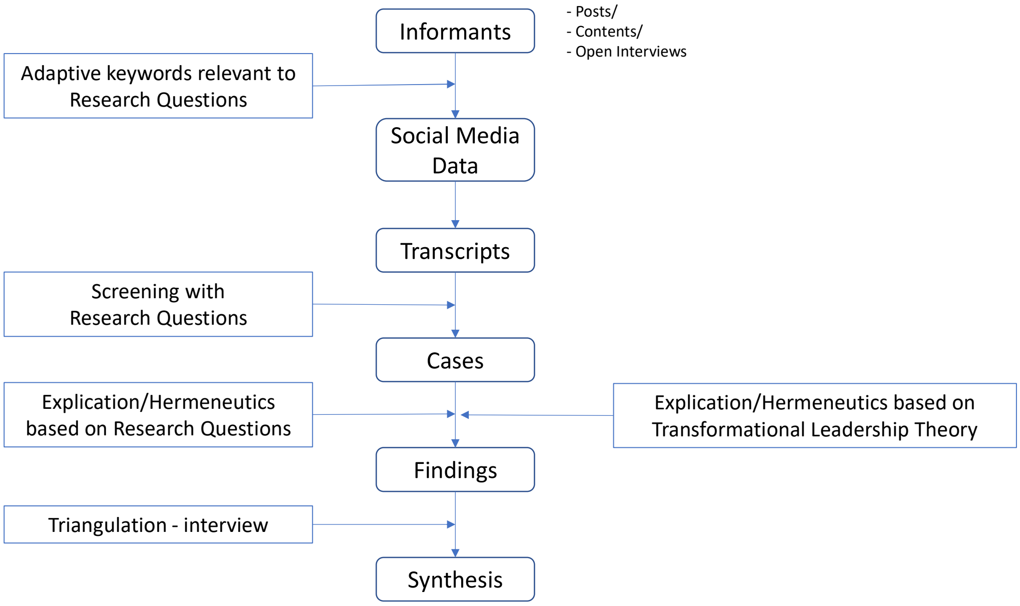

Figure 3. Overall flow of data gathering and explication.

The abundant data from informants, i.e., leaders of the leading investment firms on the internet in the forms of 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 are conducted by 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.

3.1.9. Step 8: Credibility, validity

The final part of the research design is to confirm the credibility of the study which includes confirming the validity and replicability of the research. This is an essential step to ensure that the research meets relevant scientific standards for research work including ethics.

By validity, it means to confirm whether research data is valid, and the findings accurately represent the phenomenon being researched (Hycner, 1985). 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 current research tradition along with the subject and/or 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 (Hycner, 1985), whereby the researcher ensures that the study can be replicated by other researchers 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 research, which is an epistemological context. In qualitative, phenomenological research, especially hermeneutic phenomenology, researcher bias is involved in the discovery of knowledge and therefore creates a challenge in replicability. To ensure arrival to an essentially the same result, readers are to embark from the same viewpoints as articulated by the researcher. Such viewpoints 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 statements on personal internet sites, as well as corporate websites. On the person providing the data, multiple providers with different demographics such as gender and position in the organization are obtained.

Interviews of qualified informants were conducted to further triangulate the findings. Selection of the informants are based on criteria of expertise and experience in investment in general and investment following SI strategies in particular.

3.1.10. Ethical consideration.

When working with data obtained from media and social media, the researcher must consider ethical consideration and builds such consideration into every step of the research process. Ethical risk areas include (1) Private or public nature of the data; (2) Informed consent; (3) Anonymity; and (4) Risk of harm (Townsend and Wallace, 2016).

This study was conducted with a judgment on the consent of the informant towards privacy and publication of the data following the acceptance of the social media terms and conditions for users. Publicly available data such as interviews found in media websites, general tweets on Tweeter, and non-password protected posts on Facebook are in nature free for access and further analysis. Informants who willingly provide information to media are assumed to know what they are signing to. Prior to using the social media, users are required to accept the general terms of use of the social media which include all provisions on private and data publication. Such use also provide allowance for user to withdraw her account and therefore remove all social media data associated to the account.

In other data collection and analysis methods within the discipline of research such as questionnaires, interviews and focus group discussions, informants' consents are embedded into the design of the research, in various forms such as consent forms and consent tick boxes. In this research, i.e., using media and social media data collection and analysis, such practice is not practical. Therefore, proceeding concerning the above privacy and public information discussion underlay the research.

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. Protecting the identity of the information provider is crucial, especially those providing sensitive information (Townsend and Wallace, 2016). Disclosure of such information will need to consider the discussion around privacy and in a certain case will need to obtain consent from a research committee.

Finally, risk of harm, especially for those providing unfavorable input or those belongs to a vulnerable group, while not expected in this study will also need to be considered. The mitigation strategy for this risk goes along 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 reference for interview includes provisions on the use of the interview for dissertation research purposes, anonymity of the informants and his/her insights, and the availability of transcripts upon request of the informants. 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. DATA AND FINDINGS

Upon data collection in the first quarter of 2019 following the procedure described above, 28 transcripts were generated from more than 150 sites sourced from various media including interviews, blog statements, and websites were found as results of the application of the planned keywords. Informants varied from CEO of the investment management firms, director in charge of investment or Chief Investment Officer, to officers responsible for sustainability and SI parts of the firms.

An initial step to present the data was performed by using the Word Frequency Query of the Nvivo program. The query looks for the top 20 most frequent words with more than 5 characters from the transcript, applies the Generalization feature to include contexts into the data presentation, and excludes “stop words”, i.e. irrelevant words that appears frequently such as “actually”. The query result that provides an initial view of the overall context derived from the transcripts is show in the following table and figure.

WORD	COUNT
change	1921
acting	1475
active	1359
event	1049
making	977
united	933
community	906
business	769
asset	704
investment	535
issues	462
countries	402
conditions	346
management	336
market	265
sustainable	213
companies	195

clients	169
investors	106
financial	103

Table 2. Word frequency query

Figure 4. Word frequency query

Further sanitary check of the interviews, a total of 13 cases which will form units of analysis were recorded as potentially relevant to provide insight towards answering the research questions.

Name	Title	Company/Group
Aubrey Clemens	Executive Director, Sustainable Investing Due Diligence	J.P. Morgan Chase
Audrey Choi	Chief Marketing and Sustainability Officer	J.P. Morgan
Frédéric Samama	Deputy Global Head of Institutional & Sovereign Clients	Amundi

Jean-Jacques Barbéris	Head of Institutional and Corporate Clients Coverage on Sustainable finance	Amundi
Joyce Chang	Global Head of Corporate Investment Bank	J.P. Morgan Chase
Larry Fink	CEO	BlackRock
Matt Arnold	Managing Director and Global Head of Sustainable Finance	JP Morgan Chase
Nicole Connolly	Portfolio Manager and Investments Head of ESG	Fidelity Investment
Oliver Bate	CEO	Allianz SE
Ommeed Sathe	Director of Impact Investments	Prudential
Rakhi Kumar	Director and Head of ESG Investment and Asset Stewardship	State Street Global Advisors
Scott Mather	CIO U.S. Core Strategies	PIMCO
Sergio Ermotti	CEO	UBS

Table 3. List of 13 cases

The 13 cases were further treated to reflect connection with each of the informants' particular information such as gender and level in respective firms, such as CEO or sub-CEO levels. This would allow for refinement of further qualitative analysis. While not all of the world's 10 largest investment management firms yielded in potentially relevant results, and representatives from the next group (top 15) of the firms were obtained, the selected case did contain considerable firms such as BlackRock, UBS Group, Allianz, State Street Global Advisors and Fidelity Investment. In terms of level of leaders in the representative cases, CEOs from Allianz, BlackRock, and UBS Group were present. The rest were sub-CEO level such as Director and Head of ESG Investment and Asset Stewardship of State Street Global Advisor and Deputy Global Head of Institutional & Sovereign Clients of Amundi.

At the corporate leadership level/CEO, messages relevant to SI have been made along the years by leaders of both BlackRock and UBS. Particularly, Larry Fink of BlackRock has been making consistent messages along the years through both his Annual Letter to CEOs and various interviews as can be seen in the following table.

Year	Key Message
2014	Focus on achieving sustainable returns over the long term through good corporate governance
2015	Concerns on the pressure to meet short-term financial goals at the expense of building long-term value
2016	The importance of a long-term strategic framework developed by the CEO and the board, emphasizing on environmental and social aspects along with governance
2017	ESG factors in a business as a measure of management effectiveness and ultimately the company's long-term going concern. The importance of connection with every community.
2018	The integration of ESG matters into the investment process as a company's ability to manage them is a measure of leadership and good governance that is fundamental for sustainable growth. Involvement in a community to have a purpose is vital not only for long-term survivability but also for long-term profitability. Establishment of Corporate Stewardship Team at BlackRock, assignment of one of the co-founders to lead it.

Table 4. Larry Fink's SI statement

Along with the consistent messages of the leaders, the companies also have been both reporting and being covered in various media in terms of commitment in SI, which are reflected in the SI-related asset under management (AUM). Amidst various terms under the SI category and in the absence of a common term to report investment commitment in SI, reports have been showing various numbers that require further look to understand how the numbers relate to SI. Nevertheless, the reported numbers may arguably be used as a proxy to gauge the companies' commitment as can be seen in the following table.

BlackRock		
2014	Assets under management (AUM) in ESG mutual funds and exchange-traded funds (ETFs) grew from $453 billion	https://www.finextra.com/newsarticle/35166/blackrock-recommends-a-common-language-for-sustainable-investing
2015	BlackRock currently manages more than $200 billion of assets across impact investing, environmental, social and governance (ESG) portfolios, and impact investments.	https://www.businesswire.com/news/home/20151013006790/en/BlackRock-Launches-Impact-Equity-Funds
2017	BlackRock has close to 25 per cent of the ESG ETF market segment with $7bn of assets.	https://www.ft.com/content/f66b2a9e-d53d-11e8-a854-33d6f82e62f8
2018	BlackRock manages $ 90 billion ESG assets in total.	https://riabiz.com/a/2020/7/21/long-leery-about-esg-vanguard-group-changes-tune-launches-esg-bond-etf-and-promises-to-evaluate-more-as-rival-blackrock-barrels-ahead-in-the-category
Vanguard Asset management		
2016	Vanguard ESG US Stock ETF (ESGV US) US$790.74 million. Vanguard ESG International Stock ETF (VSGX US) US$541.28 million. Total: $ 1,332 billion	https://www.prnewswire.com/news-releases/vanguard-expands-esg-suite-with-launch-of-first-fixed-income-esg-etf-for-us-investors-301090923.html
2018	Vanguard ESG U.S. Stock ETF (ESGV) and Vanguard ESG International Stock ETF (VSGX) with $1.6 billion and $995.5 million in assets respectively. ESG U.S. Stock ETF (ESGV) and FTSE Social Index Fund (VFTAX) generated $89 billion in assets under	https://riabiz.com/a/2020/7/21/long-leery-about-esg-vanguard-group-changes-tune-launches-esg-bond-etf-and-promises-to-evaluate-more-as-rival-blackrock-barrels-ahead-in-the-category https://investor.vanguard.com/investing/esg/

	management in total as of December 31, 2018	
State Street Global Advisors		
2016	Currently SSGA has $176 billion dollars in ESG assets under management as of December 31, 2016.	https://www.ssga.com/investment-topics/environmental-social-governance/2019/02/incorporating-esg-to-promote-sustainable-value-02-19.pdf
Fidelity Funds		
2016	Sustainable Global equity fund : US$ 122 Million Sustainable Eurozone Equity Fund: US$271 Million Sustainable Water and Wast Fund: US$1.512 Million Total : US$393.512 Million	Fidelity Customer Relationship Management Report 2016
2018	$25 billion in ESG mutual fund assets under management.	https://www.windowswear.com/fidelity-esg-bond-launch-driven-by-demand-from-retail-investors/
BNY Mellon		
2014	Assets managed that are explicitly screened for environmental, social and governance factors totaled $80 billion as of December 31, 2014	BNY Sustainability Investment Annual Report https://www.bnymellon.com/us/en/_locale-assets/pdf/csr/bny-csr-2014-full-report.pdf https://www.bnymellon.com/us/en/_locale-assets/pdf/csr/2018-csr-report.pdf
2015	$63B responsibility screened assets under management and $663B assets undercustody and/ or administration screened for ESG criteria	
2016	Assets managed according to ESG and value-based exclusionary screens totaled $69.3 billion as of december 31, 2016.	
	$50 billion assets under management in ESG mutual funds and $201.8 billion in total issuance of green, social and sustainability bonds in 2018	

	Assets incorporating value-based EGS screens, ESG themes, impact criteria, and/ or are presented as ESG integrated: $115.6 billion Assets overseen by investment firms that are Principles for Responsible Invesment (PRI) signatories: $1.3 trillion, or 75 percent, or our total assets under management.	
J.P. Morgan		
2015	underwrote more than $4 billion of green bonds and other social and sustainability bonds	J.P. Morgan Annual Report https://impact.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-cr-esg-report-2015.pdf https://impact.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-cr-esg-report-2017.pdf https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-cr-esg-report-2018.pdf
2017	Integrating ESG factors into its investment decision-making process across approximately $365 billion in AUM.	
2018	more than $1.3 trillion of AUM in ESG-integrated strategies	
PIMCO		
2018	PIMCO is responsible for managing $1.91 trillion in ESG	https://www.pimco.ch/en-ch/resources/education/sustainable-investing-understanding-esg-in-bonds
Amundi		
2014	More than EUR 1 billion in impact investing assets under management and 20 specialist dedicted to ESG themes	Amundi Sustainable Report (Annual 2014-2018)

2015	Assets under Socially Responsible Investment (SRI) management of EUR168 billon, close to 16% of its total assets	
2016	EUR 1.8 billion of impact investing AUM and in total of EUR 168 billion in sosial responsible investment (SRI)	
2017	In terms of Socially Responsible Investment (SRI) Amundi is positioned among the global leaders with EUR 172 billion in SRI AUM, representing close to 15% of out total assets under management	
2018	Amundi's responsible investments covered all asset classes and represented a total amount of EUR 276 Billion: • ESG funds and mandates: EUR 267.3 billion • Environment responsible investment: EUR 8.2 billion Strictly social enterprise funds: EUR 22 million	
Prudential		
2014	Responsible investment Assets under management as june 2014 - $1.166 trillion	Prudential Sustainable Report (2014-2018) https://s1.q4cdn.com/379746662/files/sustainability_reports/Prudential_Sustainability_Report_2014.pdf
2015	Responsible investment assets under management as june 30, 2015 - $1.187 trillion. The market value of renewable power generation portfolio increased nearly 7 percent from previous year,with more than $3.2 billion invested	https://wikirate.s3.amazonaws.com/files/3724945/14926314.pdf

2016	EUR 500 billion of asset under management subject to ESG considerations	https://s1.q4cdn.com/379746662/files/sustainability_reports/2016_Sustainability_Report.pdf
2017	Impact and responsible investing team reached its goal to grow and manage an impact portfolio of $1 billion in assets under management.	https://s1.q4cdn.com/379746662/files/sustainability_reports/2017_Sustainability_Report.pdf
2018	Indetifiable ESG assets of pproximately $183 Billion or 28 % of the general account's portfolio	https://s1.q4cdn.com/379746662/files/sustainability_reports/2018_Sustainability-Report_v5.pdf
UBS		
2014	Sustainable investing through positive criteria and exclusion criteria generating total sustainable investment of $585.65 billion	UBS Sustainable and Impact investing report https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html
2017	Core sustainable investment generating $182 billion is 5.6% of total invested assets.	
2018	USD 48 billion - SI Focused and USD 357 billion – ESG integrated assets under management is 10.1% of total invested assets	
Allianz		
2015	EUR 103 billion of SRI investments across both Allianz and PIMCO	Allianz annual report (Sustainable investment) https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/sustainability/media-2016/Allianz-Sustainability-Report-2015.pdf
2016	EUR 1.9 billion new equity investments in renewable energy EUR 1.1 billion through sustaiable solution EUR 225 million Euro in equty divested on coal-based business model. Total: EUR 3.225 billion	https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/investor-relations/en/results/2016-fy/2016-Sustainability-Report-Embracing-the-Future.pdf

2017	Totaled EUR 5.6 billion equity investments in renewable energy EUR 1.21 billion through sustainable solution Green bond of 2.5 Billion Euro and US$ 96.6 million in leading digital microinsurer BIMA. At the end of 2019, investment in sustainability-themed assets totaled 19.7 billion Euro	https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/sustainability/documents/Allianz_Group_Sustainability_Report_2019-web.pdf
2018	Asset under management total EUR 505 billion globally. - EG informed: EUR 360 billion - Impact investment: EUR 6 billion - SRI: EUR 21 billion - Integrated ESG: EUR 118 billion	https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/sustainability/documents/Allianz_Group_Sustainability_Report_2018-web.pdf

Table 5. Companies' SI commitment coverage

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.

1. What attitude
2. Why attitude

3. Action to affect SI
4. Believe
5. Climate change
6. Corporate Responsibility
7. Reasons for decision
8. Investment management
9. Portfolio
10. Sustainable Investing (SI)
11. Transactional Leadership
12. Transformational leadership

Initial mapping of the organizing themes shows a hypothetical connection and flow between them which forms the base for synthesis, as described in Figure 3.

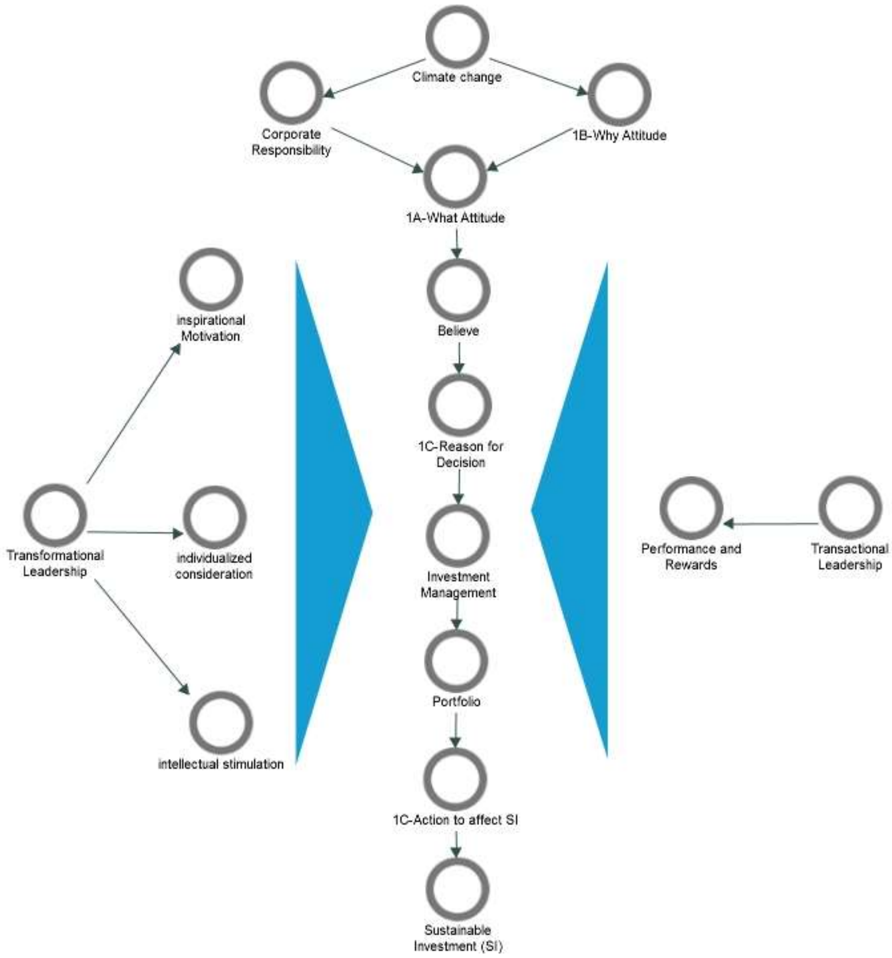

Figure 5. Initial mapping of the organizing themes

At the top of the map, climate change appears to be the initial driver of SI, as corporate responsibility and both corporate and leaders' attitudes lead to both corporate/group and individuals' beliefs on how to respond to the global phenomenon. Such belief further appears to influence how investment and managed, a portfolio is shaped, and real action towards increasing SI following real actions being committed and/or taken by corporations. Throughout the cycle of investment decision and implementation, themes around leadership style emerge and further grouped as relevant to both TL (inspirational motivation, individualized consideration, and intellectual stimulation) and transactional leadership (performance and reward). The above organizing themes covered the overall topics of the study and were deemed sufficient at the initial stage to form a base of further analysis in a quest for answering the research questions and contribute to the body of TL.

4.1. Climate Change as the Initial Driver Leading to Perception Towards SI

Upon review of individual statements within the context of the overall statement in the recorded cases, climate change emerges to be the main driver of SI and is widely discussed by various informants in the interviews. Sample of key phrases include those from Oliver Batte:"…faced with the outcomes of climate change every day through natural catastrophe"; "…If we're not leading the charge on climate change who would otherwise do that…", Nicole Connolly: "…the long term impact of climate change…" and Audrey Choi: "…Equity market is exposed to climate risk…"

Frédéric Samama in various parts of the transcript mentions" …success in the fight against climate change…"; "…while ultimately achieving climate alignment through green bond investments"; "…Innovation is a key factor of success in the fight against climate change…"; "… Low carbon indices help reduce eliminate climate risk of a long term without impacting returns in the short term…".

Similarly, Jean-Jacques Barbéris also refers to various parts of the transcript such as "…take a step back and explain what climate change is important for financial…"; "First we try to integrate climate change within the way we assess companies …"; "…the role we have to play with everyday climate change challenge is to better allocate capital in favor of energy transition in particular…"; "…First they need to understand that climate change is often considered as long term challenge, but the truth is impact on valuation and returns you can get is already there …".

4.2. Corporate Responsibility

Linkage connected to climate change is derived and represented in the assigned themes of Corporate Responsibility and reasons as to why leaders obtain certain attitudes towards the global phenomenon. Statements are assigned theme of corporate responsibility include one made by Amundi which says, “Amundi firmly believes that an asset managers responsibility extend beyond the purely financial aspect and is eager to be a driver of environmental progress and change. One of the Amundi's founding principles from the time of its inception in 2010 was that investment policies should be shaped not only by financial criteria but also by sustainability and social utility criteria”; and statement by J.P. Morgan that says, “There's been a drumbeat of corporate responsibility whether it is from shareholder activist voter engagement or from legislative action that's been taken in Europe, in particular, to focus more on corporately responsible investment, socially responsible investment”.

Under the organizing theme of corporate responsibility, a theme of environmental, social, and governance, or ESG emerged and is represented by a statement made by State Street that says, “it's reflected in our active approach to stewardship that encompasses engaging with companies, giving them guidance on ESG issues and ultimately taking action through proxy voting”.

Amundi support State Street’s statement by saying, “the Group believes that far from hindering financial performance, the inclusion of environmental, social and governance criteria by companies actually enhance it”. These statements have provided reason and justification of why certain attitude can be obtained by leaders or companies, as supported by Fidelity investment which says, “as investing in these companies that have embraced these ESG or sustainability principles so that they can be built to outperform and be built to last over time”.

4.3. Leaders' Perception Towards SI

Vibes of positive yet realistic attitudes/perceptions towards SI by individuals or companies emerge from the data. A statement by JP Morgan is, "ESG obviously refers to a broad tray of things of environmental, social and governance factors and there are many, many things out there that really makes sense for us as investors". Another statement from JP Morgan says," rather sudden interest in this field is a sign of a real idea that you can make a positive contribution to your community through your investments". Fidelity says, "when I think it's kind of more exciting", and Black Rock says, "90% of it is economics and the last 10% is PR".

Under specific themes or code of sentiment, more positive vibes towards SI are found from the data including statements made by Amundi, "inclusion of environmental, social and governance criteria by companies actually enhance it", followed by "supporting the development of green finance is key to financing the energy transition, and Amundi believes that such initiatives such as Sustainable Investment Forum are key to facilitating that process. CEO of BlackRock also reflects some positive sentiments including a statement that says, "I don't think it's stepping out; I think I'm actually reconfirming what Milton Friedman said", "and I think that's very vital". Fidelity also made some positive sentiments when saying, "and we believe that can be done in a way that where you can generate super superior and consistent performance", followed by PIMCO, "maybe there's actually progress on all, it's truly outstanding". Prudential says, "so we don't have public stocks of like smooth prescribing tweet and I think that's important, because I think we don't think in the privacy private space is actually much greater opportunity to do".

The above attitude is proposed to have created believes both in individual leaders or in the companies or group, which in turn influence the way investments are managed. Representing companies or groups believes, in his statement, Allianz's Oliver Batte says, "we have to recognize that in reality, a significant part of our energy consumption will be coal-based. For quite a while, a few decades to come we want to accompany this process in line with governments and supranational institutions that are planning a future without coal. And we want to be a professional partner in that debate and in that transition our people expect from us that we role model not just in terms of client service, but our other societal roles and making sure that we have a proper future that has less carbon emissions". Amundi's Frederic Samama says, "the group believes that far from hindering financial performance the inclusion of environmental social and governance criteria by companies actually enhances it". From Fidelity, "we believe that, you know Fidelity, we are long-term owners of companies and ESG allows us to analyze issues that any long-term owner should care about, and this is really an extra layer of due diligence that one can do about issues that might not be readily apparent in the financial statements".

