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Assessing Sustainable Finance and its Influence on Global Investment Decisions: A Case Study of Standard Bank of Malawi

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ABSTRACT

This study aims to examine the relationship of leadership-employees' motivation and determine the effect of these variables on employees' performance in the manufacturing industry of Chipangali District, Eastern Province. This research examines the degree to which different leadership styles influence employees' motivation level, their commitment to the organization, and their overall job satisfaction, which can ultimately improve performance results.

This study employs a mixed-methods research approach consisting of quantitative surveys and qualitative interviews to gain a deep understanding of the prevailing leadership styles in the district, the motivation they create, and their impact on employee performance.

The results of this study contribute to existing work on this topic specifically on leadership, motivation, and performance in the manufacturing industry, Chipangali District as a case of this, with managerial implications and policy recommendations for organizational performance. One of the central consideration of the case study of Standard Bank of Malawi was the use of quantitative and qualitative approach. The study was qualitative because qualitative method helped to generate more in-depth responses to questions as well as quantitative research helped to quantify the issue by producing data that can be transformed into useful statistics. A total of 97 respondents made up the sample size of the population. Data were collected through questionnaires and face to face interviews. Data analysis was carried out using Statistical Package for Social Sciences (SPSS). The literature covered definition of terms, the role of financial institutions in championing sustainable finance in developing countries, the inclusion of ESG principles in Standard Bank of Malawi's strategy and operations, the influence of sustainable finance on the attitude and investment decisions of global investors towards Malawi and challenges and opportunities towards spearheading sustainable finance in Malawi, theoretical and conceptual framework.

Results indicate that banks play a considerable role in driving sustainable finance in the developing world by providing environmental sustainability- and social equity-based financial products.

The researchalsomakes provide that sustainable finance positively influences the perception of foreign investors in Malawi. Challenges were also identified, namely limited awareness of sustainable finance among stakeholders, subpar regulatory frameworks, and insufficient technical expertise and resources to implement sustainable finance practices. Finally, the results indicate that sustainable finance plays a crucial role in promoting inclusive and sustainable economic growth in Malawi. Based on the findings of this study, problems are formed into separate recommendations, where there is a need to cooperate with the authorities and regulating bodies.

Articulate transparent and enforceable regulations that enhance the path to sustainable finance, including tax rebates for green projects. Banks Introduce innovative financial instruments, such as green bonds and sustainability-linked loans, to attract environmentally conscious investors. And, train employees on sustainable finance concepts so that decision-making capability increases.

KEY WORDS: Leadership Style: Manufacturing Industry: Employee Motivation: Employee Performance; Transformational Leadership: Transactional Leadership; Servant Leadership; Participative Leadership: Mediating Variable: Moderating Variable: Leader-Member Exchange (LMX) Theory: Work-Life Balance: Job Security

1. INTRODUCTION

Sustainable finance is a contentious and evolving practice that has travelled from niche investment to wider regulation-driven strategy in pursuing financial stability by integrating environmental, social, and governance (ESG) considerations. Sustainable finance works to close the distance between financial markets and sustainable development objectives, yet there are concerns, particularly in resource allocation and ethics. International action, also by the UN with regard to sustainability, has informed policy, and South Africa and other countries on the African continent are at the forefront. Sustainable finance is gaining root in Malawi, and financial institutions such as the Standard Bank of Malawi are at the forefront of sustainable investment and economic resilience. The study explains its application to Malawian financial markets and business strategy, as well as its potential for affecting investment decision and sustainable development.

2. LITERATURE REVIEW

Main Literature Review

The Role of Financial Institutions in Advancing Sustainable Finance in Developing Countries

Many developing countries have relatively higher per capita costs of meeting charge due to their faster population growth rates, which indicate the financing constraints faced by these nations which hamper the ability to invest required changes needed in order to provide sufficient sustainable economic growth and reduction of greenhouse gas emissions as they embark on a turn towards low carbon, climate-resilient economic growth strategies. Not only do finance providers directly supply the required financial funds to projects, but they also provide financial funding to local intermediaries who can funnel this money to further enhance environmentally and socially responsible private sector investment promotion initiatives (Msomphora, 2015). These financial institutions not only make it easier to access a wide variety of markets, but they also provide platforms for a wide variety of market participants to utilize their balance sheets, hedge against possible risks and pool expertise required to drive progress. In facilitating these links and providing the necessary financing, financial institutions are at the heart of allowing developing countries to overcome difficulties and achieve their sustainability goals, leading eventually to facilitate a more robust global economy (Cameron, 2009).