On personal belief, BlackRock's Larry Fink says, "I believe the companies that have purpose are the best companies in the world because it unites employees, it connects the clients, but most importantly it brings the organization onto a common plan". And this is followed by, "and you know the best companies that I know off are the ones that work towards a purpose", and "I am very confident that that engagement is going to be positive", and "I do believe the big issue that will confront more and more companies is retention of employees". Fidelity's Nicole Connolly says, "so often I think when people think about ESG, they think that's about not investing in alcohol, tobacco, and guns, which is something you know we can talk about. But when I think, it's kind of more exciting, as investing in these companies that have embraced this ESG or sustainability principles so that they can be built to outperform and people too lost overtime".

4.4. Investment Management

Investment management theme which appears to be affected by the belief, attitude, and corporate responsibility driven by climate change is represented by various themes such as assets under management, fiduciary requirement, investor mandates, strategic planning, and types of investor both active and passive. Explicit statements on the asset under management directly related to SI such as SRI is seen among others from the statement by Amundi, “today with €168 billion in SRI managed, Amundi is one of Europe's most socially committed investors”. BlackRock says, “yes we close quite close to $6 trillion assets”. On fiduciary requirement, BlackRock’s CEO says, “as a passive investor we have to own every company that is in an index. And definitely, that means half the companies are really good and half of them are underperforming. And so we have to have a voice if we're going to try to be the highest level of fiduciary on behalf of our clients, and I will tell you our investors are asking for this”.

On investor mandates, UBS’ CEO says, “yes is starting very much. So, I think that in Asia the new billionaires, the people who are coming from, in some cases, from poverty themselves are very keen to give back something to society but they are keen to do it in a way that is not charity. I mean charity is part of the equation, but the real new theme is to say how I can invest while doing good and balancing the returns, and sharing some of the risks with that, you know, small entrepreneurs and people that want to develop something so it's very much accelerating also in emerging markets”. State Street’s Rakhi Kumar statement reflects the theme of strategic planning, “to that end, we have developed guidance for boards to help them ensure the sustainability issues for the company are identified, integrated into a long-term strategy, assess on the impact on capital allocation, capably overseen by the board, articulated in company report and evaluate it as part of the performance and compensation”. This statement may also be coded into a theme of governance.

The investment management practices further define the portfolio of the investment including the clients, portfolio classes, portfolio geography to cover both developed and developing markets and emerging market, and portfolio products. Amundi's Clients include "retail, institutional and corporate clients" as described by Frederic Samama, who also describes portfolio classes including equity, infrastructure, and low carbon indices.

4.5. Reasons for decision

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.

1. Climate change
2. Stakeholder demand alignment
3. Risk – Performance consideration
4. Value alignment

The following figure summarizes numbers the coded relevant statements made by each of the informants which reflect reason for decision.

	Climate change as reason for decision	Risk - Performance	Stakeholder Demand Allignment	Value allignment
1 : Aubrey Clemens				
2 : Audrey Choi	1	3		
3 : Frederic Samama	7	2		
4 : Jean-Jacques Barberie	2	1		
5 : Joyce Chang	1	2		
6 : Larry Fink			3	
7 : Matt Arnold		1		
8 : Nicole Connolly		2	2	2
9 : Oliver Bate	1			
10 : Ommeed Sathe			1	
11 : Rakhi Kumar	1			1
12 : Scott Mather			1	
13 : Sergio Ermotti			2	

	Climate change as reason for decision	Risk - Performance	Stakeholder Demand Allignment	Value allignment
1 : Interviewee 1	1	1		1
2 : Interviewee 2	1	5	4	

Figure 6. Summary of leaders' reasons for decision

Climate change appears to be a global phenomenon, involving the world's action such as the Paris Accord, followed both voluntary and involuntary action by the private sector, as mentioned by Frederic Samama of Amundi, "For developing countries it facilitates the implementation of nationally determined contributions ("NDCs") arising from the Paris Agreement. By channeling capital from developed to developing countries, the strategy contributes to the critical contributions of the emerging markets to global climate finance objectives and helps investors efficiently direct capital toward climate finance. By acting on both the demand and supply side of the finance equation, it builds a base for sustainable green bond markets"; "climate change efforts have progressively evolved from top-down policy initiatives to bottom-up civil society participation and private sector implementation", and "the IFC/Amundi partnership tackles these issues through an innovative platform and a pragmatic approach to unlock private capital flows for climate finance in developing countries".

Similar view on the global nature and the magnitude of impact of climate change is shared by Audrey Choi of JP Morgan, "climate change of courses are pretty unique when it's you know, it's this macro massive mega Trend and actually the sustainability Accounting Standards Board estimated that 935 of U.S. Equity Market is exposed to climate risk", followed by Jean-Jacques Barberis of Amundi, "first they need to understand that climate change is often considered as a long-term challenge, but the truth is its impact on valuations and the returns you can get is already there".

Stakeholders' demands emerge from the hermeneutic circles to be the next driving force towards leaders' decision to employ the SI strategy. Statements along the line of the need to align form's action to such demands are made by Larry Fink of BlackRock, "I believe the involvement in a community to have a purpose is vital for long-term survivability, but long-term profitability", "but importantly I believe the companies that have purpose are the best companies in the world because it unites employees, if connects the clients, but most importantly it brings the organization on to a common plain", "and I will tell you our investors are asking for this", and "I think 90% of it is economic and the last 10% is PR".

Following Fink, Nicolle Connolly of Fidelity states: "we're seeing, you know, greater amounts of wealth going to Millennials, to women and we know from our own surveys of those customers that they want to invest for impact, you know, 70% of the millennial investors want to invest for impact, 80% of women want to invest that way". Echoing Connolly in terms of millennials, Sergio Ermotti of UBS states: "we are responding to a clear demand that is there, and this is by the way not only a demand coming from the millennials or the new generations which of course they have that they want to do something that good while doing well". These are then followed by Ommeed Sathe of Prudential: "I want to give a lot of credit to the White House".

The next reason i.e., risk-performance may become a pinnacle finding of the study. Findings around the performance of SI strategy which are evolving to outweigh the risks appear to be in line with the literature. Key statements including those by Frederic Samama of Amundi, "far from hindering financial performance, the inclusion of environmental, social and governance criteria by companies actually enhances it", Joyce Chang of JP Morgan "well, first of all that you can do corporate responsible and socially responsible investment without sacrificing product your profitability so that you're not necessarily sacrificing profitability even put this in place in a quantitative and systematic way and you can also reduce volatility and reduce draw downs by applying these tactics", and Audrey Choi of JP Morgan "whether its water usage or climate change issues or social issues that can really drive valuation both more return perspective and risk".

As part of the risk mitigation effort and as an extra layer of due diligence, inclusion of ESG check points are discussed by the leaders such as Nicolle Connolly of Fidelity, “we are long-term owners of companies and ESG allows us to analyze issues that any long-term owner should care about and this is really an extra layer of due diligence that one can do about issues that might not be readily apparent in the financial statements”, “we talked about externalities and intangibles that we might not see through traditional fundamental analysis”, and Gloria Kim of JP Morgan, “We have a scoring system for companies on the equity side where they’re assigned to score and we come up with the data sets that are more comprehensive so that this can be done systematically and first-ever emerging markets fixes-income ESG index which we partnered with the Blackrock on its conceptualization, which looks at ways in which you can make socially responsible investment decisions across 170 countries, 780 issuers without sacrificing return”.

While lesser in terms of the degree it is being discussed by the leaders, value alignment is also notable as one of the reasons for decisions. Statements around this theme are made by Nicolle Connolly of Fidelity, ”so avoiding companies that were engaged in activities that conflicted with their values”, “…so in addition to aligning your capital with your values”, and by Rakhi Kumar of State Street: “ultimately, the principles we uphold and have communicated to our portfolio companies are reflected in the way we exercise voting rights on behalf of our clients”.

4.6. Action to Affect SI

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.

The one-billion-dollar impact portfolio statement is made by a Prudential's Ommeed Sathe, “so at the moment we're about four to five hundred million dollars in terms of current investments and so it means we're going to add a billion dollars in new investments. Our investments last about seven years and so they go where you can expect to basically see about another billion dollars in new investment created from now until 2020”.

Broader representing statements include the one made by Frederic Samama of Amundi, “reducing and managing its environmental impact, eliminating discrimination, promoting equal opportunity, ensuring transparency and integrity in its governance, developing a long-term philanthropy policy, and encouraging the social improvement of its employees. Amundi publishes a corporate social responsibility report on an annual basis, which analyzes progress across all areas of the business”. This is further supported by a statement of Nicole Connolly of Fidelity,” yeah, so Fidelity Canada just announced that they are going to sign the UN PRI that stands for the Principles of Responsible Investments. It's an UN-supported organization and when you commit to the PRI you are basically saying that you commit to evaluating your investment through an ESG lens”.

BlackRock’s CEO highlights the formation of corporate stewardship team, “a big component how we win now are many of the passive management talk to us, you know, about your corporate stewardship team. So, we have 35 people. We have the largest team in the investment universe and our team is just inadequate right now. So, I've committed to raise the team to 70 - 75 people. We put in one of the founding partners to lead it, Barbara Novak, who has a great reputation in many circles already and it is about for us to be engaged”. This is followed by a statement of another CEO, Oliver Bate of Allianz, “we have made a very important decision from stopping to invest in coal as an equity class. We go in the next step, we stop to insure new coal-based projects and power plants, we want to be partner in the long-term energy transition that is going on”. And finally, Scott Mather from PIMCO says, “I think the most important point is the big decision we made in 2016, which was to launch what we call our ESG platform. And the best way to think about that is vertically integrated ESG team, that's how we're going to really develop a world-class offering in this space”.

4.7. Sustainable Investing

The drivers, attitudes, strategies, management decisionplan, and actions that drive SI finally led to the emergence of SI as an organizing theme. Statements captured from interviews contain rich insights on factors, and further coded as themes, under the heading of the SI theme. Various themes found under the coordinating theme of SI include channel, definition, investment performance, investment objective, risks, SI barrier, SI booster, SI growth trend, SI level, SI stakeholder, SI stakeholder benefit or needs, SI trend, and SI strategy. To start the list, the following statement of Frederic Samama of Amundi is coded as a channel, “the first fund on the platform will seek to channel capital through emerging market financial institutions to expand finance in ways that are adapted to the endowments and intentions of the individual country climate transition goals”.

Various definitions of SI is found in the interviews. This is consistent with the finding from literature reviews that there is a wide range of definitions of SI as can be seen from the word-tree below.

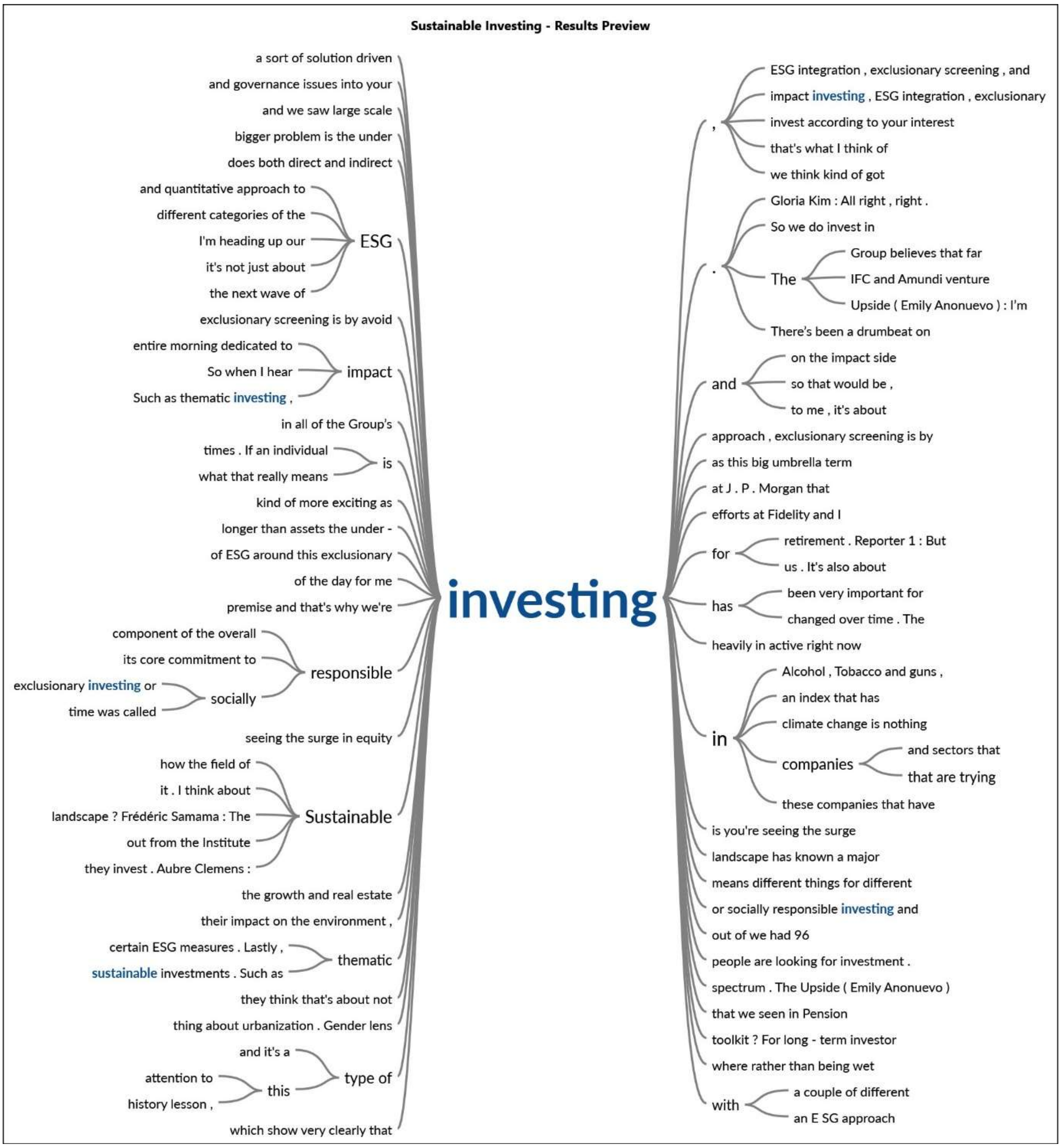

Figure 7. Word-tree describing definitions of SI.

Selected statements including the one from Nicole Connolly, “Yes, so ESG stands for environmental social and governance and it's a type of investing and to me, it's about aligning your money with your values”; Ommeed Sathe of Prudential, “we think of a sort of solution-driven investing where rather than being wet edge particular asset class. What we're looking to do is to find what's the best way to solve a particular social challenge and one of the things that makes us very unusual I think among institutional peers is that we actually have tremendous latitude from the company's investor open data equity and real assets and banks and businesses that diversity of asset management one allows us to really look for the best tools to solve a problem”; Aubre Clemens of J.P. Morgan, “sustainable investing means different things for different people. At J.P. Morgan we identify five different pathways for clients to take in thinking about how to invest in sustainable investments. Such as thematic investing, impact investing, ESG integration, exclusionary screening, and positive screening”.

A more unified understanding can be found in the theme of SI performance. Most companies/leaders believe that more data points lead to similar or superior investment returns while adhering to sustainable practices. Nicole Connolly says, “And we believe that can be done in a way that where you can generate superior and consistent performance”. Followed by Audrey Choi of J.P. Morgan, “we actually analyze 11,000 funds over 15 years performance to see, you know to do the work. Because is there actually a performance differential what we found is that actually the performance was pretty much identical from the sustainable funds or the traditional funds. But as you said and the short shows that in those periods of volatility that they were less volatile, and the downside was actually 20% less than future social ones”. And Prudential’s Ommeed Sathee, “yeah so one of the things that's interesting about portfolios because it's so diverse. We look at return investment by investment from the goal of our investments. Is there an appropriate return? There's a lot of talk in the industry about is there a trade-off. Is there no new trail? I think that is so concerned about position. We have over 40 years achieved very good returns on the portfolio consisting of sort of benchmarks that we've set".

On investment objective, Frédéric Samama says," Amundi firmly believes that an asset manager's responsibility extends beyond the purely financial aspect and is eager to be a driver of environmental progress and change. One of Amundi's founding principles from the time of its inception in 2010 was that investment policies should be shaped not only by financial criteria but also by sustainability and social utility criteria". Delivery of such objectives does come with certain considerations of risks, as stated by Jean-Jacques Barbéris, "So in a way, the role we have to play with everyday climate change challenge is to better allocate capital in favor of energy transition in particular and this by taking two risks into consideration. The physical risk that may have an impact on the asset managing and second, the risk that are linked to the transition we try to do". Followed by Rakhi Kumar of State Street," for long-term investor assets stewardship can play a key role in generating sustainable value. They look to their managers to influence issues that potentially affect the ability of companies to generate sustainable long-term returns and promote positive change in the broader economy. Those issues include environmental social and governance or ESG risks and opportunities".

Further findings on SI level, SI barrier, and SI booster are also consistent with the literature review. The following statements represent the findings. On SI level, Jean-Jacques Barbéris says "it means that there are some massive financing needs in emerging countries to address the challenge and to make sure that they can do their transition". Nicole Connolly: "yeah, I think what's interesting about ESG today is that we're really seeing, you know a change in the demographics of our customer base, right? We're seeing, you know, greater amounts of wealth going to Millennials, to women and we know from our own surveys of those customers that they want to invest for impact, you know, 70% of the millennial investors want to invest for impact, 80% of women want to invest that way and so those are some demographic trends that we feel are pretty powerful and so Fidelity wants to be in the market with products to serve customers that want to invest with impact and you know, what we're seeing today are funds that are incorporating ESG factors into their investment analysis". Audrey Choi of J.P. Morgan: "we actually had leaned over 80% of 86% saying how you see companies can be more profitable and maybe better Investments and yet 64% still believes that they might have to sacrifice". Sergio Ermotti of UBS: "and as a reference point, we have almost a trillion of assets that can be labeled and defined as sustainable investments. Under the category of sustainable investments, we manage around 2.7 trillion, actually a little bit north of that so almost 1/3 of the assets we manage for clients are already under the umbrella of sustainable investment".

On the SI barrier, the following are some selected statements. Frederic Samama: "public and private institutional investors have both the capacity and appetite to deploy massive amounts of capital to finance the green transition in emerging countries, but are hindered by a lack of scalable investment vehicles which meet those objectives". "For equity, the difficulty comes from time horizon, complexity and scalability". "For infrastructure and real assets, obstacles stem from the lack of knowledge and long learning curve". Jean-Jacques Barbéris: "I think the main barrier is intellectual. That's probably the biggest one at the end of the day for me investing in climate change is nothing to do about ethics or morals. It's not a question of value. It's a question of doing properly your job financially speaking. So basically, respecting your financial duties. So, and I think that's when this intellectual border is crossed if you allow the expression then investors start to act". On the other hand, SI boosters are reflected in the following statement as an example. Joyce Chang:

“There’s been a drumbeat on corporate responsibility whether it is from shareholder activism voter engagement or from legislative action that’s been taken in Europe, in particular, to focus more on corporately responsible investment socially responsible investment”.

Concerning SI stakeholders, Frederic Samama mentions some examples such as asset owners, civil society, and policymakers. Stakeholders’ needs being addressed by the investors are reflected in a statement by Amundi: “specifically, the first fund on the platform will address the needs of four key stakeholders: for developing countries, it facilitates the implementation of nationally determined contributions (”NDCs”) arising from the Paris Agreement. For investors seeking adequate returns in the current low yield environment, the fund secures higher bond yields from a diversified range of emerging markets with the added benefit of the first-loss protection offered by IFC, while ultimately achieving climate alignment through green bond investments. For IFC, partnering with an asset manager enables them to leverage their core skills as a catalyst for the development of the private sector across the world, with the positive benefit of financing green assets, thereby also supporting Sustainable Development Goals (SDGs). The project also underscores IFC’s commitment to sustainable finance through its own investment in the fund and the deployment of technical assistance. For Amundi, the development of this innovative emerging market green bond fund is a new green finance initiative that has set Amundi as a frontrunner in this field”.

A theme on the trend of SI emerged from the following statements. Nicole Connolly: “Yes, I talked about the demographic tailwinds, which we think are pretty powerful. But the other thing that's changed about this space is that we now have more data and we have more ways to quantify how companies are doing on these different ESG factors and you know 85% of the S&P which has a lot of data around ESG. We have third-party providers MSCI and sustain-analytics that are capturing this data. And so there's, there's more of a way to really assess a company's ESG profile with quantitative inputs with data that I think is a, you know, long-lasting dynamic that that will allow ESG to persist for years”. J.P Morgan’s executives: “There’s been a drumbeat on corporate responsibility whether it is from shareholder activism voter engagement or from legislative action that’s been taken in Europe, in particular, to focus more on corporately responsible investment socially responsible investment”. “What we do see is that there's going to be more of a movement on social and governance indicators particularly looking at some of the gender Equity issues”. “Five years ago, it was extremely rare to see return-maximizing strategies in this space. Today the predominance of new managers is focused on generating competitive returns”. Sergio Ermotti: “we are responding to a clear demand that is there, and this is by the way not only a demand coming from the millennials or the new generations which of course they have that they want to do something that good while doing well. But this is not any longer just something that particularly focuses on new generations is, also older generations want to have a legacy”.

And finally, with regards to SI strategy, companies and leaders' statements highlight various options. Oliver Bate: “So we are a very strong investor in infrastructure that includes innovative sources of energy generation and distribution, and we see it as a very important field of our engagement to drive them”. Frédéric Samama: “For investors seeking adequate returns in the current low yield environment, the fund secures higher bond yields from a diversified range of emerging markets with the added benefit of the first-loss protection offered by IFC, while ultimately achieving climate alignment through green bond investments”. Jean-Jacques Barbéris: “first, we try to integrate climate change within the way we assess companies. So, it’s basically an element of assessment of the performance of the company that’s the first thing we do. The second thing, we engage with companies so for instance, every year we engage companies CO2, emissions, and third, we try to build up some innovations in order to create some bridges between what the investors' needs and what are the priorities to be financed". J.P. Morgan: "At J.P. Morgan we identify five different pathways for clients to take in thinking about how to invest in sustainable investments. Such as thematic investing, impact investing, ESG integration, exclusionary screening, and positive screening".

4.8. Leadership Style in Sustainable Investing

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 lens of Transformational Leadership (TL) which forms the focus of the study, themes on the leadership style 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 in Table 2 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 the definition of 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. To further analysis, the leaders' statements are presented in the following tables.