Both financing from private and public sources, as well as policy-driven systemic innovations and enabling environments that are necessary to facilitate the financial crowding in of private sector investment necessary for sustainable development, are among the finance requirements for sustainable development. This lack of focus on external financing for development is not for a want of recent momentum in this space for policy reform towards sustainable development financing. There are a number of policy actions; as well as a high level of dynamism on the policy front, suggested by the articulation of such policies and the pace with which new deal structures and financial instruments become mainstream practice (Weldegbriel, 2012). It is absolutely imperative. It is imperative to use policy to achieve a shared understanding of how to govern for sustainable development. The political priority of national governments is, however, ephemeral. In this context of a changing public policy agenda, public and private sources of finance need to be fit and able to support filling funding gaps where other money will not, or cannot invest (Deakins, 2018).

What is Sustainable Finance?Sustainable finance is the development and practice of financial products, investors, lenders and advisors that consider environmental, social and governance (ESG) decision-making in their investments for the purpose of ensuring sustainable economic growth.

Banks in developing countries are at the cornerstone of mobilizing resources to tackle some of the greatest challenges, like poverty, climate change and inequality. Banks can harness and direct capital into green developments like: renewable energy, sustainable agriculture, waste management. An example of such efforts can be seen in banking institutions such as Standard Bank in Malawi facilitating solar energy enterprises to support sustainable access to energy (World Bank, 2023).

The banks and MFIs design innovative financial products including green bonds, sustainability-linked loans, and green credit lines. Green bonds in particular have taken off, including countries such as Kenya issuing them to fund green projects (Climate Bonds Initiative, 2022). Financial institutions screen and manage environmental and social risks within their lending and investment portfolios. Various emerging market banks, by signing up to the principles, map their projects to global ESG standards (Equator Principles, 2021).

Those eco-friendly models of governance create the space for sustainable finance in which institutions help governments develop regulatory frameworks and economic policies. For example, on a national level financial institutions in Malawi have worked with the Reserve Bank to integrate the principles of sustainable finance into the national plans (UNEP FI, 2023). Institutions also play the role of intermediaries, coordinating between the public and private sectors. Such coordination is essential for large scale infrastructure projects that would be difficult to finance in developing economies in a sustainable manner. By expanding access to financial services to impoverished individuals, microfinance and digital banks enable them to invest in sustainable livelihoods. Such as M-Pesa in Kenya, which has extended financial inclusion and rural economic sustainability tremendously (GSMA, 2023). Despite the innovations, financial institutions face challenges of capital, inadequate regulatory regimes and low ESG capacity. To address these challenges global partnerships, capacity development and technology are all important solutions. The developing world looks at their banks as vehicles of sustainable development. Inclusion of Banks in Fund Mobilization directly optimizes resource utilization as they can drive a powerful global trend towards environmental and socio-political sustainability when involved in Financial Product Development for effective resource utilization.

In developing countries, banks act as mediators between resource allocation and their mobilisation towards sustainable development.

According United Nations Environment Programme (UNEP) (2021), it is necessary to underline the importance and relevance of the sustainable finance to the success of the United Nations Sustainable Development Goals (SDGs). Green financing models, green bond issuing, and financing sustainable projects are becoming part of banks and other financial institutions propagations (Bocken, 2014). Developing countries have structural issues (e.g., weak regulatory framework, low technical capacity, etc.) that compound the effectiveness of these interventions.

In the African context, the research indicates that financial institutions have the ability to mainstream ESG investments through their activities in sensitisation, coalition building and financial instrument innovation (Nkondola, 2022). Standard Bank of Malawi's work in this area is important because it's indicative of the way local financial services companies are leading the way in sustainable development.