Leader	TL- Idealized Influence/Charismatic Leadership Statements
Larry Fink CEO BlackRock	"But the most important thing I said, and I repeated maybe three times, profits are paramount to everything a company does. And their connectivity with shareholders is about profit. What I did say though, to remain in front of change, to be a part of a growth environment, I believe the involvement in a community to have a purpose is vital for long-term survivability, but long-term profitability" "A big component of how we win now are many of the passive management talk to us, you know, about your corporate stewardship team. So we have 35 people. We have the largest team in the investment universe. And our team is just inadequate right now. So I've committed to raise the team to 70, 75 people. We put in one of the founding partners to lead it, Barbara Novak, who has a great reputation in many circles already. And it is about for us to be engaged" "I believe the companies that have purpose are the best companies in the world because it unites employees if connects the clients, but most importantly it brings the organization on to a common plan"

Oliver Bate CEO Allianz SE	"If we're not leading the charge on climate change who would otherwise do that"

Table 6. TL- Idealized Influence/Charismatic Leadership Statements

Leader	TL- Intellectual Stimulation Statements
Audrey Choi Chief Marketing and Sustainability Officer J.P. Morgan Chase	"and I think with that shows is that when you think about environmental and social issues, it's not that you're limiting your choices. It's at you're expanding your data set and your understanding of what are the different things that maybe aren't today in financial statements, but maybe should be" "So I think more of the data like the kind of we're trying to put out from the Institute sustainable investing at J.P. Morgan that show that there's not a sacrifice territory is a key thing"
Jean-Jacques Barbéris Head of Institutional and Corporate Clients	"I think the main barrier is intellectual. That's probably the biggest one at the end of the day for me investing in climate change is nothing to do about ethics or morals. It's not a question of value. It's a question of doing properly your job financially speaking. So basically respecting your financial duties. So and I think that's when

Coverage on Sustainable finance Amundi	this intellectual border is crossed if you allow the expression then investors start to act" "I sum it up in one second, we have all seen that social inequalities when they're too high can challenge the way, let's say liberal Western democracies work and therefore have a very strong impact on value. Therefore the question is how can you address that issue investor and so the fund that we're going to launch through our subsidiary CPR will be exactly about that. How do you invest into companies that commit themselves to reduce social inequalities at a worldwide level"
Joyce Chang Global Head of Corporate Investment Bank J.P. Morgan Chase	"So that extreme really spent a lot of time and care to see how you could actually put this into a place in a systematic way so that it would be scalable and something that could be sustained. So it's not just a one-off impact investment. It's something that an investor can really incorporate into their strategy in a way that they can implement what passive approach has but I think the focus on social and governance issues will be the next wave of ESG investing"

	“Well, first of all, that you can do corporate responsible and socially responsible investment without sacrificing product your profitability so that you're not necessarily sacrificing profitability even put this in place in a quantitative and systematic way and you can also reduce volatility and reduce drawdowns by applying these tactics”
Matt Arnold Managing Director and Global Head of Sustainable Finance JP Morgan Chase	“How do I generate competitive returns and do the right thing? Protect the environment, protect disadvantaged people, protect communities, and make a commercial return. That’s a very provocative possibility”
Nicole Connolly Portfolio Manager and Investments Head of ESG	“I think about sustainable investing as this big umbrella term and the way we evaluate a company's sustainability is through those that ESG analysis. So those three pillars help inform us about a company's sustainability and if I can digress to a quick history lesson, this type of investing, we think kind of got its roots in the 60s and 70s and you know against the backdrop of civil rights and women's equality and what we saw at that time was faith-based

Fidelity Investment	organizations wanting to invest in a way where they were, you know avoiding companies that conflicted with their values" "We talked about externalities and intangibles that we might not see through traditional fundamental analysis. This would be like the long-term impact of climate change. It might be the way that a company treats its biggest asset which can be its talent. And so this is really again an extra layer of due diligence and we believe that that can sometimes lead to outperformance so it can be a risk management tool"
Scott Mather CIO U.S. Core Strategies PIMCO	"You don't have to be an environmental activist to understand the importance of these issues and in pure economic terms the right way to think about it as a pathway to broadening and accelerating economic growth in a way that is sustainable for the planet and there are therefore not self-defeating over the long term" "This isn't about just philanthropy, you know, it's really about economics"

Table 7. TL- Intellectual Stimulation Statements

Leader	TL- Inspirational Leadership/Motivation Statements
Joyce Chang Global Head of Corporate Investment Bank J.P. Morgan Chase	"I think the focus on social and governance issues will be the next wave of ESG investing"
Nicole Connolly Portfolio Manager and Investments Head of ESG Fidelity Investment	"when I think is kind of more exciting as investing in these companies that have embraced these ESG or sustainability principles so that they can be built to outperform and be built to last over time"
Scott Mather CIO U.S. Core Strategies PIMCO	"You know and some of that, of course, is going to come from the public sector but a lot of its going to come from the private sector and what people sometimes forget is that means trillions and trillions of dollars of business opportunity"

Table 8. TL- Inspirational Leadership/Motivation Statements

Leader	Transactional Leadership – Performance and Reward Statement
Larry Fink CEO BlackRock	"Well, you know, we paid people up 11% last year. So people did very, very well at BlackRock last year. I actually believe people are raising compensation now because it's harder and harder to find talented people. And at a 4% unemployment rate, I believe it's harder and harder to do it"

Table 9. Transactional Leadership – Performance and Reward Statement

Leaders' statement viewed from the perspective of TL, and specifically the component of TL under the MLQ are summarized in the following table.

	Idealized Influence	Individualized Consideration	Inspirational Motivation	Intellectual Stimulation
1 : Aubrey Clemens				
2 : Audrey Choi				3
3 : Frederic Samama	1			1
4 : Jean-Jacques Barberie	1			3
5 : Joyce Chang			1	3
6 : Larry Fink		4	1	2
7 : Matt Arnold				1
8 : Nicole Connolly			1	2
9 : Oliver Bate			1	
10 : Ommeed Sathe				
11 : Rakhi Kumar				1
12 : Scott Mather			1	3
13 : Sergio Ermotti				

	Idealized Influence	Individualized Consideration	Inspirational Motivation	Intellectual Stimulation
1 : Interviewee 1	5		1	14
2 : Interviewee 2			2	1

Figure 8. Leaders' summary of transformational leadership statements

All of the above insights obtained from the data led to the core of the study, i.e., leadership style in SI. Upon initial steps of the data explication process following Hycner (1985), including delineating units of general meaning, delineating units of meaning relevant to the research question, and clustering units of relevant meaning, data, and findings presented in the previous chapter provides an initial understanding of the general flow of key themes starting from climate change to the styles of leadership employed when driving SI. The next step which will be discussed in the next chapter includes determining themes from clusters of meaning, writing a summary for each informant's data, and contextualization of themes. This is an iterative process reflecting a hermeneutic circle.

5. DISCUSSION

5.1. Climate Change as the Initial Driver Leading to Perception Towards SI and SI decision

Insights from the transcripts show that climate change emerges to be the main driver of SI and is widely discussed in various informant interviews, although 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. Leader's 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 in turn will create the 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°C 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 are long term. However, as the existing situation 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. Leader increasingly believe in taking active role in driving efforts toward mitigation of climate change including better allocate capital that is in favor of energy transition. To do that, innovation is one of the key 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 green house gas emissions. Such non ratification by the world's largest economy had attracted major criticism. However, later withdrawal in 2011 by major economies such as Canada, Japan and Russia further add into the controversy, under 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 it was finally remedied by the winning Joe Biden in 2021.

5.2. Confirmation from interview – climate change

Interviews with informants confirm the findings from the hermeneutic circles. Interviewees view climate change as a topic that is so big that it has become a catalyst for sustainability. It could be the largest global public good or global environmental challenge and it has catalyzed global action. It has attracted attention of policymakers on a much larger scale than the local environmental issues which are not per se more or less important but, but overall climate change is a single problem that affects 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 the climate change to a concerted global action.

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

5.3. Corporate Responsibility and ESG

Awareness and belief towards the impact of climate change appear to touch the sense of corporates' responsibility. Discussion around corporate social responsibility or CSR have been a broad topic, sometimes leading to misconception of the concept. Some parties prefer to approach the corporate social responsibility more from the angle of corporate sustainability. Some would use the term of a Triple Bottom Line or People-Planet-Profit or PPP. In essence, the awareness towards corporation responsibility to extend beyond the purely financial aspects is increasing. Some companies with aspiration to be the driver of environmental and social progress would change investment policies to cover not only financial criteria but also sustainability and social utility criteria. Such movement is not only taking place internal the company, but it is also increasingly regulated by the regulators through some legislative actions.

Augmenting the discussion around improvement of corporate sustainability practices by incorporating triple bottom line, additional measure in governance is emerging and can be found in more and more discussions and discourse within the investment management practices, as described by leaders above. Specifically, to separate financial measure from the rest of nonfinancial measures, a term environmental social and governance or ESG emerges. For some company this is considered an extra layer of due diligence as part of their risk management framework, ensuring that all of the risks are identified beyond what is apparent from understanding the financial statements. For companies that are taking a passive investment strategy, the consequence is that they have to own every company in an index. So, the only option they have to ensure the governance and the conduct of fiduciary duty on behalf of the clients, i.e. the investors is that they would demand ESG screening as additional layer of checks even before deciding to invest in a certain company

5.4. Leaders' Perception Towards SI

In general leaders' perception toward SI are positive yet realistic. When viewed from the PPP perspective, leaders tend to strike a balance between the profit consideration, people consideration and planet considerations. Larry Fink of BlackRock clearly starts on profit consideration, claiming it needs to be fulfilled first, as "90% of it is economic and the last 10% is PR", so he is actually reconfirming what Milton Friedman (2001) said. However, he also mentions the people consideration by saying that people consideration unites employee and it connects to the client, and most importantly it brings the organization into a common plan. Finally, leaders also emphasizing the planet part of the PPP which basically means environmental consideration, i.e. all good measures towards protection against climate change.

5.5. Leaders' Action to Affect SI

Leaders' actions in driving SI are affected by the belief, attitude, and corporate responsibility specially in the context of climate change awareness. When viewed from the Stakeholder Theory (Freeman, 2001) perspective, actions of leaders can be categorized as relevant to each of the stakeholders of the company, both internal stakeholders such as shareholders and employees, and external stakeholders such as customers or investees, communities, environment and government or regulators.

Actions which satisfy shareholders' demand include continued delivering superior return and sustained profitability, creating financial value. Financial value creation is paramount to the establishment of an entity and therefore most leaders would view this at the first and foremost to be fulfilled before considering other things, or when ensuring long term profitability by implementing other measures, just like ESG, profit has always been at the top of the list.

Another important internal stakeholder is employee. Care towards employees as can be seen from the leaders go beyond the provision of basic matters such as salary or minimum wage and working tools. Corporations leading in SI are focusing towards meaningful actions such as establishing corporate stewardship team vertically integrated ESG team, encouraging the social involvements of its employees.

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 the needs of customers or investors firms driven by leaders perform many actions such as a creation of billion-dollar impact portfolio, various financial innovation, launching of ESG platform, unlocking private capital flows for climate finance in developing countries. The samples of action performed by leaders and/or companies can potentially provide various options of products and services in the market which will be beneficial for the customers, and in turn create value in each of their activities.

Going beyond customer as an external stakeholder, companies reach out to community, environment and governments or regulator and try to address their demand. On the community, firms conduct actions such as developing a long-term philanthropy, introducing policy eliminating discrimination and promoting equal opportunity for the community. On addressing the environment, samples of key actions performed by leaders and companies include reducing and managing environmental impact as well 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 (Stead and Stead, 2008), 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 ability of a firms to survive in a long-term horizon, including maintaining its 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, controversy around a potentially politically loaded action by the Nobel committee to drive a certain agenda may emerge, or at least can be seen as an attempt to influence political action towards the climate change agenda. To the proponents of SI, such action can be seen as an attempt to mainstream the SI strategy.

At the operational level, manifestation of leaders and corporate action are seen in how the 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. Rather, after applying the ESG screening process to select the investees, they actively participate in the shareholders' meetings and exercise their voting rights to select board members, through whom their sustainability aspiration can be realized. A more active role is taken by multilateral and bilateral development institutions by requiring borrowers to adhere to certain ESG standards before they are able to obtain financing from the development institutions. According to one of the interviewees, for a multilateral development institution it is more straight forward as their mandate is not profit maximization, but more towards people's welfare maximization.

5.6. Reasons for investment decision

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 key findings of the study, leading to the answer to the research questions.

5.6.1. Climate change as a reason for decision

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 adoption of 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, the establishment of the Equator Principles and its adoption by more private financiers have sent a strong signal about the importance of ESG in investment and financing decision. Based on researcher's experience, over the last 5 years it has been getting more difficult 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 as 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 decision. When viewed from a quantitative research methodology, it is suggested that climate change to act as a moderator, rather than a mediator.

Further to understanding what motivates CEOs and corporate leaders towards SI, an emphasis is put on the importance of the evaluation of 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 devises 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. The resulted perception will initiate the decision-making process (Wagner and Hollenbeck, 2009). Wagner and Hollenbeck (2009) gave an excellent example of the importance of context in a decision-making process whereby U.S. automotive executives’ request for the USD34 billion bailout, critical for the survival of the industry that employs thousands of people, was rejected by the Congress when the latter found that the executives flew into Washington DC in private jets, which gave a perception of insensitivity during the 2008 financial crisis.

Pertinent to investment, leaders always face situation where not enough data are available when making decision. Investment decision theories make a major assumption investor make rational decisions, while in reality due to lack of data perception and attitude of investor may cause them to act irrationally. An investor risk perception provides reason when he or she is presented with multiple investment options (Khan, 2017).

5.6.2. Stakeholder demand alignment

A more direct cause for a decision is the demand of stakeholders. Various statement of leaders include reference to stakeholders' demand, 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 more demanding for SI, as reflected by even the strongest fund manager like Larry Fink of BlackRock, and confirmed by one of the interviewees.

When viewed from the agency theory (Jensen and Meckling, 1976), major assumption on the divergence between interest of principals and agents appear to be incorrect. The fund managers who are acting as agents appear to increasingly adhere to the principals' (investors) demand. The residual value, as part of the agency cost is diminishing or event becoming negative as will be discussed in the next section of this study.

At this point, the stewardship theory (Davis, Schoorman, and Donaldson, 1997) and the stakeholder theory (Freeman, 2001) appear to explain the phenomenon better, while it is clearly in contrast with Friedman (1970). Alignment of interest between that of principal and agent which forms the major assumption of the stewardship theory appears to be in line with the phenomenon. The increasing demand and relevance of external stakeholders described by Freeman (2001) are accommodated by leaders and managers 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 with Friedman (1970) who argued that the social responsibility of the manager is to increase the firm’s profit, and all other spending in the name of corporate responsibility is borne by the stockholders.

Therefore, while the stakeholders demand clearly reflects 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 (CSV) 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.

5.6.3. Risk Performance – The Reversed Gresham’s Law in Investing

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 various angle, leading to one of the key findings of this study. This key finding may have an implication to the theory and practice of investment that will be discussed later in this section.

From the economic theory perspective, externalities have increasingly been internalized, leading into more tangible value creation from the investors’ point of view. An example of the internalization is the policy and decision made by more governments to provide subsidy and/or favorable tax treatment for sustainable energy projects which has helped improved 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 which previously are not reflected in either balance sheet or income statement are increasingly becoming more tangible and are reflected in the financial report. The benefits of doing good which previously are linked only to indirect measure such as corporate reputation and branding are now more tangible in forms of profit.

An angle to view this phenomenon is referring to the movement from the left side of the Trelstad's (2016) 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 the introduction of the exclusionary strategy which basically preventing the firm to invest in businesses that are considered "less ethical" such as those involved in weaponry and polluting activities. It remains to be studied as to when exactly the notion of shared value and tangible value start to bridge the chasm that may exists between the two extremes.

A key phenomenon observed from the hermeneutic circles is when leaders confirm the SI strategy as yielding superior results which is inline with TIAA Investment's (2017) comparation of the U.S. equity RI indexes with track records of at least 10 years with two widely recognized U.S. equity-based indexes, the Russell 3000 and S&P 500 indexes and found no statistical difference in RI index returns compared to the two broad market benchmarks, and concluded that RI can achieve comparable performance over the long term without additional risk. Larry Fink assertively mentioned that he is reconfirming Milton Friedman regarding delivering profit to stockholders, which can be explained by the agency theory, with a note on inaccuracy of the divergence between interests of the principal and the agent, and more accurately with the stewardship theory. Michael Porter's idea on CVS is more aligned with the stakeholder theory and seem to be able 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 governed by 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 strategy will crowd out the bad investment strategy.

5.6.4. Value alignment

While appearing to be not too significant, the last reason for decision i.e., value alignment is discussed by leaders in the secondary data. Main reference to the alignment is around the exclusionary strategy, which is part of the SI strategy, i.e., avoiding investing in companies or businesses that are considered not in alignment with the firm's core value, belief, of principles. Main reason towards the decision is not clear from the hermeneutic circles. Literature search results include findings from Waddock and Graves (1997) whereby corporate social performance correlates positively with financial performance, and Prahalad (2006) whereby serving the world's poorest region and help alleviate poverty can be done very profitably.

It can be inferred here that there is a certain 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 businesses in tobacco, weaponry, or coal mining, to name some examples. Bazerman (2020) suggested ways for leaders to make more ethical decisions by employing a deliberate method to ensure minimization of cognitive barriers which may lead to intuition-based decision making which will bring about unethical decisions. The method includes consideration of the well being of many, rather than the wealth of a few.

It is notable that the world suffered from the 1998 financial crisis which majority were attributed to the failure of financial system, and public trust to businesses especially financial related went down to its lowest level. Protests around fundamental regulation and governance as well as ethical behavior of actors in the financial industry were intensive. At the same, there are still argument that finance is critical to fostering well being of many. It remains unclear as to what needs to be done to connect financial institutions with the individual people, which is fundamental for society's well being. Shiller (2012) proposes to start with clarifying the terms of connection to establish a proper context to implement and enhance such connection.

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 (2016) who describes that the design of governance policy in the general and in the financial system in particular, a major assumption "homo economicus" is always taken. Here it is assumed that all members of the citizen are generalized as completely amoral and full of self interest. Therefore, all incentives and constraints are introduced according to this major assumption. Bowles (2016) concerns that, in a way similar to the Gresham's Law discussed above, such 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, incentive is part of the agency cost. From the practical point of view, management incentives such as bonus and stock options drive executives' behavior, which according to the news in the market there have been cases where executives behave unethically for the sake of such incentives. Therefore, it is notable when value consideration emerges as one of the reasons for SI decision.

An emerging perspective that is close to the discussion around ethical behavior is offered by Sudhamek AWS, an Indonesian businessman (AWS, 2020). The mindfulness-based business (MBB) concept is proposed to view business as not merely for profit, but also for the sustainability of 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 transcendental 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. Selection of business starts with ensuring alignment of it to the corporate core values, which in a way is like selecting investment targets by first applying the ESG screening method.

5.7. Confirmation from interview – Reasons for Decision

Following the research design, findings and insights from leaders obtained through social media, the secondary data, are reconfirmed through interviews of qualified informants. Insights from 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. Busines leaders respond to the demand and constraints, by embedding sustainability into their corporate strategy, while realizing benefits from doing so, which go along the line of internalization of externalities. However, one of the interviewees notes that it has taken so long since the discourse of climate change emerged around 40 years ago until a concerted global movement take shape.

Interviewees recognizes with positive perception the transition from profit maximization policy, strategy, and real corporate action into creating shared value. The term “double dip” is used to reflect the phenomenon that SI strategy can yield the same or superior return when 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, interviewee with a background of multilateral development institution clearly supports that well being maximization is in the DNA of the multilateral development institutions, while recognizing the transition from mainly profit-maximization into a more responsible investment, especially while realizing good return from doing so. A norm development phenomenon is observed by one of the interviewees where acceptability of certain conduct, business activities in particular, are forming relatively rapidly. An example of such norm is activities in carbon emitting power generation. While mostly are still legal, the environmental impact of coal power projects are increasingly moving toward consensus, to a level where it is becoming more difficult to justify investment in such project.

5.8. Leadership Style in SI

Aiming towards answering the third research question and a point that forms a central theme of this study, further explication is performed by referring to Bass (1985) especially on the four characteristics to achieve TL in general, and by the use of Multifactor Leadership Questionnaire - MLQ (Bass and Avolio, 2015) 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.

5.8.1. TL - Builds Trust (Idealized Influence -- Attributes), Display a sense of power and confidence

Referring to the statement of Larry Fink, the CEO of BlackRock:

"But THE MOST IMPORTANT THING I SAID, AND I REPEATED MAYBE THREE TIMES, profits are paramount to everything a company does. And their connectivity with shareholders is about profit. What I did say though, to remain in front of change, to be a part of a growth environment, I believe the involvement in a community to have a purpose is vital for long-term survivability, but long-term profitability"

"A big component how we win now are many of the passive management talk to us, you know, about your corporate stewardship team. SO WE HAVE 35 PEOPLE. WE HAVE THE LARGEST TEAM IN THE INVESTMENT UNIVERSE. And our team is just inadequate right now. So I've committed to raise the team to 70, 75 people. We put in one of the founding partners to lead it, Barbara Novak, who has a great reputation in many circles already. And it is about for us to be engaged"

and of Oliver Bate, CEO of Allianz SE:

"IF WE'RE NOT LEADING THE CHARGE ON CLIMATE CHANGE WHO WOULD OTHERWISE DO THAT".

When hermeneutic cycle is performed starting from the word level, sentence level and the paragraph level along with understanding of the whole context of the statements, it appears that the characteristic of TL, Idealized Influence – Attributes, with specific behaviour of Display a Sense of Power and Confidence is clearly demonstrated.

The statement “THE MOST IMPORTANT THING I SAID, AND I REPEATED MAYBE THREE TIMES” displays a sense of strong confident. BlackRock is indeed to date the largest investment manager in the world. However, when he made the statement in the context of the importance of profit, that profit is paramount to everything a company does, he clearly positioned himself in the left-most side of the Spectrum of Capital (Trelstad, 2016). This position will inevitably face challenge from other stakeholders, especially people who stay in there right most part of the Spectrum of Capital, people who believes that value, impact, and socials welfare are paramount to the operation of any commercial entity. By making the statement Fink displays a very strong confidence, a style of TL.

The statement “SO WE HAVE 35 PEOPLE. WE HAVE THE LARGEST TEAM IN THE INVESTMENT UNIVERSE” displays both power and confidence. Similar to the previous statement, this statement also displays a very strong conviction on the status of BlackRock as the de facto largest investment manager in the world. This is despite the lack of clarity as to whether this statement was supported by data on the size of corporate stewardship team/organizations of other corporations.

Oliver Bate’s statement “IF WE'RE NOT LEADING THE CHARGE ON CLIMATE CHANGE WHO WOULD OTHERWISE DO THAT” displays power. While Allianz is not the largest investment management company nor the largest firms in the world, with €2.2 trillion under management in 2019 Allianz clearly has the power to potentially assume a leadership position on climate change mitigation moves.

5.8.2. TL - Acts with Integrity (Idealized Influence -- Behaviors), Specify the Importance of Having a Strong Sense of Purpose

Similar hermeneutic circles are performed to explicate the rest of the statements, starting with another statement from Larry Fink:

"I believe the companies that have purpose are the best companies in the world because it unites employees, if connects the clients, but most importantly it brings the organization on to a common plan".

This statement clearly demonstrates his position on the importance of having a strong sense of purpose. In line with the stakeholder theory (Freeman, 2001) that was referred to in the previous section of this study, profit is no longer qualified as the purpose of a company, as profit is considered as a default/basic requirement, while other purpose which will ensure the long term presence of the institution is becoming more and more of a real purpose.

5.8.3. TL - Encourages Innovative Thinking (Intellectual Stimulation), Re-examine Critical Assumptions to Question Whether They Are Appropriate

References are made to statements from leaders including Jean-Jacques Barbéris, Head of Institutional and Corporate Clients Coverage on Sustainable finance, Amundi:

"I think the main barrier is intellectual. That's the probably the biggest one at the end of the day for me investing in climate change is nothing to do about ethics or moral. IT'S NOT A QUESTION OF VALUE. IT'S A QUESTION OF DOING PROPERLY YOUR JOB FINANCIALLY SPEAKING. So basically respecting you your financial duties. So and I think that's when this intellectual border is crossed if you allow the expression then investors start to act";

Larry Fink, CEO of BlackRock

“But the most important thing I said, and I repeated maybe three times, PROFITS ARE PARAMOUNT TO EVERYTHING A COMPANY DOES. And their connectivity with shareholders is about profit. What I did say though, to remain in front of change, to be a part of a growth environment, I believe the involvement in a community to have a purpose is vital for long-term survivability, but long-term profitability”;

Scott Mather, CIO U.S. Core Strategies, PIMCO:

“THIS ISN'T ABOUT JUST PHILANTHROPY, YOU KNOW, IT'S REALLY ABOUT ECONOMICS”

Critical assumptions along the line of business and financing in general have been made throughout the history of business and financing itself. Two assumptions relevant to this study and as described in the Spectrum of Capital (Trelstad, 2016), come from the initial assumption of business as viewed by Friedman (1970) whereby the sole purpose of businesses to generate value to the stockholders, followed by the next wave of movement of the philanthropical area which argues that the whole purpose of an entity is to channel the wealth of fund holder to create the best societal value to the community. Along the line of the Spectrum of Capital, the two basic assumptions have been debated by various stakeholders coming from various background and motives. While more data are pointing towards coexistence of the two purposes, the fact that leaders still make the above statements along the line of conflicting assumptions show that there has not been a coherent understanding or consensus among them. As the topic of this study is to reflect the style of leadership demonstrated by leaders when making statement, it can be said that the above statements clearly stated that those leaders are challenging the critical assumptions.

5.8.4. TL - Encourages Innovative Thinking (Intellectual Stimulation), Seek Differing Perspectives When Solving Problems

Statements representing this particular item of transformation and leadership include those made by Joyce Chang, Global Head of Corporate Investment Bank, J.P. Morgan Chase:

“So that extreme really spent a lot of time and care to see how you could actually put this into a place in a systematic way so that it would be scalable and something that could be sustained. So it's not just a one-off impact investment. It's something that an investor can really incorporate into their into their strategy in a way that they can implement what passive approach has but I THINK THE FOCUS ON SOCIAL AND GOVERNANCE ISSUES WILL BE THE NEXT WAVE OF ESG INVESTING”

“Well, FIRST OF ALL THAT YOU CAN DO CORPORATE RESPONSIBLE AND SOCIALLY RESPONSIBLE INVESTMENT WITHOUT SACRIFICING PRODUCT YOUR PROFITABILITY so that you're not necessarily sacrificing profitability even put this in place in a quantitative and systematic way and you can also reduce volatility and reduce draw downs by applying these tactics”;

and Matt Arnold, Managing Director and Global Head of Sustainable Finance, JP Morgan Chase:

“HOW DO I GENERATE COMPETITIVE RETURNS AND DO THE RIGHT THING? Protect the environment, protect disadvantaged people, protect communities and make a commercial return. That’s a very provocative possibility”.

The above statements need to be viewed from various perspectives, challenging the previous perspectives which focus on taking the extreme of the Spectrum of Capital (Trelstad, 2016). On the left side focus is merely on profit, while on the right side focus is merely on value. Towards movement along the spectrum, either from the left to right or from right to left to achieve coexistence of the two objectives, i.e. profit and value, the above statements further highlight understanding and the proposals of the leaders towards ensuring generating values in forms of competitive returns, while at the same time doing the right things such as addressing social and governance issues.