Integrating ESG values in banking operations is vital for achieving sustainable development Recently, the holding company of Standard Bank of Malawi, Standard Bank Group, publicly declared the incorporation of ESG considerations in its operations (Standard Bank Group, 2023). This includes funding renewable energy projects, implementing inclusive lending, and minimizing carbon footprints. Standard Bank of Malawi has been reported to have already embarked on ESG-based operations where it finances agriculture, energy, and infrastructure development that aligns with Malawi's Vision 2063 (Chinsinga, 2022). And its commitment to global institutions on sustainable development finance indicates the country is serious about aligning itself with global norms. However, it has yet to be studied whether these initiatives can impact investment decisions.

The Impact of Sustainable Finance on Investment Decisions

Sustainable finance means aligning financial markets and investments both with broader objectives related to environmental, social and governance (ESG) factors and with financial performance, as well as with financial risk and regulation. Investors worldwide have acknowledged that investments related to ESG themes offer long-term economic returns with lesser risk of environmental deterioration and bad governance. In Africa, and Malawi more specifically, sustainable finance is coming into its own in sectors like renewable energy and agriculture; though challenges remain in the form of a lack of ESG data and regulatory coherence. As sustainability assumes increasing salience, the investment approach role of ESG should tend to strengthen, underpinning economic resilience and inclusive development.

Challenges and Opportunities for Advancing Sustainable Finance in Malawi

The global normative orders, such as the Paris Agreement and Agenda 2030, as well as national development priorities like the Malawi Growth and Development Strategy III, present both challenges and opportunities for economic sectors. The financial sector acts as an intermediary between savers and investors in the process of identify and mobilize finance for inclusive sustainable development Sustainable development is made possible through a synchronization of financial institutions and capital markets with sustainability goals. Despite the success of 'purpose-driven finance' in regulatory and marketplace innovations elsewhere in the world, environmental, social, and governance (ESG) issues are still relatively nascent in Malawi's financial sector.

The majority of Malawians do not have access to banking amenities, making them more susceptible to climate risks including severe drought and floods. Simultaneously, consumers with reserves generally remain in the dark about current opportunities to transition toward ownership of and investment in nature-smart/conservation-minded assets.

Through Literature Review, this study threads academic literature in addressing business, economic and legal challenges that could propel sustainable finance in Malawi. It investigates alternatives for commercial banks, deposit-taking microfinance institutions, as well as non-bank financial institutions and capital markets in providing ESG focused financial solutions to retail, SME and corporate clientele. Utilizing a model that takes into account profit, legal, ethical, and philanthropic dimensions, and considers financial institutions both as corporate citizens and market intermediaries. Consequently, this study lays the groundwork for more detailed investigation into how such elements may become part of Malawi's sustainable finance agenda for attracting both local and international institutional investors that seek sustainable long-term risk-adjusted returns with financial sector resilience (Chirwa 2021) during and after Covid-19.

Although practiced in an informal capacity for hundreds of years, sustainable finance is now the focal point of an increasingly important area of work aimed at making the global economy cleaner, healthier, and more sustainable. Sustainable finance is how financial system guides resources towards the initiatives, companies, and networks that will ensure prosperity for both present and future generations (Chirwa, 2021).

Conceptual Framework

A conceptual framework to assess factors influencing smallholder farmers to sell their tobacco to vendors instead of directly to tobacco companies involves identifying and categorizing the variables into independent, dependent, and intervening (or mediating) variables. In writing this thesis, the researcher conceptualized the independent, dependent intervening and moderating variables

3. RESEARCH METHODOLOGY

Research Design:

As the research followed an inductive qualitative approach, which allows for more flexibility since it is data-driven, It explored the preparedness of an organization to shift away from vendor purchases during data collection, utilizing a computed and formative approach.

We used a case study research design that allowed us to explore complex phenomena in depth. These included in-depth interviews, focus group discussions, structured surveys and policy document reviews for obtaining both qualitative and quantitative information. It prioritized subjective experiences and the meaning-making process alongside the quantitative aspect in the form of structured surveys and questionnaires.