5.8.5. TL - Encourages Innovative Thinking (Intellectual Stimulation), Get Others to Look at Problems from Many Different Angles

References are made to statements by leaders such as Jean-Jacques Barbéris, Head of Institutional and Corporate Clients Coverage on Sustainable finance, Amundi:

“I sum it up in one second, we have all seen that social inequalities when they're too high can challenge the way, let's say liberal Western democracies work and therefore have a very strong impact on value. Therefore the question is how can you address that issue investor and so the fund that we're going to launch through our subsidiary will be exactly about that. HOW DO YOU INVEST INTO COMPANIES THAT COMMIT THEMSELVES TO REDUCE SOCIAL INEQUALITIES AT WORLDWIDE LEVEL”;

Nicole Connolly, Portfolio Manager and Investments Head of ESG, Fidelity Investment:

“I think about sustainable investing as this big umbrella term and the way we evaluate a company's sustainability is through those that ESG analysis. SO THOSE THREE PILLARS HELP INFORM US ABOUT A COMPANY'S SUSTAINABILITY and if I can digress to a quick history lesson, this type of investing, we think kind of got its roots in the 60s and 70s and you know against the backdrop of civil rights and women's equality and what we saw at that time was faith-based organizations wanting to invest in a way where they were, you know avoiding companies that conflicted with their values”

“WE TALKED ABOUT EXTERNALITIES AND INTANGIBLES THAT WE MIGHT NOT SEE THROUGH TRADITIONAL FUNDAMENTAL ANALYSIS. This would be like the long-term impact of climate change. It might be the way that a company treats its biggest asset which can be its talent. And so this is really again an extra layer of due diligence and we believe that that can sometimes lead to outperformance so it can be a risk management tool”

Audrey Choi, Chief Marketing and Sustainability Officer, JP Morgan:

“So I think more of the data like the kind of we're trying to put out from the Institute sustainable investing at J.P. Morgan that show THAT THERE'S NOT A SACRIFICE TERRITORY is a key thing”;

and Scott Mather, CIO U.S. Core Strategies, PIMCO:

“YOU DON'T HAVE TO BE AN ENVIRONMENTAL ACTIVIST TO UNDERSTAND THE IMPORTANCE OF THESE ISSUES and in pure economic terms the right way to think about it as a pathway to broadening and accelerating economic growth in a way that is sustainable for the planet and there are therefore not self-defeating over the long term”

While leaders seem to be in agreement on the main issue being discussed, i.e. SI, various angles are offered by various leaders to try and approach the matter, as well as try to explain that particular angle to the relevant stakeholders, including internal stakeholders and external stakeholders. Barbéris approaches the matter from the angle of social inequality. He starts with describing how social inequality is an issue. Such position is used as a basis to propose how to attain the SI objectives. So, he reframed the issue to become how to invest in companies with clear commitment on reducing social inequality. While this appears to be a step forward, one may still argue that Barbéris has simplified the matter by assuming that the western democracy works.

Connolly approaches SI from investment strategy perspective. See appears to be suggesting, instead of following exclusionary strategy i.e. opting not to invest in certain types of business that conflict with certain values, to aiming towards achievement of sustainability by investing in companies using environmental social and governance (ESG) tools to screen and approve investments.

Another angle is proposed by Mather. He posits that SI can be seen from a pure economic term, by broadening and accelerating economic growth in a certain way that is sustainable, and therefore not self defeating over the long term. He may have positioned it in a way that is quite bold, by saying that one doesn't have to be an environmental activist to understand the importance of the issue. Choi seems to support this position by suggesting that people can still achieve good things while understanding that they don't have to sacrifice their main objective of profitability.

5.8.6. TL - Encourages Innovative Thinking (Intellectual Stimulation), Suggest New Ways of Looking at How to Complete Assignments

Another item of TL characteristic is derived from statements made by Joyce Chang, Global Head of Corporate Investment Bank, J.P. Morgan Chase:

"SO THAT EXTREME REALLY SPENT A LOT OF TIME AND CARE TO SEE HOW YOU COULD ACTUALLY PUT THIS INTO A PLACE IN A SYSTEMATIC WAY SO THAT IT WOULD BE SCALABLE AND SOMETHING THAT COULD BE SUSTAINED. So it's not just a one-off impact investment. IT'S SOMETHING THAT AN INVESTOR CAN REALLY INCORPORATE INTO THEIR STRATEGY IN A WAY THAT THEY CAN IMPLEMENT WHAT PASSIVE APPROACH HAS but I think the focus on social and governance issues will be the next wave of ESG investing"

"Well, first of all that you can do corporate responsible and socially responsible investment without sacrificing product your profitability so that you're not necessarily sacrificing profitability

EVEN PUT THIS IN PLACE IN A QUANTITATIVE AND SYSTEMATIC WAY AND YOU CAN ALSO REDUCE VOLATILITY AND REDUCE DRAW DOWNS BY APPLYING THESE TACTICS";

and Audrey Choi, Chief Marketing and Sustainability Officer, JP Morgan:

"and I think with that shows is that when you think about environmental and social issues, it's not that you're limiting your choices. It's at YOU'RE EXPANDING YOUR DATA SET AND YOUR UNDERSTANDING OF WHAT ARE THE DIFFERENT THINGS THAT MAYBE AREN'T TODAY IN FINANCIAL STATEMENTS, but maybe should be".

To achieve SI objectives Chang suggests a systematic way, moving from previously subjective, and vague methods, into a more data driven and systematic way. Previous approaches such as exclusionary strategy as well as principle-based investment decision rely on relatively subjective judgments made by the people in charge of investment basing on available data provided by research team. The proposed new way is utilising more systematic checklist covering environmental and social impact, as well governance procedures to ensure that risks that would hinder the going concern of the business are identified and managed. She also suggests a systematic way by applying those tactics into the corporate strategy, so investment decision is aligned with the firms' strategy.

In line with Chang's statement, Choi proposes an angle whereby environmental and social issues are listed and considered as another data set to understanding different things that are not clearly stated in the financial statements. This means matter beyond profit and loss statements, balance sheets and the cash flow statement with subsequent details which are mainly financially focused, instead of directly risk management focused.

It is noted that theme related to one element of TL - Encourages Others (Inspirational Motivation) and it's 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 above themes lead to demonstration of TL in driving SI. However, the following statement reflect a different characteristic of leadership, Transactional Leadership.

5.8.7. Transactional Leadership - Rewards Achievement (Contingent Reward), Make Clear What One Can Expect When Performance Goals Are Achieved

Larry Fink, CEO of BlackRock says:

“Well, you know, WE PAID PEOPLE UP 11% LAST YEAR. SO PEOPLE DID VERY, VERY WELL AT BLACKROCK LAST YEAR. I actually believe people are raising compensation now because it’s harder and harder to find talented people. And at a 4% unemployment rate, I believe it’s harder and harder to do it”.

The above statement clearly demonstrates what someone can expect when performance score is achieved, which is a characteristic of Rewards Achievement (contingent reward) characteristic of Transactional Leadership. Considering that Larry Fink is one of the major contributors of the above themes on TL, this finding further confirms the understanding from Bass (1985) and the difference of opinion with Burns (1978) when it comes to demonstration of TL and Transactional Leadership by a certain leader. While the main idea of Bass’ (1985) transformational leadership theory is beyond merely an exchange of rewards (and punishment) for an agreed upon performance (or lack thereof), and therefore being inspirational, Bass (1985) also posit that transformational leaders also frequently display transactional leadership behaviours. Thus, Bass argues that a leader may exhibit both transformational and transactional leadership. This is in contrast with Burns' (1978) distinction, where the two leadership styles are located at the opposite side of a continuum.

5.8.8. New theme: Upholding Strong Commitment

In addition to the above themes that are easily categorized, using the MLQ checklist, into certain characteristic of TL, the data also show several statements made by leaders which are not easily recognized to be part of the TL behaviors under the MLQ as can be seen in below word tree. The word "commit" and it's derivatives including "committed" and "commitment" are part of several statements made by several leaders can be inferred as having a meaning of upholding strong commitment.

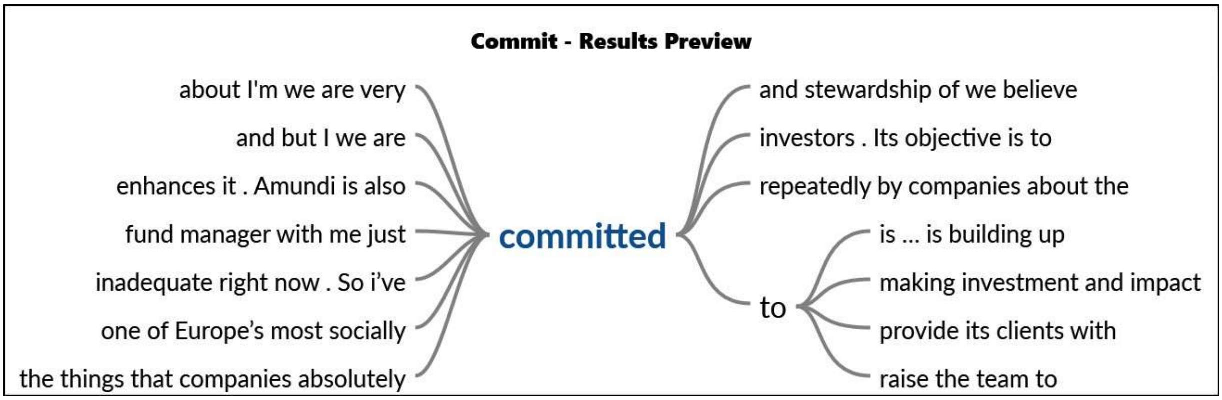

Figure 9. Word tree of "commit"

Statement of leaders include those of Larry Fink of BlackRock:

"SO I'VE COMMITTED TO RAISE THE TEAM TO 70, 75 PEOPLE. We PUT IN ONE OF THE FOUNDING PARTNERS TO LEAD IT, Barbara Novak"

"Better than any other firm and this is something that I you know, I'VE SPOKEN ABOUT I WRITE LETTERS ABOUT I'M WE ARE VERY COMMITTED AND STEWARDSHIP OF WE BELIEVE RESPONSIBILITIES IS GREATER FOR PASSIVE MANAGEMENT THAN ACTIVE METHOD because in active management and you don't like a company you could sell it in a passive. I need to own it. I can't sell them the asset or the company. Therefore my only Power I have of my power of the vote";

Nicole Connolly of Fidelity:

"Yeah, so Fidelity Canada just announced that they are going to sign the UN PRI that stands for the principles of responsible Investments. It's an UN supported organization. And when you commit to the PRI, you're basically saying that YOU COMMIT TO EVALUATING YOUR INVESTMENTS THROUGH AN ESG LENS. So, you know making sure that the research analyst in the fund managers are aware of those key risks and opportunities from an ESG perspective with their companies with their funds. AND SO THAT'S A PRETTY EXCITING COMMITMENT THAT WE JUST ANNOUNCED AND YOU KNOW EXCITED TO SHARE THAT WITH THE VIEWERS";

Jean-Jacques Barbéris of Amundi:

"At Amundi, we're focused on climate and social inequalities first of all, for one reason because we believe at some point in time the challenges concur , you can only achieve the transition if it's done in a fair and just way. that's I would say transition and therefore we also consider there is a very strong value proposition to be built there. If I sum it up in one second, we have all seen that social inequalities when they're too high can challenge the way, let's say liberal Western democracies work and therefore have a very strong impact on value. Therefore the question is how can you address that issue investor and so the fund that we're going to launch through our subsidiary CPR will be exactly about that. HOW DO YOU INVEST INTO COMPANIES THAT COMMIT THEMSELVES TO REDUCE SOCIAL INEQUALITIES AT WORLDWIDE LEVEL."

Frédéric Samama of Amundi:

"Today, WITH €168 BILLION IN SRI MANAGEMENT4, AMUNDI IS ONE OF EUROPE'S MOST SOCIALLY COMMITTED INVESTORS";

and Ommeed Sathe of Prudential:

"we often are able I think TO IDENTIFY SOME GREAT EMERGING FUND MANAGER WITH ME JUST COMMITTED TO MAKING INVESTMENT AND IMPACT";

"I think of cash, I think sort of epitomizes some of flexibility we have is very small for most institutions TO BE ABLE TO INVEST ONE OF THE THINGS THAT COMPANIES ABSOLUTELY COMMITTED TO IS…IS BUILDING UP NEW FUND MANAGED TO GROW diverse and when fund managers and sect back to America is a great example of".

Statements of Larry Fink were made within the context of building of a corporate stewardship team by an investment firm with passive investment strategy. As previously discussed, passive strategy means the firm does not have direct control on the daily operation of the investee companies. Rather it only operates at the board level as shareholders, by participating in the voting events to select management team members. The proactive effort by the firm is manifested in the form of corporate stewardship team. Fink argues that after the team is increased to become 70 or 75, it becomes the largest corporate stewardship team in the whole ecosystem. Another big commitment is by assigning a very important person within the firm to lead the corporate stewardship team. Barbara Novak is a one of the founders of the firm. And her assignment sends a very strong message on the commitment of leadership team towards the effort of driving SI.

Fidelity demonstrated similar position as Larry Fink of BlackRock. By signing the United Nation's Principle of Responsible Investing (UN PRI) it shows a strong commitment and even be excited to evaluate its investment with certain ESG procedure, reflected in how they intend to ensure its investment staffs understand both risks and opportunities when operating under the spirit of ESG compliance.

Different forms of commitment are demonstrated by Amundi through its executives Barbéris and Samama. Instead of highlighting self-made commitment, Amundi through its executives in the context of participating in the energy transition, that needs to be done in a just way, view committed firms are those to be targeted as investment. That way, attainment of their objectives can be confirmed. Prudential executive Ommeed Sathe's statement further support the thinking.

While the meaning seems to be clear in relation to the importance of commitment and a certain level of upholding of commitment, no explicit statement in the MLQ was found. The closest category 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. While commitment can be expressed through enthusiastically talk about what needs to be accomplished and through certain level of confidence that goals will be achieved, commitment may mean specifically to the willingness and readiness of the leaders to provide time, effort attention and resources to achieve the shared goals (Brubaker, 2019). Commitment is bi-directional in nature and targets to protect relationship (Williamson,1983), while according to Brubaker (2019) commitment of leader and follower go together.

Research was then conducted to find reference in the literature regarding the importance of leaders' commitment and demonstration of upholding of commitment by leaders within the TL theory. The initial research found that leader's commitment is important for the success of the execution of the goal as well as the participation of followers, as can be inferred from, among others, works of Bass (1996), Sull (2003) and Biro (2014).

On demonstration of commitment and specifically upholding thereof by leaders, key finding is obtained from the work of Bass (1996). This work covers the characteristics of TL, and extensive use of the MLQ to describe each of these characteristics, as well as various empirical supports and evidence of the validity TL in various contexts. Under the characteristics of Inspirational Motivation, there is one specific statement regarding the need of leader to show commitment towards goals and shared vision to provide meaning which in turn will motivate and inspire follower. Interestingly, however, the rest of the 225-page book discusses mainly on how TL results in commitment of followers which lead to achievement of performance beyond expectation, and no further discussion on demonstration of commitment by leader nor listing thereof is explicitly found in the MLQ.

Further literature review findings show that the commitments of either followers or organization, or both, are the result of a demonstration of TL behaviours by leaders. Findings are both on TL-specific work such as Bass' (1996), and TL in relation to other concepts such as Leader Member Exchange/LMX (Lee, 2005; Xie and Zhang, 2012; Wang, Law, Hackett, Wang and Chen, 2005), Organization Citizenship Behaviour/OCB (Avolio, Zhu, Koh and Bhatia, 2004; Asgari, Silong, Ahmad, Samah, 2008), and Change Leadership (Herold, Fedor, Caldwell and Liu, 2008; Eisenbach, Watson and Pillai,1999). The research focuses more on organizational commitment as well as followers commitment following the demonstration of the TL characteristics by leaders.

The above research did not yield in 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 key leadership behaviors can be included in the suite of TL in general and especially under Encourages Others (Inspirational Motivation) of the MLQ.

5.9. Confirmation from interviews, leadership style

Interviews confirm and highlight the finding on the 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 causing into account”, “I guess economic sustainability is part of 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.

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 trend 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, Commitment of leaders is viewed as a very important 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 able to deliver the return then the whole team, including our fellow investors that is not so committed”.

5.10. Resulted Conceptual Model and Business Implications

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.

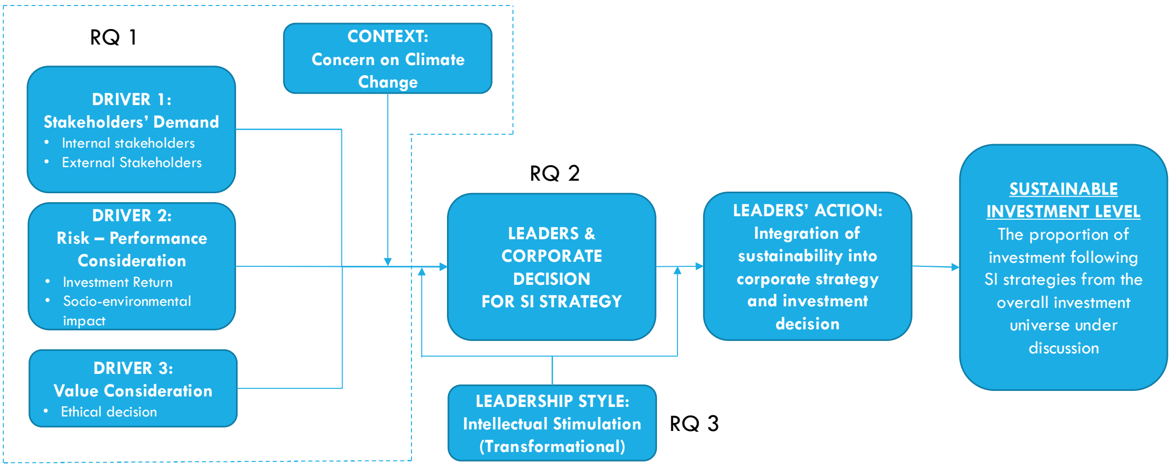

Figure 10. Conceptual model of the findings

When viewed from the perspective of Double Loop Learning (Argyris, 1977) the leaders’ corporate decision followed by the leaders’ action to integrate the sustainability concept into the corporate strategy and the overall investment decision and ultimately will affect the SI level can be considered as the first loop. Such loop is intricately linked with day-to-day actions of the organization, performed by the front-liners including investment officers, along with the immediate results that are reported to senior management as a feedback loop. So, the nature of this first loop is tactical, practical, regular and the implication is short term. The second loop, which is more fundamental, philosophical, and strategic are driven by the reasons for investment decision and its overarching context of climate change, leading to the decision to engage the SI strategy. The two loops are supposed to be informing each other towards achievement of the end goal, i.e. the SI level. Leaders facilitate such feedback loop and decision making, while other stakeholders/business component complement as relevant.

Findings of the study and a holistic, iterative rather than linear, thought process following the above model bring about some key implications to business and some of its key components. Such implications are listed in the following table.

Business insights from the findings of the study	Implication to key business components		
	Investor	Corporation/Management	Regulator
Driver 1: Stakeholders' demand	Increase demand for SI.	Continue maintaining balance between all stakeholders' interest. Establish, for shareholders' approval, the right management incentives towards the desired investing behavior.	Establish more and/or enhance policies and regulations to promote SI, including policies to internalize externalities.
Driver 2: Risk Performance consideration	Realize superior return while doing good for the society. Encourage/drive "The Reversed Gresham's Law in Investment".	Increase the portion of SI in the overall portfolio. Encourage/drive "The Reversed Gresham's Law in Investment".	Establish/enhance/promote performance standards and reporting systems for SI. Foster environment to

			encourage "The Reversed Gresham's Law in Investment".
Driver 3: Value consideration	Embrace more responsible investment, diversify investment channel accordingly.	Embrace more responsible investment, allocate capital accordingly.	Create market and business environment that recognize corporate ethical behavior.
Context: Climate Change	Always consider the long-term impact of investment.	Always consider the long-term impact of investment.	Establish more and/or enhance investment policies for climate mitigation and adaptation.
Leaders' action: integration of sustainability into corporate strategy and investment decision.	Selection of Investment Managers, more towards those who have embraced the understanding of the importance of sustainability. Vote for Board Members who support sustainability.	Revisit the corporate strategy development framework to ensure embedment of the sustainability concept. Selection of investment staffs, with focus on those who support sustainability.	
Leadership Style: Intellectual Stimulation	Activist Investors to drive corporate leadership development program to highlight the importance of the leaders' behaviors reflecting the Intellectual Stimulation, as well as directly monitor the implementation thereof.	Establish and/or enhance leadership development program, focusing on Transformational Leadership, especially the Intellectual Stimulation behaviors.	

Table 10. Summary of business implications

5.10.1. Implication of Driver 1: Stakeholder demand

Demands of both internal and external stakeholders bring about implication to all key business components listed in the above table. For investors, including women and millennials, realization of superior returns of investment along with positive impact to both the environment and the society shall encourage them to increase demand for SI-related investment through the agents (investment management firms) they appoint. Similarly, regulators who recognize the phenomenon shall find that the policies/regulation they previously established have yielded desired results and therefore further encourage them to establish more and/or enhance policies and regulations to promote SI. Such policies may include tax and accounting policies that allow for internalization of externalities, such as reduction or even waiver of import duty for capital goods for renewable energy projects. Policies to provide level playing fields between sustainability-driven investments with those that do not consider sustainability can be in the forms of assigning cost of externalities that investors need to pay. Examples of such costs are cost of pollution and cost of the affected public health.

Such an increase of demand from both internal and external stakeholder shall be taken by corporations/management to continue maintaining balance between the stakeholders' interests. To proceed with such tasks, corporations/management may propose or enhance the right management incentives to be approved by the shareholders, to ensure alignment of interests. Management incentives should be designed to also consider a balance between short term and long-term performance. Example of such incentives are performance bonus driven by an increase of SI in the overall portfolio in addition to the normative bottom line performance.i

5.10.2. Implication of Driver 2: Risk - Performance consideration

As superior performance can now be achieved sustainably as shown by the research, investors and corporations shall now have the responsibility to further drive "The Reversed Gresham's Law in Investment" whereby investment following SI strategies should ultimately drive non-SI out of the circulation, which is a reversed situation described as the Gresham's Law where "bad money drive good money out of circulation" as described in page 119. Investors play a significant role in the matter as it is where the investment starts, both when viewed from the left-end of the Trelstad's (2016) Spectrum of Capital (fiduciary) and the right-end of the same spectrum (philanthropy). When viewed from the agency theory, stewardship theory, and stakeholder theory, investor is the principal of investment which starts the whole investment activities.

As investor can now enjoy superior return while doing good for the environment and society, corporations/management shall increase the portion of SI in their overall investment portfolio. Performed through investment policies to be established during the strategy formulation processes, mediated by the Intellectual Stimulation behaviors, such action shall lead to an enhancement of the SI Level. Corporations/management also share the similar responsibility of the investor, i.e., encourage/drive The Reversed Gresham's Law in Investing. While investors play a critical role in initiating the investment activities, corporations/management play the role of real action of investments decision as well as monitoring and realization of the results.

Operating at a macro level, regulators shall establish/enhance/promote performance standards and reporting systems for SI. The collective actions by regulators are manifested in some key performance standards emphasizing sustainability in investment and financing such as the IFC Performance Standard for Environmental and Social Sustainability and the World Bank Group Performance Standard for Environmental and Social Sustainability. Such performance standard shall be reviewed and enhanced on a regular basis to ensure relevance to the world's dynamic. Multilateral development institutions such as the World Bank Group, the Asian Development Bank, the Asian Infrastructure Investment Bank have been playing an active role to establish and enhance the standard. Such actions need to be followed by the member countries' adherence and/or establishment of country-specific standards as required.

Regulators shall also establish/enhance/promote SI reporting systems to further drive transparency and encourage more corporate actions. Current reporting initiatives include the Global Reporting Initiatives (GRI), the United Nation (UN) Global Compact, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinationals, Extractive Industry and Transparency Initiative

(EITI), and Sustainability Reporting Initiative (SRI) (Hadad and Maftuchah, 2015). Adoption of the practice of reporting SI-related activities following the reporting initiatives' guidelines is currently voluntary. Regulators can play a bigger role in promoting such initiatives, in addition to the regular supervision for the enhancement thereof.

Major role of regulators through the establishment, enhancement, and promotion of the performance standard and reporting initiatives shall also bolster its role in fostering the business environment to encourage The Reversed Gresham's Law in Investment. Especially for the developing countries, ultimately it is the governments' responsibility to ensure achievement of the Millennium Development Goals which focuses on sustainable development. As previously discussed, sustainable development requires massive amount of financing. Therefore, more SI is required and the holding of The Reversed Gresham's Law in Investment is to be pursued.

The Reversed Gresham's Law in Investment is a major idea resulted from this study which deserves further research and promotion, as it may ensure the sustainability of livelihood through sustainable development.

5.10.3. Implication of Driver 3: Value alignment

While value alignment is represented by a minor portion of the informants but was substantially covered by one of the interviewees, it is argued that when viewed from the perspective of the Spectrum of Capital (Trelstad, 2016) value alignment also has implications to both investors and corporations/management. Investors are to engage in more responsible investment and diversify its investment channel by selecting more agents (investment management firms) that are focusing on ethical/exclusionary investment.