The purpose of the study was to provide a summary of the current state of sustainable finance and its influence on global investment decisions using a triangulation approach of quantitative and qualitative techniques focusing on Standard Bank of Malawi. Overall, this mixed method approach ensured a holistic understanding of the phenomenon.

Sampling:

Sampling procedure is a process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of characteristics found in the entire group (Burney, 2018). Sampling is important because one can learn something about a large group by studying a few of its members thus saving both time and money (Saunders, 2009). The sampling technique to be used was probability sampling, specifically, simple random sampling. This provided elements in the study population an equal chance of selection for unbiased information (Saunders, 2009). The idea is to make the sample population representative for reliable and accurate findings. All designed workers were included at this stage.

Sample Size

A sample is a proportion or subset of a larger group called a population (Burney, 2018). The sample size was made of 97 study participants from the population who are currently on the workers from Standard Bank. A sample size of 97 Standard Bank workers in Lilongwe, Malawi was used. Determine an appropriate sample size using statistical methods to ensure representativeness.

4. DATA ANALYSIS AND INTERPRETATION

4.1 Response Rate

Questionnaire response rate is the proportion of the sample that participated in the survey and returned their questionnaires as intended by the researcher (Saunders, Lewis & Thornhill, 2009).

Table 4.1: Response rate

Response rate	**Frequency**	**Percent (%)**
Respondents	97	100%
Non-respondents	0	0%
Total	**97**	**100**

Source: Researcher

The table 4.1 shows that all targeted employees from the three departments responded to the questionnaires representing 100 percent of the sampled population. Generally, all the respondents were eager and willing to give their views in this research. The response was high, giving the researcher a confidence that the findings are likely to be credible.

4.2 Demographic Data

4.2.1 Age Frequency Distribution of Respondent

Table 4.2: Age Frequency Distribution of Respondents

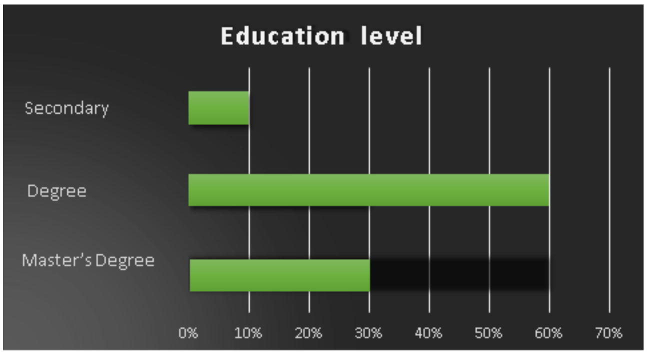
Age group	**Frequency**	**Percent (%)**
18-25	12	12.5%
26-35	12	12.5%
36-45	49	50%
46 and above	24	25%
Total	**97**	**100**

Source: Researcher, 2025

Table 4.2 above shows that majority of the respondents, 50% in the study were in the age group 36-45; 25% of the respondents were in the 46 and above age groups; 26-35 age group were 12.5%; and age group 18-25 comprised 12.5% of the respondents

4.1: Education Level

Figure 4.2 above indicates the response rate in percentages of the level of education of respondents. It shows that 60% had degree, 30% master’s degree level education, and only 10% had secondary level of education. Bachelor’s Degree respondents might discuss how financial institutions in advancing sustainable finance has evolved and the potential economic or social benefits from renewed international partnerships.



4.3.1 Integration of ESG Principles

The study sought to investigate whether Standard Bank of Malawi integrates ESG principles into its operations. Responses to the questionnaire were as follow.

Table 4.3: Responses on ESG Integration

Response	**Frequency**	**Percentage**
Yes	83	85%
No	14	15%
Total	**97**	**100%**

Source: Researcher, 2025

Table 4.5, shows responses on ESG integration in which (85%) agreed that Standard Bank of Malawi integrate Environmental, Social, and Governance (ESG) principles into its operations and (15%) disagreed. This is consistent with Makoka et al. (2016), who reported that most of the Banks in Malawi integrate Environmental, Social, and Governance (ESG) principles.