Similarly, corporations/management acting as the investment agent shall increase the portion of ethical/exclusionary investment in the overall portfolio. The investment or allocation of capital can also be done through the theme of corporate social responsibility, with indirect value creations and goodwill represent key considerations.

Similar to the above implication on the Risk-Performance Consideration, operating at a macro level regulator shall create market and business environment that recognize corporate ethical behavior. While constantly being debated by practitioners and scholars, recognition of the ethical behavior may be in forms of tax-deductibility policy for charities made by corporations and individuals, and various awards to recognize corporate social responsibility programs. Such recognition shall contribute to the business ethical norm formation.

5.10.4. Implication of the context of climate change

The context of climate change shall continue the global action towards responding and mitigating the impact thereof, which are widely accepted as a global phenomenon. Key stakeholder in this regard is the regulators, both at a country level and in a global context. Maintaining the current momentum following the support of major economies to the sustainability agenda, regulator shall establish more and/or enhance investment policies for climate change mitigation and adaptation. Climate change mitigation policies emphasize more on addressing the cause and minimizing the possible impact of climate change. An example of climate change mitigation policy is the avoidance and reduction of emission of green house gases (GHG) into the atmosphere which will prevent the global warming. Climate change adaptation policies focus more on reducing the negative impact of the result of climate change, such as restoration of mangroves that have the ability to dampen storm energy. As the world population and lifestyle are increasing, demand for both basic and non-basic human need demand more development which if not managed properly may have adverse impact of the human livelihood itself, including that due to climate change. The regulators play a significant role ensuring survivability of the human, as well as the environment. Climate chage mitigation and adaptation policies are among the few the regulators could do.

While developed countries have advanced, more developing countries are joining the movement towards establishing regulations favoring sustainable development. One example is Indonesia which has established a set of rules to ensure sustainable financing including the requirement for relevant environmental permits as part of the financing consideration, which has been further supported by the law number 32/2009.

At the micro level, the awareness of the context of climate change shall form consideration for both investor and corporations/management to always consider the long-term impact of investment. When done in a holistic understanding of the other insights of the study especially the stakeholders' demand alignment and Risk-Performance consideration, such awareness of the context shall elevate the profile of both investor and corporations in view of the Maslow's hierarchy of need, more towards self actualization.

5.10.5. Implication of Leaders' action: integration of sustainability into corporate strategy and investment decision

The insight of leaders' action to integrate sustainability concept into corporate strategy and investment decision represent a real, immediate action to affect the SI level. For the investors, this brings an implication on the way they select investment agents, i.e., investment management firms. Investors with full understanding of both investment drivers and context shall select agents which position themselves as those who have embraced the understanding of the importance of sustainability. As corporate campaign may easily mislead investors in the agent selection process, investors need to conduct thorough due diligence.

Post selection of the agents, investor can still play a significant role in ensuring integration of sustainability into corporate strategy and investment decision, by actively participating in the selection, and removal, of the agents' board member. Typical actions are done through the exercise of voting rights in the shareholders meetings.

5.10.6. Implication of Leadership style: Intellectual Stimulation

The above findings both in forms of dominant and less dominant TL characteristics, as well as the new findings on the upholding commitment by leaders represent a major contribution to the business. As the world is striving towards more sustainable solutions, corporate are playing significant roles in driving investments in the SI area. Combined with the common understanding both from practitioners as well as scholars that leadership are significant contributors toward determination of investment strategy and formation of investment portfolio, the key characteristic of leaders that will further drive SI need to be further reflected in the day-to-day operations of business.

This can be done by either selecting leaders that have the potential of demonstrating such leadership characteristics, as well as training the existing leaders following the established training practices in SI through the use of SI theory in general and the use of the MLQ checkpoints. This could lead into creation of more leaders with TL characteristics which in turn will drive further SI.

While purposely is not covered in this study, activist investors can directly drive the corporate leadership development program to highlight the importance of the leaders' behaviors reflecting the Intellectual Stimulation, as well as directly monitor the implementation thereof. Such direct action shall have the more immediate acceptance of the corporations, and hence immediate result.

6. CONCLUSION AND RECOMMENDATION

6.1. Leaders Perception Towards SI: How and Why, and Reason for Decision

The discussions show that leaders still view and define SI with various terms, such as Socially Responsible Investment (SRI), Program Related Investment (PRI), green investment, exclusionary investment, ethical investment and ESG investment. However, a common theme around the importance of sustainability of both the company and profitability seems to be well accepted and is uniform. Various barriers and supports remain in discussions. Companies are still investing in non-SI assets simply because they provide significant return to the investment, while other companies are pushing towards more SI related investments due to the economics and the profile. Therefore, mainstreaming of SI can be seen as still in progress.

It can also be stated that in general leaders perceive SI in a positive yet realistic manner. While no specific SI level is mentioned, in general understanding around 1/3 of the total asset under management (AUM) of leading investment firms are committed to SI related investment strategies. This is consistent with the current reports reflecting the similar estimates that around 26% of the total professionally managed investment are related to SI strategies.

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 (2016) 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 because the sample are investment management companies which apparently view profit as still at the top of the list. Now they are moving from only profit orientation to also ensuring sustainability of profitability. This is done by entering into SI, which from the economics and governance standpoint is justified from the fact that by adding ESG metrics into investment decision, risk management are better performed. More risk factors that are not clearly 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 that there is no meaningful difference between the return of investment of SI-related strategy compared to the traditional investment. However, believe are increasing in the sustainability elements of the investments because more stakeholders are satisfied by adoption of the SI strategy. Some leaders even believe that SI enhance investment return.

Reasons for decision to invest through the SI strategy emerge from leaders' insight obtained from the hermeneutic circles and are supported by interviews. There are four reasons for decision i.e., (1) climate change, (2) stakeholders' demand alignment, (3) risk – performance consideration, and (4) value alignment. Climate change is viewed more as a context for the decision, while the other three are more direct antecedents to decision, although 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 assume that the interest of principal diverge 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 research worthy 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.

6.2. Leaders' Action to Affect SI

As a result of understanding of 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 portfolio are designed, leaders and companies perform actions that would affect SI. Such actions range from creation of billion-dollar SI pool of fund, establishment of corporate stewardship team, creating equal opportunity, to allowing more time for employees to perform social activities. When viewed from Stakeholder Theory (Freeman, 2001) perspective, actions of leaders can be categorized as relevant to each of the stakeholders of the company, both internal stakeholders such as shareholders and employees, and external stakeholders such as customers or investees, communities, environment and government or regulators. Re-emphasizing Freeman (2001) as well as supporting the mainstream sustainable development in general such actions reflect the belief of leaders and corporations in ensuring the sustainability of both corporations and profitability.

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 a firms to survive in a long-term horizon, including maintaining its profitability. Whereas in the SSM approach, 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.

6.3. Dominant TL Characteristic in Driving SI – Intellectual Stimulation

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 demonstration of TL characteristics. The dominant TL characteristics in driving SI is Intellectual Stimulation as can be seen from the multiple statements made by multiple leaders. Such characteristic of SI includes the examination of critical assumptions to ensure their appropriateness, the pursuit of contrasting views in solving problems, encouragement for others to look at problems from different view, and suggestion in forms of new ways on how to complete tasks.

While other characteristics of TL such Idealized Influence/Charismatic Leadership, Inspirational Leadership/Motivation and Individualized Consideration also emerge from leaders' statements, they are relatively less demonstrated. Therefore, Intellectual Stimulation represents major finding from the data.

6.4. New Theme – Upholding Commitment

Leaders' act in upholding commitment clearly emerges from the transcripts but interestingly is not explicitly described in the MLQ. Upon further literature searches, the findings show that upholding commitment, specifically, and commitment in general is considered important as shown by the works of the proponent of TL such as Bass and Avolio, as well as other scholars and practitioners highlighting the importance of commitment. In relationship of TL with other theories such as Leader Member Exchange (LMX), Organization Citizenship Behavior (OCB) and Change Leadership, commitment mostly are 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.

6.5. Business Implication

The resulted conceptual model in Figure 10 that describes how reasons for decision for Sustainable Investing strategy, along with the relevant context and leadership style employed when making the decision brings about business implications summarized in Table 10. The insights from the finding 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 selection of relevant agents, to driving corporate leadership development program to highlight the importance of the leaders' behaviors reflecting the Intellectual Stimulation, as well as directly monitor the implementation thereof.

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

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

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

6.6. Contribution to method and theory

The study contributes to both method and theory as follows.

1. Contribution to research method through the use of social media data in a addressing the challenge in studying a global phenomenon.
2. Contribution to the TL and leadership theory in general, especially the potential inclusion of Upholding Commitment as part of the MLQ
3. 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 shown to result 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 in 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 major contribution of this study is contribution to the body of knowledge in understanding leadership style in SI. As previously mentioned, the research-worthy business problems 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 from literature review shows very little coverage around SI. Along with the use of social media to form the basic 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 financing of sustainable development, "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 proposed to be the main novelty contributions of this research to the body of knowledge.

6.7. Limitation

The study, however, also have major limitations as follows.

1. Assumption on the sincerity of business leaders when making statement in the public interviews. More interviews may be needed.

2. Samples are taken from leaders of investment management firms.

3. Bias and limited knowledge of researcher may affect how codes are generated, and hence the synthesis.

While explications show that meaningful discussion insights are obtained from the data, major 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 sincere public justification, Schwartzman (2010) admits that public reasoning allows and even encourage a person to give an insincere justification of his/her position. On the other hand, Kadlac (2014) posits that because sincerity is hard to see, preconceived idea of others diverts us from the key point they would like to make. The confirmation through interviews has helped confirming the findings. However, argument can still be made on the numbers of interviews to be conducted to reach a point of saturation.

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 Trelstad (2016), i.e., those which start from pure fiduciary focus. As can inferred from the statements as well as the insights, the position of the leaders are more from upholding profit as the first factors in driving the day-to-day operation of the firms. The firm are moving from 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 programmatic approach to ensure the sustainability of the endeavor.

And finally, the third limitation of this study comes from the inherent characteristic of the method being employed for the research. In interpretive phenomenology researcher allows his/her interpretation to be involved in reflecting on the lived experience of informants. Using hermeneutic phenomenology as a research methodology, researcher will need to apply the skill of reading texts, including text of transcripts, which represent spoken accounts of personal experience, and identify ‘themes’ that can be viewed as written interpretations of lived experience. Researcher’s skills and prior knowledge of the subject and level of understanding of the theories can present bias in determining the themes emerged from the transcripts.

6.8. Suggestion for Further Research

Considering finding as well as the above limitations, the following topics are suggested for further research:

1. Time series study on say-do ratio of the informants to confirm sincerity of their public statement.
2. Insight using samples from institutions which engage SI after starting from full philanthropical orientation (right end of the Spectrum of Capital).
3. Generalization of the finding on dominant style in driving SI, including relevant research with certain country context.
4. Further confirmation of Upholding Commitment as part of the MLQ. The use of the research method to test another global phenomenon.
5. 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.
6. To confirm the holding of “The Reversed Gresham’s Law in Investment”

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Attachment – Transcripts From all Sources

Transcript 1. Oliver Bate – Allianz SE

Allianz commits to a low-carbon economy - YouTube

https://www.youtube.com/watch?v=4LCy9EVzCvU

May 4, 2018 - Uploaded by Allianz

Have we made a very important decision from stopping to invest in coal as an equity class. We go in the next step, we stop to insure new coal based projects and power plants, we want to be a partner in the long term energy transition that is going on. We have to recognise that in reality significant part of our energy consumption will be coal based. For quite a while, few decades to come we want to accompany this process in line with governments and supranational institutions that are planning a future without coal. And we want to be a professional partner in that debate and in that transition our people expect from us that we role model not just in terms of client service, but our other societal roles and making sure that we have a proper future that has less carbon emissions. So we are very strong investor in infrastructure that includes innovative sources of energy generation and distribution, and we see it as a very important field of our engagement to drive them. We're one of the top institutions that are faced with the outcomes of climate change everyday through natural catastrophe in other events. If we're not leading the charge on climate change who would otherwise do that

Transcript 2. Amundi Frédéric Samama

on of the upcoming Sustainable Investment Forum on 19th September in New York

Interview with Climate Action, July 24th, 2017.

http://www.climateaction.org/climate-leader-interviews/interview-with-frederic-samama-deputy-global-head-of-institutional-sovereig

Climate Action recently spoke with Frédéric Samama, Deputy Global Head of Institutional & Sovereign Clients Amundi – a partner of the upcoming Sustainable Investment Forum on 19th September in New York.

Climate Action:

Firstly, could you please explain who Amundi are and what you do?

Frédéric Samama:

Amundi is Europe's largest asset manager by assets under management and ranks in the top 101 globally. Thanks to the integration of Pioneer Investments, it now manages over €1.3 trillion of assets2 across six main investment hubs.3 Amundi offers its clients in Europe, Asia-Pacific, the Middle East and the Americas is a wealth of market expertise and a full range of capabilities across the active, passive and real assets investment universes. Headquartered in Paris, and listed since November 2015, Amundi is the 1st asset manager in Europe by market capitalization, and the 5th globally. Leveraging the benefits of its increased scope and size, Amundi has the ability to offer new and enhanced services and tools to its clients. Owing to its unique research capabilities and the skills of 5,000 team members and market experts based in 37 countries, Amundi provides retail, institutional and corporate clients with innovative investment strategies and solutions tailored to their needs, targeted outcomes, and risk profiles.

Climate Action:

What trends are you seeing in the sustainable investing landscape?

Frédéric Samama:

The sustainable investing landscape has known a major boost with regards to the environmental aspects since the Paris Agreement in December 2015. Indeed, the COP21 has put the energy transition at centre stage, and it seems that this trend is only going to continue as a growing number of actors are starting to mobilize to facilitate a low-carbon economy. This shift has given rise to a dual movement that will be crucial in the upcoming year, and that we've been seeing emerging in the past two years:

- The necessary mobilization of asset owners, civil society and policy makers: policy innovation regarding reporting through the Article 173, the mobilization of shareholders, the mobilization of asset owners in a number of coalitions, etc.

- The rise of financial innovations to finance the energy transition and a low-carbon economy. This new phenomenon can be seen in the emergence of low-carbon indices, green bonds, green infrastructure, thematic funds, impact funds, impact reporting, etc.

Climate Action:

Amundi is renowned for its commitment to sustainable development and socially responsible investment policies. Why is acting socially and sustainably responsible so important?

Frédéric Samama:

Amundi firmly believes that an asset manager's responsibility extends beyond the purely financial aspect and is eager to be a driver of environmental progress and change. One of Amundi's founding principles from the time of its inception in 2010 was that investment policies should be shaped not only by financial criteria but also by sustainability and social utility criteria.

Today, with €168 billion in SRI management4, Amundi is one of Europe's most socially committed investors. Its objective is to gradually increase the inclusion of public interest criteria, that is to say environmental, social and governance criteria (ESG) in all of the Group's investing. The Group believes that far from hindering financial performance, the inclusion of environmental, social and governance criteria by companies actually enhances it. Amundi is also committed to provide its clients with high-performing, transparent investment and savings solutions as part of a long-lasting relationship built on trust. Amundi's aim is to apply the principles of social responsibility to its own operations. Reducing and managing its environmental impact, eliminating discrimination, promoting equal opportunity, ensuring transparency and integrity in its governance, developing a long-term philanthropic policy and encouraging the social involvement of its employees. Amundi publishes a Corporate Social Responsibility report (available on the website) on an annual basis which analyses its progress across all areas of the business.

The following recent initiatives can be demonstrated as part of Amundi's continued commitment to green finance and innovation:

- Co-founding the Portfolio Decarbonization Coalition, launched under the umbrella of the UN in 2014;

- Co-development of "low-carbon" indexes alongside AP4, FRR and MSCI

- Signing a partnership with EDF to offer energy infrastructure investments based around renewable energy;

- Involvement in numerous collective initiatives to encourage best practice on a company and country level, such as the disclosure of ESG practices and development of a framework on human rights;

- Launch of two green bond funds;

• Co-publication of academic papers on climate risks and financing the energy transition with prominent institutions of the green ecosystem;

• Amundi was also elected as the representative for the Investor community in the Executive Committee of the Green Bond Principles at ICMA in June 2017, exemplifying our active engagement as an investor and on spreading best practice in the green bond market.

Climate Action:

Strategic partnership with IFC to unlock private capital flows for climate finance in developing countries through, among others, a $2bn green bond projectAmundi is working with the International Finance Corporation (IFC) to create the world's largest green-bond fund dedicated to emerging markets. Could you tell us more about this exciting project?

Frédéric Samama:

Climate change efforts have progressively evolved from top-down policy initiatives to bottom-up civil society participation and private sector implementation. Public and private institutional investors have both the capacity and appetite to deploy massive amounts of capital to finance the green transition in emerging countries, but are hindered by a lack of scalable investment vehicles which meet those objectives.

The IFC/Amundi partnership tackles these issues through an innovative platform and a pragmatic approach to unlock private capital flows for climate finance in developing countries. The new platform combines deep expertise in both asset management and private sector development in emerging markets to help developing countries achieve long-term sustainable growth. The first fund on the platform will seek to channel capital through emerging market financial institutions to expand finance in ways that are adapted to the endowments and intentions of the individual country climate transition goals.

The $2bn project is designed to simultaneously stimulate demand (through the Fund) and supply (through targeted technical assistance to financial institutions) of green finance to "complete the circuit" and propel climate finance in emerging markets. The synchronized development of the supply and demand forces for climate investment creates an ecosystem in which markets can be nurtured and sustainably developed.

Specifically, the first fund on the platform will address the needs of four key stakeholders:

• For developing countries it facilitates the implementation of nationally determined contributions (”NDCs”) arising from the Paris Agreement. By channeling capital from developed to developing countries, the strategy contributes to the critical contributions of the emerging markets to global climate finance objectives, and helps investors efficiently direct capital toward climate finance. By acting on both the demand and supply side of the finance equation, it builds a base for sustainable green bond markets.

• For investors seeking adequate returns in the current low yield environment, the fund secures higher bond yields from a diversified range of emerging markets with the added benefit of the first-loss protection offered by IFC, while ultimately achieving climate alignment through green bond investments.

• For IFC, partnering with an asset manager enables them to leverage their core skills as a catalyst for the development of the private sector across the world, with the positive benefit of financing green assets, thereby also supporting Sustainable Development Goals (SDGs). The project also underscores IFC's commitment to sustainable finance through its own investment in the fund and the deployment of a technical assistance.

• For Amundi, the development of this innovative emerging market green bond fund is a new green finance initiative that has set Amundi as a frontrunner in this field. Indeed, following the avant-garde development of low-carbon indices, Amundi created a unique joint-venture with EDF, a leading European electricity provider, to finance renewable energy and energy efficient real assets. Co-founder of the Portfolio Decarbonization Coalition, Amundi has been actively participating in green finance academic research in an ongoing effort to contribute to the public good. The new initiative expands Amundi's climate finance investment offerings for institutional clients across the three main assets classes of equities, illiquid assets and fixed income. This illustrates Amundi's asset management capabilities of over 1tn euros, its strong track record in emerging market debt management and its core commitment to responsible investing.

The IFC and Amundi venture is designed to transform aspiration to implementation. While the first fund targets developing markets financial institutions, the fund platform will subsequently add other green bond fund strategies addressing sustainable growth in the developing world. Over time, the emerging market green bond platform will offer a variety of climate-friendly funds that create new markets and deepen existing ones.

Climate Action:

Amundi is sponsoring the Sustainable Investment Forum which is taking place this September. Why did you wish to be involved in this event?

Frédéric Samama:

Supporting the development of green finance is key to financing the energy transition, and Amundi believes that such initiatives such as the Sustainable Investment Forum are key to facilitating that process. In addition, Amundi sees the Sustainable Investment Forum as a vector through which to spread best practices and share knowledge, and we believe that it is an opportunity to share with all actors all along the value chain on key aspects for the development of financial innovations pertaining to green finance.

Climate Action:

You will be speaking at the Sustainable Investment Forum 2017. Could you give us a brief outline of what you will be discussing?

Frédéric Samama:

Innovation is a key factor of success in the fight against climate change. But if the necessity to innovate is a fact, there is no single way to do so. Innovation can only be specific to each asset class, and obstacles must be overcome one after the other:

- For equity, the difficulty comes from time horizon, complexity and scalability.

- Low carbon indices help reduce climate change risks over the long term without impacting returns in the short term5. So they are generating a form of free option on a mispriced asset. They address all major identified challenges investors were facing so far: time horizon (purchase of time for free), complexity (it focuses on corporates that could be impacted instead of trying to identify the next successful green technology) and scalability (addressing a $6tn underlying market6).

- For infrastructure and real assets, obstacles stem from the lack of knowledge and long learning curve. One innovative solution to address these concerns is to set up a strategic partnership with a key player, such as EDF, in order to facilitate the financing of green real assets leveraging on both areas of expertise.

For bonds, the "testing phase" whereby one invests money to finance green assets is risky insofar as there had been no proof of concept. Rather, the objective is to signal an intent to invest in a sustainable manner, and that can be done through green bonds. Due to their similar profile as conventional debt instruments, green bonds are a way for investors to signal that they are seeking to invest responsibly, and more specifically to be able to exactly track down what it is they are actually financing. Not only is this encouraging issuers to behave sustainably to finance their projects, it is also a way to pave the way towards other financial innovations to finance green assets.

Transcript 3. Amundi - Jean-Jacques Barbéris, Head of Institutional and Corporate Clients Coverage on Sustainable finance: a challenge of today and tomorrow

Interview with London Stock Exchange Studios,

https://www.youtube.com/watch?v=Rz6vRR9-Nvc&t=166s keyword: Amundi sustainable investing.

search keyword: Amundi sustainable investing

London Stock Exchange Studios:

Responsible investing has become the new norm among investors and it's something they increasingly demand rather than just prefer they particularly want to back projects that tackle climate change as well as social issues such as child labor and gender parity to instruments for this are green fixed income bonds and social bonds or to find out more let's meet our guest today Jean-Jacques Barbéris, head of institutional and corporate clients coverage at Europe's largest asset management. I'm Sarah Locket, welcome to the London Stock Exchange Studios.

London Stock Exchange Studios:

Jean-Jacques, hello.

Jean-Jacques Barbéris:

Hello.

London Stock Exchange Studios:

So, you've been focusing on climate change for quite a few years. Now. What exactly are you doing?

Jean-Jacques Barbéris:

I think it's important for us to take a step back and to explain what climate change is important for financial players like us I think basically what we do is allocate capital. So in a way the role we have to play with everyday climate change challenge is to better allocate capital in favour of energy transition in particular and this by taking two risk into consideration. The physicial risk that may have an impact in the asset managing and second, the risk that are linked to the transition we try to do. So basically we are trying to do three things about climate change at Amundi. First, we try to integrate climate change within the way we assess companies. So, it’s basically an element of assesment of the performance of th com]mpany that’s the first thing we do. The second thing, we engange with companies so for instance, every year we engage companies CO2, emissions and third, we try to build up some innovations in order to create some bridges between what the investors needs and what are the priorities to be financed.

London Stock Exchange Studios:

What is stopping people and institutional investors investing ethically or green? What are the barriers?

Jean-Jacques Barbéris:

I think the main barrier is intellectual. That's the probably the biggest one at the end of the day for me investing in climate change is nothing to do about ethics or moral. It's not a question of value. It's a question of doing properly your job financially speaking. So basically respecting you your financial duties. So and I think that's when this intellectual border is crossed if you allow the expression then investors start to act.

London Stock Exchange Studios:

And often clients want their return on their investment quite quickly. Don't they in two or three years or something? And how do they need to change their expectations with green investing

Jean-Jacques Barbéris:

First they need to understand that climate change is often considered as a long-term challenge, but the truth is its impact on valuations and the returns you can get is already there. I take a very concrete example, we had a bill that is now being passed in France that is going yo ban all the thermal models in the car industry and the territory 2040 into 2030 in Paris and 2030 in Paris is tomorrow. So actually it means that this is clearly a part of short-term variations that needs to be taken into account and if you look at the markets themself, we run a study last years on the different equities Mmarket all around the world which show very clearly that investing with an E SG approach particularly on the “E”, the environment part of it was providing return additional to a standard one. Why? For one very basic reasons because it's demand and of play and clearly there is an increasing demand for stocks of companies that are engaging against the challenge and therefore this has an impact on the price. So it's not only long-term perspective. It's now for investors to take that into consideration.

London Stock Exchange Studios:

And if we think about the Western World the developed world, it's quite a mature market for green investing. So governments are financing all sorts of projects. So how do you have to change geographically? Where you look for opportunities?

Jean-Jacques Barbéris:

I think first it's part of the challenge itself. If you look at the BRICS, they represent already 40 percent of the total emissions worldwide. That's why they were included in the Paris agreement. It means that there are some massive financing needs in emerging countries to address the challenge and to make sure that they can do their transition. So therefore it's of great importance also to create some bridges between institutional investor’s appetite in the western countries and the needs that are emerging countries at the end of the day at the end of the day, it's group the transition of these countries and it's also an additional source of returns for the institutional investors in the western world.

London Stock Exchange Studios:

And your latest news is you now have a social fund and you'll soon going to have an inequalities fund. So tell me about that.

Jean-Jacques Barbéris:

At Amundis, we're focused on climate and social inequalities first of all, for one reason because we believe at some point in time the challenges concur , you can only achieve the transition if it's done in a fair and just way. that's I would say transition and therefore we also consider there is a very strong value proposition to be built there. If I sum it up in one second, we have all seen that social inequalities when they're too high can challenge the way, let's say liberal Western democracies work and therefore have a very strong impact on value. Therefore the question is how can you address that issue investor and so the fund that we're going to launch through our subsidary CPR will be exactly about that. How do you invest into companies that commit themselves to reduce social inequalities at worldwide level.

London Stock Exchange Studios:

Really interesting, Jean-Jacques. Thank you very much.

Jean-Jacques Barbéris:

Thank you so much for having me.

London Stock Exchange Studios:

and that's all we've got time for at the moment. So from me, Sarah Lockett at the London Stock Exchange Studios. It's goodbye and thanks for watching.

Transcript 4. BlackRock CEO Larry Fink: Profits With A Purpose Are Vital For Survivability & Profitability

Interview CNBC 24 Jan 2018

https://www.youtube.com/watch?v=Q8WmhWQ8MIM

Type: Youtube Videos

Andrew ross sorkin:

larry fink is here. We're going to talk about that in a second. The world's biggest institutional investor larry fink pushing companies to look beyond the bottom line. In his annual letter, which is making a lot of noise by the way, here in davos, he urged companies to find a sense of social purpose and orient themselves towards long-term growth. Larry fink, blackrock chairman and ceo joins us right now now. Good morning.

Larry Fink:

welcome to davos guys.

Sorkin:

Thank you. Welcome to davos yourself. I've now been to a number of dinners where your letter has already been the topic of conversation.

Larry Fink:

Did you create that topic or did someone else?

Sorkin:

Other people did. In one instance i did. I will – i'm happy to admit. But there's been a big debate since you put this letter out. A lot of people applauding it but other people critical as well. Where you effectively suggested that it's not just profit that you're after as an investor, but that to get to that profit you think that these companies need to have a social purpose. Which, is a little bit stepping out, in a way. Maybe people – maybe you don't think it's stepping out?

Larry Fink:

Well, no. I don't think it's stepping out. I think i'm actually reconfirming what milton friedman said. If you read his whole essay that everyone talks about, he talks about that you need to be connected in your community, especially for a small company back then, the 1970s. As global companies who are here in davos, we have communities everywhere and we have to be connected with every community. But the most important thing i said, and i repeated maybe three times, profits are paramount to everything a company does. And their connectivity with shareholders is about profit. What i did say though, to remain in front of change, to be a part of a growth environment, i believe the involvement in a community to have a purpose is vital for long-term survivability, but long-term profitability. And i think most people -- for most people it resonates, yes, you need to be connected to employees, you need to be connected to clients, your communities that you operate. And that's really what the essence of what i'm saying most – but importantly i believe the companies that have purpose are the best companies in the world because it unites employees, if connects the clients, but most importantly it brings the organization on to a common plain. And i think that's very vital. And you know, the best companies that i know of are the ones that work towards a purpose.

Sorkin:

So the second part, though, of the critique of this, is that you are going to be taking a more active approach and trying to hold companies more responsible, not just for the profits, but for their purpose. And as i think you know because i think you were watching, we had sam zell on the day that the letter was released.

Larry Fink:

You are sure i was watching?

Sorkin:

I hope you were. He said, "i didn't know larry fink has been made god." Why should a passive fund, effectively you have 6 trillion dollars, but why should you do anything more than be completely a passive fund and just let the market do what it does?

Larry Fink:

great question. As i said in my letter, an active manager, if they really dislike like the company, they can sell. They don't have to own it. As a passive investor we have to own the every company that's in an index. And definitionally that means, half the companies are really good and half of them are underperforming. And so we have to have a voice if we're going to try to be the highest level of fiduciary on behalf of our clients. And i will tell you our investors are asking for this. A big component how we win now are many of the passive mangement talk to us, you know, about your corporate stewardship team. So we have 35 people. We have the largest team in the investment universe. And our team is just inadequate right now. So i've committed to raise the team to 70, 75 people. We put in one of the founding partners to lead it, barbara novak, who has a great reputation in many circles already. And it is about for us to be engaged. So what i said very loudly is, being engaged during a proxy season is not being engaged. Because it's a binary outcome. Yes or no, do i agree with it? We were criticized because we vote 91% with managementment. Now the reality is we're engaged with so many of these clients and they're changing their input towards our proxy with our engagement. So i'm vert happy that we agreed with 91% of the companies. I think that's a good testimony that we're working with more and more companies. That we're engaged. And our hope is that we are leading that effort towards having more engagement throughout the year with more companies to try to produce better long-term outcomes on behalf of our investors.

Becky quick:

larry, i completely understand what you're saying. I have agreed with a lot of what you said over years with pushing companies to take a longer-term focus on things instead of shorter-term. I have agreed with issues like telling people they need to be saving more for retirement. Buti, invest in index funds—first, because we can't own other stocks here and second, because i want to just own the broad market. And that is a passive ownership. If you suddenly become the market and tell the market what to do as an active manager, that's no longer me owning an index fund and owning these things. That's – you know.

Larry Fink:

I hear what you're saying. I don't agree. I think it's our responsibility to be engaged. We were criticized—

Quick:

by the way, do you charge more in fees as result or no?

Larry Fink:

No. No. It’s all expense that we’re -- just another service that we’re leading. But we were criticized, and probably criticized on this show and many other shows, people called --

Quick:

i’ve harassed you before.

Larry Fink: yeah, but people called it passive dumb money.

Quick:

Right.

Sorkin:

well let me ask you a separate question then in terms of how active you can be. Because the other piece of this is that there is inherent conflict at play, right? You have clients in i-shares and that business, which you’re trying to hold these companies accountable for, but at the same time a lot of companies use you for all sorts of other programs. Whether it’s 401(k) programs, whether its bond programs theres a whole assortment, theres a huge corporate client base. And so the question is can you effectively decide i’m going attack two, three board members when we also have business with them on the other side?

Larry Fink:

Great question, but we’ve had that conflict from day one. So that conflict has not changed. That conflict is as real. This is why we have this independent organization that’s doing this. I personally am not involved. When i get a phone call from a ceo about, “what are you doing to one of my board members,” or whatever that question may be using your framing, i send that inquiry to that team. We have to be independent. We, the leadership of the firm, on these individual votes in companies. We do meet with our corporate stewardship team and talk about policies. So there’s some policies that you know, i’ll have an input on. When it comes to any single company, we’re not involved at all.

Joe kernen:

Larry, let me approach it from a different angle. Corporation x, y, z makes a fantastic product. They satisfy their customers needs better than their competition. Their employees are happy. They are making great strides in planning for their retirement. They pay taxes to the united states government. Everything is great, but the ceo doesn’t feel like embracing whatever societal changes that are en vogue at the moment, that larry fink happens to think are en vogue at that moment. So, he doesn’t want to – he actually is not going to play ball with you on what you think -- you said change. You are embracing change – he thinks some of these changes may not be lasting. They may be whatever side of the political spectrum decides is important at that moment. Are you going to you try to get him – oust that board and vote your shares against him?

Larry Fink:

No, of course not. First of all, you’re personalizing it with me.

Kernen:

Fine. Blackrock.

Larry Fink:

Thank you. Two—

Kernen:

This is your idea, isn't it? Whose idea is it?

Larry Fink:

well it's the firm—

Kernen:

okay. Blackrock. Alright, i think of you as blackrock, which is a compliment.

Larry Fink:

Thank you, but it's not. Hopefully it's not, not a compliment, but that it's more than me.

Kernen:

I get you.

Larry Fink:

Thanks, joe.

Kernen:

Biggest money man in the world.

Larry Fink:

If a company is performing really, really well, as you just suggested and it is a beacon for employees, i am very confident that that engagement is going to be positive. You framed it in a way that i don't see that being a reality. I will tell you, i have had conversations pretty close to half the ceos who have received the letter, and i don't believe they're sucking up to me or anything like that. They were favorable –

Kernen:

What if you tell exon that they have to stop drilling for hydrocarbons because they don't—

Larry Fink:

But you're framing things—

Kernen:

well let's say you do that.

Larry Fink:

But that's not going to happen. We have not done that.

Kernen:

okay.

Larry Fink:

you’re framing hypotheticals that are not even the realm of reality.

Kernen:

Let me ask you this --

Larry Fink:

I mean it’s nice to talk about and framing questions that are 2% probability.

Kernen:

How about coca-cola? You tell them no more sugary drinks.

Larry Fink:

That’s their business. Their business is providing –

Kernen:

How about philip morris? No more tobacco products.

Larry Fink:

We will not do that either. If we’re—

Kernen:

What will you do?

Larry Fink:

Those are not issues. But those are not the issues. If they’re -- we have issues many times. If an individual is investing in an index that has philip morris, that has coca-cola, we aren’t going to be changing their business models to that way. That’s their business model. So, we’re not going to be saying get out of your business.

Sorkin:

Understood. What do you make of these companies who have announced recently plans to increase salaries or bonuses? We were talking about starbucks, talking about jpmorgan. I don’t know if you’re doing anything similar at blackrock.

Larry Fink:

Well, you know, we paid people up 11% last year. So people did very, very well at blackrock last year. I actually believe people are raising compensation now because it’s harder and harder to find talented people. And at a 4% unemployment rate, i believe it’s harder and harder to do it.

Sorkin:

So you think it’s purely economic decision.

Larry Fink:

I think 90% of it is economic and the last 10% is pr. We would have done it any way. We constantly raise wages. We try to remain competitive. We don't announce it. There's areas where we raise wages much more than other areas, where there's a competitive issue. I believe if the ceos are raising compensation and providing more equity owner ownership to their employees, that's a fantastic outcome. And i do believe the big issue that will confront more and more companies is retention of employees. And i believe that's going to become a big cry out, especially with our immigration policies in our country.

Sorkin:

Larry fink, thank you. Appreciate it. Good to see you.

Kernen:

Love you larry.

Larry Fink:

I'm sure.

Transcript 5. BlackRock CEO Larry Fink, Larry Fink interview with CNBN on 11 October 2017

https://www.youtube.com/watch?v=z37e_CD986A

Type: Youtube Videes

Reporter 1:

Joining with us now exclusively is the Blackrock CEO Larry Fink . Thank you Larry for joining us this morning.

Larry Fink:

Great to be here.

Reporter 1:

But let's talk about these numbers. They're better than the street was expecting Is that singed of strength of the market overall or also strength just in terms of you versus your competitors.

Larry Fink:

We'll found out about our competitors that are two weeks that we generally 10 days to 2 weeks earlier than our competitors.

Reporter 1:

But you know you are taking market share for people? You know that you are building stronger and stronger than--

Larry Fink:

Yes we…we close quite close to $6 trillion assets.

Reporter 1:

So up to $5.7 trillion almost $6 trillion?

Larry Fink:

yes…yes, just $5.98 trillion. But which is up to 17% year over year in terms of asset. I think what is going on is we're seeing a change in Market set of it. We're seeing continued growth in China above trend line growth in Japan. So it when you have the second and third largest economy doing much better than anticipated then alongside great political stability in Europe aggressive Central Bank strength of the bank's. You have a Europe is growing at two and a half percent. So you're seeing the economy doing so much beeter as a result, the global economy as a result. We're seeing clients looking to put more money to work. One of the greatest problems we still have in the world is how much money sitting on the sidelines even in places like Japan there's five trillion dollars of cash burning a negtive return and more tahan 72% of the saving is a bank account. We're seeing some of that unlike we're seeing people putting some of that money to work. We have insurance companies that are still sitting with liabilities longer in duration than their assets. So there they are being squeezed and started to put money to worked. So we're seeing more investors putting money to work and we saw large scale investing out of we had $96 billion in growth over the quarter and a high percentage of that was still in fixed income. But…but we're seeing a growth in every product area from cash to multi-asset to equities and to fix so-

Reporter :

We have one more try, one more tweet from the president that just came out it says it would be really nice, if the fake news madia would report the virtually unprecedented stock market growth since the election. We need tax cuts and I guess that's okey that he says said this because we did right on top of the show. We were talking about Trump. Just now I mentioned the total area was just talking about this address this tweet we gave it to we are not really talking about us because I did talk about the unprecedented. We did talk about it right at the top of the show it is November 8th . So 25% or ¼ of the stock market valuations unbelievable. It really is unprecedented and we is trickling down. I mean, we know that most of the people that own assets have done well for the past 10 years because the FED or for whatever reason but I don't know ask as and like it's not a good thing. The opposite would be much worse. It may be, you know, it doesn't redistribute itself as quickly as you would want it to but there are a lot of people in there America that have pension plans and there's people in here. I mean it's you know, we'd rather 20% up than 25% off.

Larry Fink:

Absolutely. Nothing that when you work with CEOs behaviours change when they see their stock price up they do invest for . They hire more and I think you're seeing that and obviously in employment numbers and all that but one of the big changes between arise in the equity market of 20 years ago. And today much of it has to do with so many individuals don't have a defined benefit plan, but they have a defined contribution that long and I know that I thnik that's a serious problem that we're still not addressing most of the defined contribution money that still is over weight in bonds. And so they're not participating like they did 20 odd years ago. And as I siad that's in Japan. You see this in Germany. The UK, and the United States. I think this is the singularly biggest problem. We have in the world the fear of the future because the under performing returement plans, but more importantly in the Unites States. The bigger problem is the under investing for retirement.

Reporter 1:

But where do you stand the one just valuations broadly which is to say that especially in the past couple months. A lot of the increase has been not so much a bunch coming. Harness is part of it. But there's been a serious multiple expansion in State Collage that takes places.

Larry Fink:

I would say, you know, the U.S. meaningful that you would maybe three multiple points are actually meaningful and I saw the U.S. multiples are higher thatn any other part of the world. We are seeing a surge in interest in emerging markets in Asia and Europe. If you're going to do an asset allocation that they overall over an intermediate cycle that might be the better allocation today. I'm going to be let's be clear that it's deserves a premium. Our companies are stronger. They're better managed over quote cross offal many industries. So I actually believe the U.S. deserves a premium to the other markets, but I do believe Europe and Asia on a relative value represents probably more a higher valuation today, but I would also say we need to seel like we the second quarter. I think the second quarter I was nervous into the earnings earnings were good. I would say the same thing today into earnings if we see earnings validate the high stock prices then we will continue with the market rally. My greatest fear. We haven't got into it. But Jill one of the talk about interest rates a little bit my greatest fear and I'm not giving you a high probability on it, but there is certainty certainly some probability. That is that we have a very aggressive Federal Reserve lets you know right now people are assuming another tightening this year and other three next year. Could we see? The world second quarter I was nervous into the earnings earnings were good. I would say the same thing today into earnings if we see earnings validate the high stock prices then we will continue with the market rally. My greatest fear. We haven't got into it. But Jill one of the talk about interest rates a little bit my greatest fear and I'm not giving you a high probability on it, but there is certainty certainly some probability. That is that we have a very aggressive Federal Reserve lets you know right now people are assuming another tightening this year and other three next year. Could we see? Inverted yield curve light exterior early 2019 signaling recession potential the inverted yield curve is mainly because the demand and intermediate to Long assets. So as I said earlier, the insurance companies are sitting with liabilities longer than assets the under-investing that we seen in Pension funds. I just did a world tour and I'm going on another one starting next week the demand we're seeing for long assets is unprecedented. Talk about all the growth in private equity and all the growth and real estate investing is you're seeing the surge in equity investing people are looking for investment. So this is where I think the Federal Reserve has to pay a lot of attention. The demand for long-dated assets are are are very high as the Federal Reserve begins. Its process of unwinding QE. The preponderance of their assets are five years or shorter. So could we see with the tightening? Additions through raising interest rates through a modest reversal of QE continued demand in the longan. Could we see this field for really flattening to possibly inverting? That's not a good scenario long term for equities, which means you're probably very concerned about who the next fed chairman is once General its Terminals and though I think I'm is good better. We should pay less attention to such a Banks and that's good. I mean most of the time we You know Over My Career Central bank's behaviors worth something in the background. They weren't Forefront during the financial crisis there prominent and they did the central banks of the world were the organizations that released restabilized our world economy. I would like to be back to a world where these central banks are back in the background doing their job.

Jill (Reporter 2):

You really just got me thinking it. It's very straight. And I always thought that the inverted yield curve was in a chicken egg scenario. I thought it came from weakening economy is causing inverted yield curve and it's a sign that there could be a recession coming but you just said that the inverted yield curve could come first which could then bring on a recession? That's that's bizarre and it makes me think that's the inverse of how the that usually causes a recession. They go they go up too quickly. So they could cause a recession my flight you would say that Is it but I think the Federal Reserve focus on the short and they don't really, you know, they need to be a policy.

Larry Fink:

Take of the FED if the demand continues to be a strong in the intermediate side, which keep that yield curve, you know, right Heather down, you know, you don't see that effort move as significant and if I won't try and unwind all this absolutely..

Reporter 1:

And that's why investor psychology, right?

Larry Fink:

The engineering of this is not as easy as it I think it we are done it before we ever gonna be fine, but and I always wanted to raise rates. Savor so, I'm Sam against these these policy changes all I'm saying as we raise interest rates and normalize them. Let's please pay attention to the demand and the intermediate long end for assets. We want to avoid an inverted yield curve and I didn't say that with it's a high probability, but it's something I'm worried about

Jill (Reporter 2):

Back to our special guest star this morning as CEO the world's largest money management firm black rocks really think it will talking off camera. I actually was sort of fan.

Larry Fink:

Cheering that Financial firms to some extent can control their own destiny more than you think. It's not just the winds of the markets that you need to know to deal with like even take the low interest rate environment. It's a real problem for for banks or for the family. They you pointed out you've been able to raise margins and I think it's evident in the latest report based on controlling what you can control and that's expense side of things right so far.

The combination of having real growth that are a um having a real growth handsome. Obviously. Yes, but importantly also making sure that our revenues are growing faster than our operating expenses and we're doing that.

Reporter 3:

Mainly through technology. We have we have streamlined so many processes and that's basically our Latin system that we are technology system that is becoming one of the world leaders who ecology by the hills of hire people to know to write code or something when we started the firm to one of them originally people work code writers. And so that was old foundation of the farm the start that classroom. Because computers are now doing a lot of this work. I think about active versus passive and I wanted to read you something because we were talking about the pelts situation and just sort of how you guys are getting our how to do Vote or not vote on some of these things and what it means but Paul singer just give it a speech at Grant's conference. Okay, and it was actually praiseworthy I thinking use a Black Stone of particular but of the idea that you guys are out trying to do more with corporate governance, right, but he Said he sat on a company specific level where the investing is done with hundreds even thousands of companies to be evaluated. It's simply impossible for these groups to do a comprehensive look at all or even most of the situations that deserve scrutiny and and so sir wanted to get your sense of what how this is all supposed to work. Give a given the sort of large land that you're living in.

Larry Fink:

Let me just address the first point you and The second part of the first point was a big believer in active management. We actually really active management is going to be is going to continue the most recent trend of performance. We actually believe is more money moves into into index you're going to have greater opportunities that active management. So that's the a foundational premise and that's why we're investing heavily in active right now related to corporate stewardship. We have the largest team in the world of The team is as close to 40 people now, you're right and say okay, how can 40 people call through all financial statement? See all the companies. Once again, it is a lot of it is technology. So we do have technology that is as assisting at in the evaluation of companies their metrics and performance and we do encourage throughout the year to have dialogue with clients, so we cannot wait until proxy season. We we're asking all the clients all the information we invest money in. Please come talk to us throughout the year come talk with before a proxy. If you have something that is going to be unusual talk to us now. And so we're fully engaged teachers. I would say every day there four or five leaders of companies were Boards of companies coming in visiting our people now that doesn't add up to the thousands of companies we invested but I think we do as credible a job as anybody better than any Hedge.

Better than any other firm and this is something that I you know, I've spoken about I write letters about I'm we are very committed and stewardship of we believe responsibilities is greater for Passive management than active method because in active management and you don't like a company you could sell it in a passive. I need to own it. I can't sell them the asset or the company. Therefore my only Power I have of my power of the vote in The biggest shareholder in so many ways and so many of these companies and so we take a huge responsibility and trying to navigate this and sometimes it's very difficult. Sometimes devote is a very Brazier thin differential between saying yes or no work for a company and but I we are committed repeatedly by companies about the engagement and more and more companies that are looking to us in their engagement throughout the year.

Reporter 2:

Is your vote on Procter Gamble kind of become public.

Larry Fink:

I know no only don't publicize what how we vote. So it's not something we do as a can you with can we…

Reporter 2:

Can you whisper it?

Larry Fink:

I can whisper it to you but not on there?

Reporter 2:

But if you whisper on are maybe they won't hear.

Larry Fink:

I don't know about that. But I think the larger question sort of the passive active debate is can 40 people really be able to oversee horsey, but actually be as good as having real active managers who are always working with these public affairs issues across the border right that that that's the fundamental question.

Reporter 2:

Well, I think it did a bigger foot of an operation. We be listening to all singers of the world's or they support and you listen.

Larry Fink:

Well, we don't we are not were active or not active as we are not going to discuss openly and publicly about our opinions. That's the role of an activist. We got to go dissin a real quick question. Would you be okay with some Dynamic scoring on this on this tax plan to get sensible Dynamic scoring is important. Okay, but my only issue related to how we look at the tax reform first, we need tax reform we need to, I need to make it Dynamic. So we don't have to the also need to make it permanent. I don't want this short-term stuff. But the issue we have a 20 trillion dollar. I don't doubt that it's going to be 25. According to CBO. My biggest worry is just forget about the biggest China and Japan own 22% of our debt for our zone 41 % of our treasury debt. We cannot be set self reliant on funding our deficits and if we and I would just hate demographically China, and Japan will be pulling back their investments in us over time.

Reporter 1:

Well, so we need to be there Larry. Thank you so much for your participant.

Transcript 6. BNY Mellon Investment Management David Cruikshank (Chairman of BNY Mellon of Asia Pacific) on BNY Mellon Continues to Take Long-Term View.

Interview with Bloomber Markets and Finance, March 15th, 2018.

https://www.youtube.com/watch?v=exU18jT-RlI

Bloomberg:

You know, i was going to ask you how things have been but we got to start with what's happening over in Washington. I mean, last year, it would be easy to brush it off and say global markets would have been fine, conditions were a bit more easy but now we're seeing a little bit more correlation coming the markets since Gary Cohen stepped down. What's the house have been, the Mellon, how do you navigate this?

David Cruikshank:

Well, first of all, Good Morning, David, Thank you for having me in the studio this morning. Uhm, as we lok at change that's taking place in administration and some of the policies, i think the changes is probably becoming one constant witihin BNY Mellon, our view is and continues to be to take a long-term view as you probably know, BNY Mellon has a 234 year history of changing and adapting and innovating to serve the needs of our clients around the world. So, taking that long-term view tells us to continue, to wait and see how these things play out.

Bloomberg:

an-and generally speaking, how do you navigate these conditions then? I mean yes, longer term but equally a lot of the policies that may get put in place over this next 12 months or so might affecta longer term view. Are there part of the market? and not just because of what happened in Washington. Uh, you know you have the Fed perhaps heightening three or four times, are there parts of the market now that perhaps you were in last year that you should stay clear off?

David Cruikshank:

Yeah, it's a good question. I think the big picture really is what are the risks that we see on the horizon and you mentioned inflation or interest rate. Obviously, the CPI report that came out sort of confirmed the direction of the Fed and confirmed the fact that we're getting to the Fed target in terms of inflation. So, for ours standpoint, it's not a surprise and it probably points to a continued approach as has already been predicted in terms of probably three interest rates raises during the course of the year and slow and steady progress, the risk really would be to get to seeing too aggresive a stance toward monetary tightening, which we don't anticipate but that certainly could be a risk and play out in th equity market both in the US and outside of the US. We think that at this point, the risk is pretty low.

Bloomberg:

What's the sense you're getting in terms of because you are, being BNY Mellon is present in this very specific part of the market and think one of the things that we've noticed since that market episode about five six weeks ago. Its volume's haven't quite gone back yet or come back yet. I mean, is that what you're seeing as well from i guess your very unique perch.

David Cruikshank:

Yes, unique perch is probably a good choice of words. BNY Mellon is essentialy in two main business lines, we are a large global managers of assets and we are the largest global custodian or service of assets. So, sitting on that perch, we do have a good view in terms of where we think the market may go or where we think our clients maybe directed. Our direction and strategy is very much driven by where our clients want to see flow of capital. Uhm, so, as we invest for the future, as we invest going forward or try to accommodate the needs or our clients. It's very much driven by what they see as future capital flows.

Bloomberg:

David, what stage in the end-stage cycle do you think we're at the moment? And i'm kinda wondering what your-your end stage playbook looks like?

David Cruikshank:

We-Well, in terms of the end-stage playbook, i'm not in a position today to completely predict that i wish i was but i think again, the big picture is what the markets that we anticipate saying growth opportunity coming out of and sitting here in Asia Pacific. We're in very interesting position as we see changes taking place in the market and probably very specific market opportunities presenting themselves as we see growing assets pools, potential for perhaps a bit more liberalized flow of capital around the region.