MAJOR FINDINGS

Through a case study of the Standard Bank of Malawi, the research reflected on how sustainable finance is already shaping investment decisions globally. The study conducted a survey and 97 people participated in it in the roles of investors, policymakers, bank employees, and financial analysts. Findings indicated that financial institutions are encouraging sustainability by offering green loans and this leads to ESG compliance and innovation. Cross-border collaboration and public-private partnerships to catalyze funding for renewable energy and infrastructure: Standard Bank The bank includes environmental, social, and governance (ESG) principles in its policies, funds sustainable projects, and rallies like-minded investors who care about ESG factors through a Sustainable Financing Framework. Foreign investors see Malawi as a potentially attractive impact investment destination however policy inconsistency and a limited market size continue to pose problems. Poor regulatory frameworks and costly green technology force local businesses to grapple with ESG integration. But rising demand for renewable energy and sustainable agriculture leaves space for investment. Global investments for sustainable finance, bolstered by regulatory congruence, strategic partnerships, and digital finance innovations is critical.

SUGGESTIONS AND RECOMMENDATIONS

Using a case study of the Standard Bank of Malawi, the research reflected on the way the sustainable finance agenda is starting to shape investment decisions globally. The study was performed using a sample survey of 97 participants (investors, policymakers, bank workers, and financial analysts). Financial institutions are facilitating sustainable finance via green loans, which has led to ESG Critical Discussion Based on data analysis, this study recommended a few sections for further discussion. Acknowledging the need for improved policy and regulatory frameworks, they called for more involvement from government and regulators in lobbying for enforceable policies, such as tax incentives on green initiatives. To align financing with international benchmark goals, banks need sophisticated sustainability evaluation frameworks. In addition, they might create sustainable finance products by issuing new products like green bonds and sustainability-linked loans that can reach eco-friendly investors; tailor made products for SMEs taking part in sustainable enterprises. As a solution to this, staff training, customer seminars, and outreach initiatives on sustainable finance and its long-term gains to increase awareness and build capacities for wider uptake become necessary. Finally, partnerships and joint efforts with international financial institutions, development partners, and domestic businesses can help leverage know-how and resources as well as align financial products with national agendas such as Malawi Vision 2063.

CONCLUSION

This study sought to determine how sustainable finance was incorporated into global investment decision making using Standard Bank of Malawi as a case study. The study sought to understand the contribution of financial institutions to the promotion of sustainable finance, the introduction of Environmental, Social and Governance (ESG) standards into the operations of Standard Bank, how sustainable finance changes the way global investors view the capabilities of countries, and the constraints and opportunities for promoting sustainable finance in Malawi.

The full scope of the research highlights developing economies need to generate solutions to finance sustainable economic growth and call on financial institutions to financially incorporate environmental sustainability and social equity as core areas of business. The adoption of ESG Integration by Standard Bank of Malawi makes it a trailblazer in the effort to drive sustainable economic growth. It achieves this by emphasizing funding for green energy projects, investing in local communities, and driving financial inclusivity for underserved groups.

The report also notes how sustainable finance affects how global investors see Malawi positively. Investors are placing more importance on ESG-aligned opportunities, seeing it as a prerequisite to risk mitigation and long-term profitability. Standard Bank's sustainability efforts also help reset the global narrative on Malawi as a destination for responsible investment.

However, a number of challenges were found, including limited awareness of sustainable finance among stakeholders, inadequate regulatory frameworks, and a lack of technical expertise and resources to effectively implement Sustainability, Governance and Environmental, Carbon-neutral initiatives. However, opportunities exist to driving sustainable finance in Malawi. These mechanisms for financial mobilization include maximizing ocean investment through global partnerships, promoting public-private collaborations, and drawing on international funding mechanisms, including green bonds and climate finance.

Outlook However, sustainable finance is key to catalyzing inclusive and resilient economic growth in Malawi. Currently, financial institutions (for instance, Standard Bank of Malawi) are well-placed to spearhead these initiatives, however, collaboration among stakeholders, an improved policy environment, and a commitment from global investors who favor sustainable investment will be prerequisites to success.

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