Bloomberg:

So you know, you started off that vein of thought, what are the top growth opportunities that you see? What are the markets are easy, you know? If you take aside, out of all the uncertainties, there seems to be greater uncertainties than other times at this point in this year. What still looks attractive?

David Cruikshank:

Well, sitting here in Asia Pacific, i have to obviously look within our own region as we look at attractive markets and if we remember that the clients that we have in our platform in BNY Mellon tend to be the worlds's largest assets owners and asset managers. So naturally, what we would be looking at is interesting markets or those markets with big and growing assets pools. So that asset pools that we see across the region could point us to market such as Australia, where we see continued increase in contribution to superannuation funds and where we see a growing demographic of workers that will continue to drive higher levels of contribution. Obviously, we could also look at China with a very large asset pools, third largets fixed income predicted to become the second largest which will naturally as particularly as it starts gaining access on indexes that we will start to see and more flow of capitals from our clients into that market place.

Bloomberg:

How accessible is that flow of capital? Because you've recent push to kind of tap more of the family offices accros the region, high net worth individuals and a lot of that going to be concecntrated in China. Does the regulatory landscape ever changing as it is make you want to perhaps sort of slow roll a bit when it comes to that market?

David Cruikshank:

Well, start by saying quite bullish when it comes to China but when we think of China in any flo of capital, we have to think of that in two buckets. We think of north bounds of capital flowing into the market and we think of south bounds capital of from Chinese investors, looking to move offshore. Today, the focus is very much helping to move that flow of capital onshore and giving our investors access to the Chinese marketplace. We're conviced and quite confident that as we continue to see internationalization in the Chinese marketplace, there will be a higher level of demand for tht capital to flow offshore as well and as the worlds largest global custodian, i think we're well positioned to help with that flow of capital and service of clients coming out of that market.

Bloomberg:

David, the big news last year was and we still lack the details on this but essentially, what the Chinese are saying we're gonna open up the market, you know, give foreign players a bigger part of that equity stake. In terms of their operation on the mainland, are you currently talking or engage with any player in China? Perhaps increasing your footprint there.

David Cruikshank:

I would say that when it comes to Chine, there's nothing necessarily off the map in terms on opportunity or possibilities..

Bloomberg:

bu-but what's realistic though? Given your footprint, of course.

David Cruikshank:

Yeah.. what's realistic is again, taking a long-term view and looking at what is the best for us to service our clients. It's not really about how big the footprint should be BNY Mellon have in any particular markets. It's really what do we need to do to accommodate the clients demand that we have for access to that marketplace.

Bloomberg:

and ideally, any foreign from essentially handcuffed to the pace of opening up in China, you ask any business person, that's really the number one frustation there. Uhm, in an ideal world, what are the revenue streams that you do want to grow China? Is there a number of headcount that ideally say you want to see yourself in BNY Mellon in say the next three to five years on the mainland?

David Cruikshank:

No, i wouldn't put necessarily a specific headcount number on it because again, it comes back to what are the opportuninities in the market and as you mentioned, we see regulatory change that takes places not necessarily overnight but over a long period of time. So, we'll continue to take a along term-view and position ourselves appropriately.

Bloomberg:

and David, part of this opening up is you know, the call for foreign instituions and foreign banks to come and invenst in Chinese banks. Is that at all attractive? I mean it's a very hard sell but would that be part of any sort of strategy picking up a stake in financial instituions. What is expansion in Chine look like structurally.

David Cruikshank:

I think the simple truth at this point is that there a a lot of questions around what the opportunities are as we look at Chinese expansion. I'm not sure that investing in a local financial institutions is number one in our priority list at this point. Again, our direction and our strategy will be much driven by the clients that we have on our platform today and what our clients are really looking for is access to the market as global investors or global assets owners and probably stage two is then looking at what are the Chinsese investors looking at in terms of attractive opportunities as they look to move capital offshore.

Bloomberg:

David kind of mentioned this a bit earlier, in terms of headcount. Do you have a target for that's not just in China but looking across the region, where would be your key focus in terms of increasing of your presence and headcount?

David Cruikshank:

Well, once again, i'm not sure i would set targets by headcount because a lot of times we can expand into a market and a lot of opportunities to service that market may not necessarily take place within that geography so rather than setting targets on specific headcounts numbers, i would rather look at setting targets around where our clients are actually moving to and i mentioned tbe markets that probably look the most attractive at this point but again, i'm not goint to set a specific target to what we want to achieve over the next year or two on that.

Bloomberg:

Any specific markets then in terms i guess in prio- i mean you must have an internal target on where how large you want to get in the Asia Pacific, like what would that be?

David Cruikshank:

If we look at the results of 2017, our results in Asia-Pacific were actually market-leading in terms of our institutions, leading across the geographies and the growth rate that we saw in Asia actually was quite strong and our anticipations as that would continue to be the case but what we build out and what we offers a platform is a global platform and so to set specific targets just within the Asia region does not really take the broader view of who our clients are and what our clients are looking for from BNY Mellon. So, we could have, for example, assets owner in Asia but they may be looking for access to markets outside of Asia and certainly non-Asian asset owners who are looking for access into the market. So, we take a very broad and long-term view in terms of what our platforms should look like across the whole enterprise.

Bloomberg:

The other main talking point, which i think started with that whole circus on cryptocurrencies last year. What's the underlying technology blockchain and talked to us about that or just underlying techonologies that you're looking to put in place especially on that other part of your business, a non wealth management part your business. Is that a key priority for you?

David Cruikshank:

Investing in technology as we mentioned in our Investor Day, last week is one of our top priorities and in fact we're continuing to amp up our invest in investments in technology and we will look at all techonologies at emerging. Today you asked specifically about blockchain, in some case i look at blockchain as a fantastic technology looking for a problem to solve which puts in interesting situation. but yeah, we're very active with looking at blockchain as in functionality and technology. We're already utilizing elements of blockchains today and someof our broker-dealer clearing services on our own resiliciency. So we do see opportunities to deploy it more fully across the entreprise but again, that's an area that has to mature build-out over time.

Bloomberg:

and just a very very quickly final question. Since you took your current position, is there anything that surprise you?

David Cruikshank:

uh, probably the one surprise coming into the region is just the vast differences from one market to another and certainly it shouldn't be a total surprise but i think the degree of difference from one market to another market in terms of whether its market access or investor sentiment. It makes it quite unique and interesting region be working at.

Transcript 7. BNY MELLON Investment Management, Lester Owens, Senior Executive Vice President and Head of Operations at BNY Mellon, discusses how the company is transforming its operations to create a simpler, smarter, safer firm.

Interview with SibosTV, September 23th, 2019

https://www.youtube.com/watch?v=aeDPer3O_YY keywords: BNY MELLON sustainable investing

search keywords: BNY MELLON sustainable investing

Sibos TV:

BNY Mellon is building an improved client experience increasing efficiency and implementing new technologies to deliver smarter simpler safer solutions for its clients financial Services needs. We're joined by Lester Owen, senior Executive Vice President and head of operations at BNY Mellon, he is responsible for leading the bank's Global operations organization supporting every stage of the investment lifecycle. Welcome to Sibos TV, Lester you've been coming to Sibos TV for a decade now, over a decade. You've seen it all but how has the conversation of evolved overtime?

Lester Owens:

Well, you know, it's quite interesting is if I think that when the first time I came, we really was started with the payment Evolution, right? It was all about security, it was all about speed and execution then we went to talking about resiliency as actually I was on a resiliency Committee. Just knowing the importance of the Swift Network and now a lot of the conversation is about innovation, right? about cyber and how do you continue to strengthen the core and you hear the words machine learning, artificial intelligence and you hear swift talks about API, GPI. So, it has evolved over the last decade for some positive reasons.

Sibos TV:

So every Sibos is different each year. What are you hoping to take away from Sibos 2019?

Lester Owens:

You know what I think about it, I think about the clients first, my opportunity to meet with clients understand some of the things that they're doing strategically, sharing our journey with them and helping them to understand some of the client experience which I think is very important. I think some of the sessions that Sibos holds I think it's been fantastic as well. And understanding what was their doing we tend to be in the Forefront of many of the initiatives are going to find that to be very rewarding as well

Sibos TV:

You've been here many times before but this is the first time with BNY Mellon, you've been here for six months, I think. What's impressed you?

Lester Owens:

Yeah. Well, you know if I think about the last six months number one is the people, the commitment and the passion, I think first and foremost. I think second is what you talked about earlier and that is the strategy the ability to invest in new technology in order to really help our client base.

Sibos TV:

let's stick with the theme of Technology because obviously you're at the job that you'll be doing up about six months ago as Johnny said so in terms of leveraging digital Technologies how are you going to use that to improve the client experience? Because that's what it's all about really at the end of the day, isn't it?

Lester Owens:

It's a good question, you know, it tends to start with what we call data, you know and making sure that we've got a real data strategy. The bank has really invested in building in some talented individuals in order to really build up what we call the global data strategy team. Secondly. We have a whole host of projects underway starting with our client servicing platform that we're looking to build. We are doing a lot of work in the client onboarding space in order to reduce the amount of documentation their clients need to provide to us as well as speed of execution going forward so that you know, I can continue on but that's some of the reasons that I really came to be in BNY Mellon.

Sibos TV:

We know BNY Mellons process around two to three trillion dollars of payments globally each day. It's a big number. But how do you guys , uhm how are you guys going to make the process simpler which is a smarter and safer for your clients?

Lester Owens:

If I start with safety.I, the first thing I think about the investment that we have in our cyber. You know, I think that's number one. Number two, and I'm sure people will be talking about it quite a bit this week is cyber fraud and helping to educate clients on some of the things that we're doing. We're also looking to implement new technology to look at patterns for client to help protect them as well as relates to their payment activity. That's number one. And number two is continuing to work with Swift as an example on some of the initiatives like the global payment initiative that gives us the ability to provide clients with real-time information. And the third thing is what I talked about earlier in that is the introduction of a new client servicing platform.

Sibos TV:

Plenty of challenges when you actually look at the broader picture, but in terms of the payment space, where are those challenges that you're seeing and what is BNY Mellon doing to actually help clients navigate them? Because these are very very choppy Waters.

Lester Owens:

Yes it is. And I think the first thing is what I previously mentioned that is one of the challenges just data, you know, if you think about data and disseminated in so many different systems so many different platforms being able to consolidate data and provide clients with instantaneous information is an aspiration and things that we want to do but every firm really has the same challenges and what we've done is to lay out a strategy that we think will be useful for our client base. So I think, that's really the biggest one in the second challenge is again is a cyber fraud space and trying to get ahead of that. And I think that there it is continuing to look at consistency across the network when I think of ISO you know, 2002 to what they're trying to do is standardization. And if we continue to do that including in the real-time payment space, I think we're going to be a better industry for it.

Sibos TV:

It’s going to be full and exciting week ahead of cyborgs again this year. I hope you enjoy it as much as you've enjoyed the last decade, Lester Owen, senior Executive Vice President and head of operations at BNY Mellon. Thank you very much for joining us on Sibos TV.

Lester Owens:

Thank you as well. Thank you.

Transcript 8. Capital group, Capital Group CEO Tim Armor message on 16 March 2020

Source: https://www.youtube.com/watch?v=K5bc8NVY1l0

Search Keyword: Tim Armour sustainable investment.

Hello we're here today with Tm Armour the chairman and CEO of capital group

Hello, this is Tim armour CEO of the capital group. And I'd like to start by offering my best wishes to you and your loved ones during this difficult period and let me share with you how capital is responding to the global spread of covid-19 in this market environment while this virus is new to the World Market volatility is not we've seen several viral outbreaks and Market disruptions in the past and markets have always rebounded. It's worth remembering. At this turbulence is not just from the virus but also reflects uncertainty about the u.s. Presidential election and oil price war that just started in my 37 years of experience. I've been through several difficult periods the most recent being the great financial crisis in 2008 and nine while they were all different one thing is always the same they feel terrible as you're living through them, but I believe that markets And great companies will get through this and rebound today people are scared and concerned because it's unclear how this virus will play out. That's understandable. One thing we know from experience is that fear and uncertainty are the enemy of successful investing causing us to do the wrong thing at the wrong time.

While it can be difficult the key is to look through the current situation. Stay the course by sticking to your long-term plan. Ultimately. The long-term view should be rewarded in our analysis of the US economy were already seen signs of the slowdown in a recession has become increasingly likely, I believe eventually the spread of the virus will slow down and people will get back to normal as will markets on. Positive side the US economy remains among the most resilient in the world. It has a history of bouncing back from adversity interest rates are low in the decline in oil prices should further support the consumer and businesses. What's more in China Hong Kong and Singapore where they've been dealing with this virus over the past two months. The spread appears to have peaked people are slowly returning to a less disruptive life in business environment. Ain't we expect that pattern to happen here in the US and Europe as well rest assured that are more than 350 investment professionals and offices around the world continue to do what they have always done analyzing companies and bonds and making real-time judgments about where they see potential long-term value. We believe the situation while disruptive for all of us highlights. The strengths of capital group's investment process are Deep fundamental research Global Perspective and long-term view have helped our investment portfolios. Hold up. Well in times like these we will continue to do our very best to provide you with a smooth and less volatile experience than the broader markets at times like these. My best advice is to stay focused on your long-term goals and to stay the course. Again, my experience tells me that market should rebound and life will return to a more normal State. We're committed to doing everything we can to deliver for you in the future on a final note. I wish you and your family remains safe and well during this period. Thank you.

Transcript 9. Capital Group, Capital Group note on sustainable investment on 25 February 2020

Sources:https://www.youtube.com/watch?v=8Dxti54dVjE

Search Keyword: Capital Group Sustainable Investing

Erika Karp:

Actually relatively early and impacting us through one of the issues is there really are not even standard definitions. Of course on has our own definitions. We Define sustainable investing as the systematic analysis of the key environmental social and governance factors that go into an investment process and sustainable investing is a fairly Broad. Idea impact investing arguably is more intentional is more measurable.

It can be additional meaning but for your investment some social group would not happen as impact whether or not we're conscious of it whether it's good or bad. That's the case tour when it comes to investing through talking about impact investing sustainable harvesting SRI, double bottom, line triple bottom, line values based investing. All of these terms are simply investing and if one knows how to use the tools of environmental social and governance analysis, and you can do whatever kind you investing you want impact investing again has a long way to go in terms of a number of things one the understanding that it is a fiduciary duty to systematically analyze ESG factors for some reason there's some feeling out there that the fiduciary duty is to not integrated as chewed. It's exactly the opposite.

So we're going towards place where that's being understood. Secondly, we're going towards a place where the data is becoming higher and higher quality. We are starting to see standards for disclosure of corporate data that is really constructive another you just shoes days is how do you measure it? When you try to measure impact Based on data that is not decision useful not comfortable. You can't project it. You are building in systemic errors. What firms like horror stories doing what we are doing is using a framework unique framework to measure impact around what our clients objectives on measure impact base. On how much access our clients forgiving to get towards sustainable development goals measure access by how many people move their money for impact?

Transcript 10. Capital Group, Rob Lovelace (Portfolio Manager) interview on 11 January 2019

https://twitter.com/AmericanFunds/status/1083435446493794304

Type: Twitter Video

Past result are not predictive of results in future periods. Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may loss value.

Rob Lovelace:

We were early in the internet stocks. So, we were able to identify those, and we've held them for many-many year, longer than a decade in some cases—some of them haven't been around that long and the drug stocks are obviously the same and the other thing about a lot of these biotech and smaller drug stocks is they're actually not around for that long because they tend to get gobbled up by the larger companies later on. So, there's actually only a limited space where you can get at them, and they tend not to end up in any of the indexes, or if they do, they're sort of medium-sized companies that no one else wanted to buy and they often, then, kind of max out on their growth. So we're constantly looking and evaluating these, these companies based on new data that's coming out weekly, monthly and potentially changing our positions in them. The internet stocks are slightly different I mean they're sort of large and well represented in the indexes, they sort of are the indexes in some way. But again, just because, you know, someone came up with this, you know, FAANG designation, they're very different companiew.

Reporter 1: They're not a homogeous group, right?

Rob Lovelace:

Yeah, You know, a handset and device manufacturer all the way through to a movie distribution platform to social media—like they're only related because they were all innovative companies that were growing fast and had for a period high multiples. That's the only unifying piece. We differentiate between them; it's really important to. I think the outcome of those five, if not—you know, it's broader group, actually, than even those five, differentiating them is going to have very different outcomes over the next decade. I think some are going to be big long-term winners. And some of them may not even be aroung.

Transcript 11. Capital Group, John Smet (Portfolio Manager) interview on 08 February 2019

https://twitter.com/AmericanFunds/status/1093686095143788544

Type: Twitter Video

John Smet: When I Think about the risk, I think you want to be in very liquid securities. So, I'd there are incredible values created in emerging markets bonds or high yield bonds, you want to have the ability to move there quickly, you want to take advantage of attractive yields, and you want to take advantage of what we think will be pretty close to the end of the tightening cycle. So, that leads to 5-to-7-year Treasuries. We think 5-to-7-years Treasuries have largely discounted the two to three tightenings that we have. So, I ‘d they happen, 5-and 7-year Treasuries should not go up in yeald. Very liquid—most liquid market in the world and providing a 3% return in a 2% inflation environment. That’s not a bad place to be in this sort of new quantitative-tightening environment.

Transcript 12. Fidelity, Nicole Connolly, Portfolio Manager and Fidelity’s Investments Head of ESG on Future of Sustainable Investing Interview with The Upside, December 6th, 2019

https://www.youtube.com/watch?v=qoOSrLoJ1cE keywords: Fidelity Sustainable investing

Search Keyword: fidelity sustainable investing

The Upside (Emily Anonuevo):

Welcome to The Upside, focus on making you a better investor. Now. I'm not a professional investor by any means. I'm just like you an interested observer looking to learn more about investing and how I can stay ahead. That's why we're bringing you this week's series. We’ll provide you with insight and information that goes beyond the headlines bringing in experts from all over the financial World from portfolio managers and investment professionals to retirement and tax experts and everything in between. We want to help you stay on track to becoming a better investor.

The Upside (Emily Anonuevo):

Welcome to the show. I'm your host on today's show Emily Anonuevo. It's all about the future of sustainable investing, joining us on the show to help navigate us through this topic is Nicole Connolly, Fidelity's head of ESG investing and portfolio manager of Fidelity's women's leadership fund. She joins us for our Boston offices. Welcome to the show, Nicolle. So great to have you here.

Nicole Connnolly:

Hi, Emily. Thanks for having me.

The Upside (Emily Anonuevo):

Okay, perfect. Now you/ve been with Fidelity for 19 years and i wanted- i just want to know, what’s your main role at the company and how its changed over the years.

Nicole Connnolly:

Yep. So right now I'm heading up our ESG investing efforts at Fidelity and I also recently launched a women's leadership fund this past May and I've been at Fidelity for 19 years and half of that time was spent researching companies across different sectors, uh, across different asset classes. So I spend time on the debt side of the house and also the equity side the house and then half of my career was spent as a director of research. On our Equity management team, really- yeah, coaching and mentoring the analyst who are covering different sectors as well as working on our own diversity initiatives to be implemented for the across the research organization.

The Upside (Emily Anonuevo):

Now like I mentioned off the top of the show. This shows all about sustainable, ESG investing. So let's break it down to the basics. What exactly is ESG investing and what does it stand for?

Nicole Connnolly:

Yes, so ESG stands for environmental social and governance and it's a type of investing and to me, it's about aligning your money with your values. And we believe that can be done in a way that where you can generate superior and consistent performance and what that really means is investing in companies that are trying to limit their impact on the environment, investing in companies that are trying to do right by their employees, their customers, the suppliers that they work with, the communities that they operate in that's the essence of the S or the social and then that third pillar is Governance. So, looking for companies that have divers an uh, independent Boards of directors, companies that have management teams whose compensation incentives are aligned with the shareholder and then management teams that have good capital allocation policies and you know, hopefully when people hear that they think, “Geez, those are just good business practices” right? So, often I think when people think about ESG they think that's about not investing in Alcohol, Tobacco and guns, which is something we you know we can talk about but when I think is kind of more exciting as investing in these companies that have embraced these ESG or sustainability principles so that they can be built to outperform and be built to last over time.

The Upside (Emily Anonuevo):

Now you mentioned some of the misconceptions when it comes to ESG investing. We’ll get to that later on. But when I first started looking into this topic to me, it was the terms that were a little bit confusing ,like if ESG the same is sustainable and socially responsible investing. So what is the main difference there if you can break it down for us.

Nicole Connnolly:

Right. So, here's the way I think about it. I think about sustainable investing as this big umbrella term and the way we evaluate a company's sustainability is through those that ESG analysis. So those three pillars help inform us about a company's sustainability and if I can digress to a quick history lesson, this type of investing, we think kind of got its roots in the 60s and 70s and you know against the backdrop of civil rights and women's equality and what we saw at that time was faith-based organizations wanting to invest in a way where they were, you know avoiding companies that conflicted with their values. So avoiding companies that were engaged in activities that conflicted with their values and that, at the time was called socially responsible investing and so that would be, you know again avoiding companies that were manufacturing guns or making alcohol or tobacco So, that was really the start of ESG around this exclusionary investing or socially responsible investing and on the impact side of things, when I think about impact I think about that might be investments in projects where you're willing to forego some return like, maybe it's a project providing water to the 660 million people across the globe that don't have access to safe drinking water and so that might be a project that you're willing to invest in what you're willing to sacrifice some returns. So when I hear impact investing, that's what I think of and so those are some of the different categories of the ESG investing spectrum.

The Upside (Emily Anonuevo):

So you touched upon a bit of the history of ESG investing. Many people may not know but that concept has been around since the 60s like you mentioned. So how has it evolved over the years and you know, what's the important role it? Does it play today?

Nicole Connnolly:

Yeah, I think what's interesting about ESG today is that we're really seeing, you know a change in the demographics of our customer base, right? We're seeing, you know, greater amounts of wealth going to Millennials, to women and we know from our own surveys of those customers that they want to invest for impact, you know, 70% of the millennial investors want to invest for impact, 80% of women want to invest that way and so those are some demographic trends that we feel are pretty powerful and so Fidelity wants to be in the market with products to serve customers that want to invest with impact and you know, what we're seeing today are funds that are incorporating ESG factors into their investment analysis. So that's called ESG integration. We're seeing thematic funds, funds that focus on gender equality, we’ll talk about the women's leadership fund that Fidelity has, funds that focus on the environment funds, you know funds that focus on allowing investors to invest in a cause that they're passionate about. So those are some of the different product types that are out there and that's a little bit how the field of sustainable investing has changed over time.

The Upside (Emily Anonuevo):

So those are a really interesting numbers actually. Especially, you know, the specifics when it comes to Millennials. It is an impact investing. So I guess my question is, you know to the average investor watching this show. Why should they care about ESG investing because there are, you know some misconceptions when it comes to it like, you know a paying more fees when it comes to ESG funds or like you mentioned off the top of the show. ESG investing is not investing in certain funds when it comes to alcohol and tobacco so why should the average investoir care about this?

Nicole Connnolly:

So in addition to aligning your Capital with your values, we believe that you know Fidelity we are long-term owners of companies and ESG allows us to analyze issues that any long-term owner should care about and this is really an extra layer of due diligence that one can do about issues that might not be readily apparent in the financial statements. So, We talked about externalities and intangibles that we might not see through traditional fundamental analysis. This would be like the long-term impact of climate change. It might be the way that a company treats its biggest asset which can be its talent. And so this is really again an extra layer of due diligence and we believe that that can sometimes lead to outperformance so it can be a risk management tool. It can be An opportunity for outperformance. And so that's why we think that investors should pay attention to this type of investing.

The Upside (Emily Anonuevo):

I'm interested to know because we were talking about this sort of evolution where of ESG investing. Do you think it is here to stay or is is just a trend right now?

Nicole Connnolly:

Yes, I talked about the demographic tailwinds, which we think are pretty powerful. But the other thing that's changed about this space is that we now have more data and we have more ways to quantify how companies are doing on these different ESG factors and you know 85% of the S&P which has lot of data around ESG. We have third-party providers MSCI and sustainanalitycs that are capturing this data. And so there's-there's more of a way to really assess a company's ESG profile with quantitative inputs with data that I think is a you know, long-lasting dynamic that that will allow ESG to persist for years.

The Upside (Emily Anonuevo):

Now Fidelity recently announced its UN PRI partnership was a really super exciting. Can you explain? Yeah. Can you explain how ESG fits in this overall picture this partnership picture?

Nicole Connnolly:

Yeah, so Fidelity Canada just announced that they are going to sign the UN PRI that stands for the principles of responsible Investments. It's an UN supported organization. And when you commit to the PRI, you're basically saying that you commit to evaluating your investments through an ESG lens. So, you know making sure that the research analyst in the fund managers are aware of those key risks and opportunities from an ESG perspective with their companies with their funds. And so that's a pretty exciting commitment that we just announced and you know excited to share that with the viewers

The Upside (Emily Anonuevo):

You also managed the women's leadership fun and you know, it is talk about this because yeah, ESG is involved and I know there's a great-

Transcript 13. J.P. Morgan, Richard Madigan, J.P. Morgan CIO descriptive video on 2019

https://chaseprivateclient.chase.com/our-thinking/our-investment-philosophy/

Type: Website Video

Richard Madigan:

I'm Richard Madigan, the Chief Investment Officer of J.P. Morgan's Private Bank, and I want to share with you today how we manage our clients' wealth. We ground our investment philosophy on anchor pillars. The first and probably the most important is being a long-term investment. The trick, really, to long-term investment it to stay investing. Holding through those cycles over a longer period generates constructive and positive returns. The second pillar is tactical flexibility and that's taking a long-term strategic view and then overlaying how to navigate a macrocycle, a geopolitical headline, and where we see the smartest risk and mix of risk in a portfolio. It's not the timing of market, it's navigating an investment cycle, and there's a critical difference between the two. The third pillar is specialization, and we've made significant shift on my team, not only in terms of bringing specialists in by asset class, but multi-asset class portfolio managers. I think the industry's getting this wrong and still anchoring around a generalist role. The world's a great deal more complicated. I think the challenge of investing and the opportunities are demanding a degree of specialization we really haven't seen in a generation. The fourth pillar is an asymmetric approach to risk and in simple terms that really means focusing much more on trying to capture more of the upside in a market when it's going up and less of the downside in a market when it's going down. The critical path to doing that is making sure that we're getting the right strategic asset allocation so that diversification can help play its part, and I think much more importantly making sure that we compound that difference over the investment horizon of being a long-term investor.

Transcript 14. J.P. Morgan, Gloria Kim and Joyce Chang interview on 11 May 2018

https://www.youtube.com/watch?v=xECu0uOKsDo

Type: Youtube Video

Gloria Kim:

My name is Gloria Kim, manage the global index research team at J.P. Morgan. I'm here with Joyce Chen who is the global head of the J.P. Morgan's corporate Investment Bank, and we're here to discuss our latest publication J.P. Morgan perspectives, which focus on ESG investing. This report was a collaborative effort across over 40 different analysts within research who have contributed to a variety of topics that cover ears. The ESG, which stands for environmental, social, and governance has quickly became a mainstream part of the investment process. There's also a lot of buzz words associated with ESG for instance sustainable investing, responsible investing but one thing's for sure and one thing that is consistent is that there is huge in take of this practice. For example, there's 23 trillion dollars managed again. In some form of ESG discipline a hundred and eight million dollars is managed against ESG index funds 40% of asset allocators actually use ESG in their investment decision making process which is only 20% three years ago. And in the ETF's pays their over two dozen ETFs that have ESG themed funds just in the U.S. and in less than two years. So Joyce let turn it over to you with all this ESG proliferation. How is J.P. Morgan research thinking about the ESG landscape overall?

Joyce Chang :

well, what we wanted to do was come up with more systematic and quantitative approach to ESG investing. There's been a drumbeat on corporate responsibility whether it is from shareholder activism voter engagement or from legislative action that's been taken in Europe in particular to focus more on corporately responsible investment socially responsible investment. So what we have are two new products out one on the equity side and one on the fixed income side. We have a scoring system for companies on the equity side where they're assigned to score and we come up with the data sets that are more comprehensive so that this can be done systematically and first-ever emerging markets fixes-income ESG index which we partnered with the Blackrock on its conceptualization, which looks at ways in which you can make socially responsible investment decisions across 170 countries, 780 issuers without sacrificing return.

Gloria:

Yes, Thanks for that Joyce. Yes just expensing on what Joyce mentioned about the two products that J.P. Morgan index that has just launch the first emerging market ESG benchmark that actually is based on the existing flagship benchmarks like the MB, GBIM. I am and thus Mb so there’s familiarity and the ESG is discipline in incorporated in that with a simple country tilt looking at the ESG of those countries and issuers in the index and the second one that Joyce mentioned is from our equity quantitative Equity strategy team Quorum charger e who created this ESG Q score which is a proprietary stock selection metric that facilitates Equity investors too risky to invest more responsibly. So joyous with all these ESG movements, how do you think this is impacting the investor Community?

Joyce:

Well, I think the in focus had an audience which investment had originally been on the environmental side and it was focused on negative screening. What we do see is that there's going to be more of a movement on social and governance indicators particularly looking at some of the gender Equity issues. So we have several chapters that really do look at the indicators and the quality of the data that's available right now on these factors and one of the problems and challenges to corporately responsible investment has been the lack of high frequency and reliable data. So that extreme really spent a lot of time and care to see how you could actually put this into a place in a systematic way so that it would be scalable and something that could be sustained. So it's not just a one-off impact investment. It's something that an investor can really incorporate into their into their strategy in a way that they can implement what passive approach has but I think the focus on social and governance issues will be the next wave of ESG investing.

Gloria Kim:

All right, right. Thank you for that. And there's a lot of things that we've already discussed. Discussed today and the report is very comprehensive. So Joyce if you had to point the key messages that the viewers can take with them. What would they be?

Joyce Chang:

Well, first of all that you can do corporate responsible and socially responsible investment without sacrificing product your profitability so that you're not necessarily sacrificing profitability even put this in place in a quantitative and systematic way and you can also reduce volatility and reduce draw Downs by applying these tactics. We also think that the benefits will be the shareholders. You'll the voter engagement. The disclosure requirements that are coming into place will be much easier to be met as these instruments are adopted.

Gloria Kim:

Thank you Joyce for that. I think this has been very insightful and I leave that the viewers will find it very interesting. We invite all of you to read our JP Morgan prospectus piece entitled ESG investing goes mainstream, and if you need more information, please visit JPMorgan.com. Thank you for tuning in.

Transcript 15. J.P. Morgan Audrey Choi (Chief Marketing and Sustainability Officer) with Bloomberg Market on 25 November 2019

Sources:https://www.youtube.com/watch?v=QOe_R9Uu5m0

Search Keyword: Mary Callahan Erdoes sustainable investing

Search Keyword: J.P. Morgan Sustainable Investement

Bloomberg Market:

To put in perspective. We talked a lot about how much money is moved in the ESG, etc. How do you define ESG at Morgan and how much money have we see moves?

Audrey Choi: So ESG is obviously refers to the broad array of things of environmental social and governance factors and their many… many things out there what really makes sense for us as investors. And for your audience is what are those environmental social factors that can really be me. Real to earnings and materials evaluation. So what we've done at Morgan is really focus on industry by industry. What are the specific things? Whether its water usage or climate change issues or social issues that can really Drive valuation both more return perspective and risk.

Bloomberg Market:

So but how do you define that though on a sort of on an industry basis? But even on a company to company basis it takes something like climate change which in and of itself is a pretty broad thing. It may make sense for an energy company to address it. But how does a tech company say You know boober that's just basically a tech platform with what would their involvement be and how do you make those distinctions?

Audrey Choi: Yeah. Well climate change of courses are pretty unique when it's you know, it's this macro massive mega Trend and actually the sustainability Accounting Standards Board estimated that 935 of U.S. Equity Market is exposed to climate risk. So what you have to do that when you're thinking about an individual industry would individual stock is really breaking that down it might be about business continuity my bit about water usage might be that extreme temperatures which interfere is working conditions. And the ability to actually produce the

Bloomberg Market:

Other question that comes up a lot with you see is how you define it but also are the returns actually better and you had a report that showed that during piece of air time of high Market volatility. You actually saw sustainable funds do better. So this chart shows basically that that vertical line and when you have a market volatility and then what happened after the fact walk us through what you learned on this.

Audrey Choi:

Yes, it was fascinating mean one of the reasons we do this study is that there's this this myth misperception people have that as soon as you say the word environment or so. There must be some sacrifice return. We actually analyze 11,000 funds over 15 years performance to see you know to do the work because I is there actually a performance differential what we found is that actually the performance was pretty much identical from the sustainable funds or the traditional funds but as you said and the short shows that in those periods of volatility that they were less volatile and the downside was actually 20% less and future social ones. And I think with that shows is that when you think about environmental and social issues, it's not that you're limiting your choices. It's at you're expanding your data set and your understanding of what are the different things that maybe aren't today in financial statements, but maybe should be.

Bloomberg Market:

Are the data sets so that we have right now. I mean are they sort of capable of providing that I mean, we hear a lot about the mantis asset managers talking how they want to do these things, but it's hard to sort of, you know, really distill it down into something that is investable or at least, you know, sort of, you know quantitative way,

Audrey Choi:

You know, so we're definitely still is where the primordial soup phase of data. Where there is a ton of data and the the real challenge is differentiating the signal from the noise. And so that's what we've done a global of Morgan Global Research is really looking in the Industry not at what are the thousands of possible data sets you could look at but what are the actual data points a couple of dozen for each industry that are really going to make a material difference.

Bloomberg Market:

So we're in the report which I thought was interesting everyone talks that they want to do it and they all complain about the reason why they can't do it. What did you find to be the biggest areas and the barriers to adoption for a huge move like the kind that Goldman Sachs Goldman Sachs is looking out for example.

Audrey Choi:

So we have a couple of days, you know, really one of the main barriers was this. It's perception when we believe it's a misperception that their sacrifice torture, you know, it was also really interesting because maybe more of the complexities of human nature of the human brain when we ask people do ESG companies how when you think about their ability to be profitable and them as a good investment, we actually had leaned over 80% of 86% saying how you see companies can be more profitable and maybe better Investments and yet 64% still believes that they might have to sacrifice. So I think more of the data like the kind of we're trying to put out from the Institute sustainable investing at J.P. Morgan that show that there's not a sacrifice territory is a key thing. The other is really just the availability of products and being able to try to make that more and more accessible. You know, when we started on this journey 10 years ago, which is when Morgan Stanley founded our Global symbol Finance group. It was pretty hard for the regular investor to do this, you know often times it was an alternative much higher dollar minimums that six years ago. We introduced these first model portfolios where the minimum was $470,000 now it's and to Ten thousand dollars and you could invest in a divorce and by portfolio focusing on these issues.

Transcript 16. J.P. Morgan, various interviews

Sources: https://www.youtube.com/watch?v=boyLA0KcKOM

Search keyword: J.P. Morgan sustainable investment.

Matt Arnold:

A rather sudden interest in this field is a sign of a real idea that you can make a positive contribution to your community through your investments. I think before people separated that; I invest over here, and I do my social good over here.

Marisa Buchanan:

the growth in sustainable investing is really being driven by a number of factors. One is that I think investors increasingly realize that ESG issues, these are environmenta, social, and governance issues, are really important for the companies in which they invest.

Aubre Clemens:

Sustainable investing means different things for different people. At J.P. Morgan we identify five different pathways for clients to take in thinking about how to invest in sustainable investments. Such as thematic investing, impact investing, ESG integration, exclusionary screening, and positive screening. ESG integration, integrate environemental, social and governance issues into your investing approach, exclusionary screening is by avoid investing in companies and sectors that do not align with your values. Positive screening by proactively select companies identified as positive performers in certain ESG measures. Lastly, Thematic investing, invest according to your interest in specific sectors or innovations. Some of the themes that have been resonating with clients include things like water, energy, healthcare, urbanization, infrastructure, fait-based issues and gender lens needs.

Marisa Buchanan:

We see some investors using it as a way to identify companies that they may want to avoid, but it can also be important in terms of identifying companies that may be positioning themselves for good, strong, long-term performance.

Aubre Clemens:

On the U.S. side, we've seen environmental issues having to deal with clean water, thinking through energy efficiency products as well as thing about urbanization. Gender lens investing has been very important for European client, as we start to see organizations that are hiring more women and providing products and services to women and girls.

Matt Arnold:

Five years ago, it was extremely rare to see return-maximizing strategies in this space. Today the predominance of new managers is focused on generating competitive returns.

Marisa Buchanan:

Attitudes about investing are really changing. And it think the next generation has had a real strong influence on that trend.

Matt Arnold:

How do I generate competitive returns and do the right thing? Protect the environment, protect disadvantaged people, protect communities and make a commercial return. That's a very provocative possibility.

Transcript 17. PIMCO, Panel discussion at the 2019 Milken Global Conference, Scott Mather, CIO U.S. Core Strategies

talks about a framework for sustainable investing, May 10th, 2019.

PIMCO's CIO of U.S. core strategies and head of ESG strategies discuss the firm's evolution in ESG investing and how ESG may affect the debt capital markets going forward, May 14th, 2019

https://www.youtube.com/watch?v=uNa2A2l9jWs&t=29s&pbjreload=10

https://www.youtube.com/watch?v=GcMF5Y6HwT0&t=17s

search Keyword: Emmanuel Roman sustainable investing

Link pertama:

PIMCO:

SDGs often come up in conversations around sustainable investing. So Scott tell me what are these goals and why do they matter to you as an investor?

Scott Mather:

I think he's the most succinct explanation I've heard is feel think about it as a roadmap for Humanity. You don't have to be an environmental activist to understand the importance of these issues and in pure economic terms the right way to think about it as a pathway to broadening and accelerating economic growth in a way that is sustainable for the planet and there are therefore not self-defeating over the long term. So, you know these 17 sustainable development goals For adopted in 2015 by all of the 193 member states of the UN and behind them. There's a hundred and sixty-eight specific targets lot of commitments have been made to achieving key performance indicators on this journey to 2030. That's the time Horizon here that we're talking about to reach. These goals will take trillions and trillions of dollars of investment. You know and some of that of course is going to come from the public sector but a lot of its going to come from the private sector and what people sometimes forget is that means trillions and trillions of dollars of business opportunity. This isn't about just philanthropy, you know, it's really about economics. It's about furthering economic growth and potential and to give you some idea that potential just look at goal number 5 gender equality a lot of estimates say if there was significant progress made towards achieving that goal sometime mid. Next decade could have as much as 28 trillion dollars added to Global GDP. I mean, that's an astronomical number that means Global GDP could be up to 25% larger than it would be. Otherwise if there was no progress in just status quo. So think about the Act in the business opportunity. Maybe there's actually progress on all 17. It's truly outstanding. So that's why we think this is one of the best Frameworks the sustainable development goals, one of the best Frameworks that we as investors and businesses. The private sector should use to partner with the public sector.

Link kedua:

PIMCO:

Scott, you could take us through the evolution or the Journey of Pimco over the past several years in sustainable investing and give us a sense as to where we've been and where we're going in the future.

Scott Mather:

In the future. I think the most important point is the big decision we made in 2016, which was to launch what we call our ESG platform and the best way to think about that is a vertically integrated ESG team. That's how we're going to really develop a world-class offering in this space. And secondly, we want to influence the market. We want to mainstream ESG criteria and data make it easier for you as investors to track and monitor what's going on with respect to these issues in your portfolio. So I should mention this point that you know, it's not just about ESG investing for us. It's also about what we're doing within Pimco culture of the firm. We're very proud of the work that the Pimco foundation's been doing.

PIMCO:

Mike, maybe you could showcase where we think the future of debt Capital markets is going is this going to be a an environment? Where you see more and more green Bond issuance from more issuers in the corporate and Sovereign space or is there a different path altogether true

Mike Amey (Head of Sterling Portfolio Management and ESG strategies):

Okay, great. So, so, green bonds for relate to bonds where the use of proceeds is specifically targeting climate related issues that market has developed quite quickly, but unfortunate the numbers that we need to make a genuine difference on materially larger than that. We've seen a breath of issuance. So we've seen issuance from Banks and the first instance fairly natural with their balance sheets. We've seen sovereigns particularly in Europe. So we have a framework for thinking about issuance the challenge now is to push on and that's where we want to take more of a leadership role. We host the conference here. Of weeks ago with in partnership with United Nations particularly trying to identify how we could gain issuance across that broader role of sustainable development goals for 17 goals rather than just focus on one particular issue. And if we do that then we think we can broaden out the the markets awareness and just awareness is very very important because the more people are aware and thinking about these factors. The greater we think is the opportunity for us all to go in the right direction and crucially we all go in the right direction, then we can all make a difference together.

Transcript 18. Prudential, Ommeed Sathe interview with David Thorpe on Forbes

Sources: https://www.youtube.com/watch?v=nhku7WMqQ44

Search Keyword: Charles F. Lowkey sustainable Investment; Prudential Sustainable Investment

David Thrope:

We're producing the show for Forbes and science and social entrepreneurship and impact investing and we are excited to have with us today Ommeed Sathe who is the director of impact investments in Prudential which just made a commitment to the White House to fund to build a 1 billion dollar Impact Investment Portfolio over the next six years. So Ommeed thank you very much for joining us were excited to learn more about your commitment.

Ommeed Sathe:

Thank You for inviting us.

David Thrope:

Well tell us a little bit Ommeed about this event where you made this commitment to fund or to build a 1 billion dollar impact portfolio.

Ommeed Sathe:

Sure, I want to give a lot of credit to the White House. The White House has to organize the entire morning dedicated to impact investing with a couple of different purposes it was a chance for organizations like ours as well as a lot of family offices to make commitments to expand the amount of resources that deliver into the sector another part of meetings to give a chance for senior White House officials to every person some of the impediments the industry faces and then third with sun veils and policy recommendations being provided to the G8 terrific panel of folks who make those recommendations.

David Thrope:

What do what will constitute your billion dollar portfolio here in six years when you're finished building them?

Ommeed Sathe:

So at the moment, we're about four to five hundred million dollars in terms of current Investments. And so it means we're going to add a billion dollars in new Investments or Investments last about seven years. And so they go over we're so you can expect to basically see about another billion dollars in new Investments create from now until 2020.

David Thrope:

Give us some examples of impact Investments for Prudential sure.

Ommeed Sathe:

Sure, this is a big, you know in the industry is very big. It's a big ten. There's lots of people have different things they do in this umbrella from our perspective is 3 core things that we have in the portfolio what our investments in real assets those are physical assets, affordable housing, Charter Schools investment in sustainable agriculture things that are real second big grouping is in Community Banks, both domestically and microfinance institutions abroad so banking institutions for the underserved and then the third area is social purposes for a lot of your audience. That's what the class of entrepreneurial company that's creating a your servants doesn't need.

David Thrope:

So I had an interesting exchange with a fellow by the name of Gabriel rabinovich. Come on Twitter as I announced that we you and I would be talking. He…he took some umbrage. I suggest that your billion dollar commitment was meaningful. I don't want to put words in his mouth. So I will read what he said. He said to my post the prudential promises to build 1 billion dollar impact portfolio. He said yes, but their definition of impact is not what the industry wants it to be which I said, what is this? Why do you say that it he said? I the impact investment industry. I say that because sometimes big players think buying stocks has impact. Well, how do you react to that criticism?

Ommeed Sathe:

So we don't have public stocks the like Smooth prescribing tweet and I think that's important because I think we do think in the private space is actually a much greater opportunity to do. We think of a sort of solution driven investing where rather than being wet edge particular asset class what we're looking to do is to find what's the best way to solve particular social Challenge and one of the things that makes us very unusual I think among institutional peers is that we actually have tremendous latitude from the company's investor open data equity and real assets and Banks and businesses that diversity of asset management one allows us to really look for the best tools to solve a problem.

David Thrope:

How are you measuring or targeting Returns on your impact Investments it's an interesting question from the standpoint that many people presume that impact Investments can't have a return what are you targeting

Ommeed Sathe:

yeah so one of the things that's interesting about portfolios because it's so diverse we look at return investment by investment from the goal for our investments is there an appropriate return there's a lot of talk in the industry about is there a trade-off is there no new trail I think that is so concerned about Precision we have over 40 years achieved very good Returns on the portfolio consisting of sort of benchmarks that we've set. So our experience is that that's rarely the issue and we live in a world of such low interest rates got the notion that the difference between four percent three percent three percent of three and a half percent is what is critical to a small organizations.

David Thrope:

It's interesting. He is exciting to see the scale of your commitment and its focus on including social entrepreneurs. Are you making those Investments directly or are you making those crew other funds social Venture funds?

Ommeed Sathe:

So the portfolio does both direct and indirect investing. So we do invest in fund managers that Target the social groups businesses as well as some directly typically when we're looking at smaller because we do it indirectly. One of our sort of typical strategies that we've identified a subset of fund manager that we hire and they will sort of invest their funds and opportunistically will come invest along snipe in particular company's particular industries that we really feel like there's an outside social potential.

David Thrope:

Well, I would really love to hear the names of the funds that you hold in high regard and I'm sure they would like to hear their names coming from your mouth that you dare

Ommeed Sathe:

I would be happy to listen one undoubtedly going to forget as long as I remember on the spot so apologies to those that you forget we've got Investments domestic League refunds I guess JF and PCB which as a little homeworks in the industry. International and companies like Microvasc, Leapfrog and those are just a smattering I think we have over 20 managers. The some of the more well-known ones I think we…we often are able I think to identify some great emerging fund manager with me just committed to making investment and impact America which is a terrific new fund being launched. I think of cash, I think sort of epitomizes some of flexibility we have is very small for most institutions to be able to to invest one of the things that companies absolutely committed to is…is building up new fund managed to grow diverse and when fund managers and sect back to America is a great example of.

David Thrope:

Well, Ommeed, I really want to thank you for taking the time to visit with us today. It's exciting again to see the scale of your commitment and that it is designed to be what seems like in my humble opinion to be a very impactful strategy with those three elements of investment in real stuff that the banking sector and social entrepreneurs that it really seems to me to be a strategy that we really will drive impact as you'd say. Solutions driven approach, so I thank you for being with us today. I thank you for the work that you're doing and wish you success in investing that next billion dollars.

Ommeed Sathe:

Thank you it's a pleasure to be here on behalf of Prudential Center for me will really be a part of this with additional resources to just expand the incredible or press enter.

David Thrope:

Now, Ommeed, I'm sure there are a lot of people that will watch this long to get access to part of that billion. In fact, most of the people who watch this will want some chunk of that. What's the process? What do people do if they're interested in getting access to you and to the money

Ommeed Sathe:

Sure. So I mean typical processes that we like most other investment shots where we've all sort of resource Investments, like know if I can go ourselves so we will take proposals and ideas for people I think of writing for to have some sense of what we're looking for are typical we or typical investments from over 12-25 million dollars they're in private that private equity and so that's just to give some parameters that there's a certain minimum size their base were relevant in this context. We have a website where you can get our contact information for smaller things are things that sort of fits in on manager for giving some their names as well and talk to me way behind us as well.

David Thrope:

Great again Ommeed. Thank you very much for your time. And we wish you success in your work for a pick it up.

Transcript 19. State Street Global Advisors, Video Message from Rakhi Kumar, Director and Head of ESG Investment and Asset Stewardship on April 25th, 2017.

State Street Global Advisors talks about Active Stewardship, Sustainable Value.

https://www.youtube.com/watch?v=Axo_w6xTpjo&feature=youtu.be

Rakhi Kumar:

For growing number of investors, the ability of the asset managers to engage with companies, wouldn't a portfolio is a vital component of the overall responsible investing toolkit? For long-term investor assets stewardship can play a key role in generating sustainable value. They look to their managers to influence issues that potentially affect the ability of companies to generate sustainable long-term returns and promote positive change in the broader economy. Those issue include environmental social and governance or ESG risks and oppotunities.

SSGA bring a different perspective to addressing these issues. It's reflected in our active approach to stewardship that encompasses engaging with companies, giving them guidance on ESG issues, and ultimately taking action through proxy voting.

Among the key issues we seek to address include climate change, water and waste management, supply chain management, safety issues, workplace diversity and talent development among others. Climate change in particular has been a priority engagement issues since 2014. In 2017, we have called on companies to intergate the environmental and social sustainability risks and opportunites that potentially impact long-term value into their strategy. To that end, we have developed guidance for boards to help them ensure the sustainability issues for the company are identified, intergrated into long-term strategy, asses on impact on capital allocation, capably overseen by the board, articulated in company reports and evaluated as part of perfomance and compensation.

Ultimately, the principles we uphold and have communicated to our portfolio companies are reflected in the way we exercise voting rights on behalf of our clients. As long term stewards for clients assets, we believe our active engagement across ESG issues will help more companies focus on the long-term and create a propereous future that our client want to invested.

Transcript 20. UBS CEO Sergio Ermotti discusses the appetite for sustainable investments.

MON, JUL 10 2017

CNBC Interview

https://www.cnbc.com/video/2017/07/10/clear-demand-for-investments-that-do-good-ubs-ceo-ermotti.html

Sergio Ermotti:

Yes because they want it I mean it's not something that we are pushing out the clients. We are responding to a clear demand that is there, and this is by the way not only a demand coming from the millennials or the new generations which of course they have that they want to do something that good while doing well. But this is not any longer just something that is particularly focus of new generations is, also older generations wants to have a legacy. And as a reference point, we have almost a trillion of assets that can be labelled and defined as sustainable investments. Under the category of sustainable investments we manage around 2.7 trillion, actually little bit north of that so almost 1/3 of the assets we manage for clients are already under the umbrella of sustainable investment. So and this is not because the banks wants to do it is because clients want to do it.

CNBC:

which clients want to do it he said it's not just the millennials it's all age groups but but what about some of the regions is there a sense that the more developed countries Europe for example or the United States the further head in this drive to do good to invest in the social good is it also present in Asia

Sergio Ermotti:

yes is starting very much, so I think that in Asia the new billionaires the people who are coming from in some cases from poverty themselves, are very keen to give back somethings to society. But they are keen to do it in a way that is not charity. I mean charity is part of the equation, but the real new theme is to say how can I invest while doing good, and balancing the returns and sharing some of the risk with that, you know, small entrepreneurs and people that wants to develop something so it's very much accelerating also in emerging markets