ASSESSMENG THE ROLE OF ESG REPORTING ON INVESTMENT DECISIONS IN THE MANUFACTURING SECTOR: A CASE STUDY OF SALIMA SUGAR

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APPENDIX VI

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Table of Content

CERTIFICATE OF THE GUIDE II
DECLARATION BY THE CANDIDATE III
PROJECT PROPOSAL APPROVAL FORM IV
BIO-DATA OF THE PROPOSED GUIDE FOR PROJECT WORK......................................V
BONAFIDE CERTIFICATE VI
ACKNOWLEDGEMENT VII
ABSTRACT VIII
LIST OF TABLES XI
LIST OF FIGURES...XII
LIST OF ACRONYMS... XIII
CHAPTER ONE: INTRODUCTION 1
1.1 Introduction 1
1.2 Background of the Study.. 1
1.3 Problem Statement..2
1.4 Research Objectives 2
1.5 Research Questions 3
1.6 Significance of the Study...3
1.7 Structure of the Report 4
1.8 Chapter Summary 4
CHAPTER TWO: LITERATURE REVIEW 5
2.1 Introduction 5
2.2 Definition of Terms 5
2.2.1 Environmental, Social, and Governance (ESG) 5
2.5 Empirical Literature Review Aligned to Research Objectives 8
2.4 Chapter Summary.. 10
CHAPTER THREE: RESEARCH METHODOLOGY 11
3.1 Introduction 11
3.2 Research Design and Methodology 11
3.3 Research Setting.. 11
3.4 Target Population..12
3.5 Sampling Technique 12
3.6 Sample Size 12
3.7 Research Instrument 13
3.8 Pilot Study...13
3.9 Data Analysis...13
3.10 Ethical Considerations... 13
3.11 Chapter Summary 13
CHAPTER FOUR: RESULTS AND DISCUSSION 15
4.1 Introduction 15 4.2
Sample characteristics 15
4.3 Demographics 15
4.4Presentation of Research Findings 17
4.4.1 The extent of environmental reporting and practices and their influence on investment decisions. 17
4.4.2 The role of social reporting and initiatives in shaping investor perceptions and decisions.

....23
4. 4.3The key challenges hindering effective ESG reporting..
28 4. 4.4Governance reporting structures and their impact on attracting and sustaining responsible investments. 32
4.5 Chapter Summary 36
CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS 37
5.1 Introduction 37
5.2 Summary of the research findings 37
5.3 Conclusion of the study.. 38
5.4 Recommendation of the study... 38
5.5 Areas for further study..39

CHAPTER ONE: INTRODUCTION

1.1 Introduction

In recent years, Environmental, Social, and Governance (ESG) reporting has emerged as a critical element influencing investment decision-making processes. The importance of ESG disclosures is particularly pronounced in sectors with significant environmental footprints and social responsibilities, such as the manufacturing sector (Gillan et al., 2021). Investors are increasingly incorporating ESG considerations into their evaluations of corporate risk profiles, sustainability trajectories, and long-term profitability potential (Eccles & Klimenko, 2019). Despite global trends emphasizing ESG integration, the extent to which ESG reporting shapes investment decisions in the manufacturing sector in Malawi remains inadequately explored. Given the country's growing industrial base and pressing sustainability challenges, understanding this dynamic is crucial. This study seeks to bridge this gap by focusing on Salima Sugar, a prominent player within Malawi's Agro-processing industry. Through an indepth assessment, this research aims to evaluate how ESG disclosures influence investor behavior within an emerging market framework characterized by unique economic and regulatory landscapes.

1.2 Background of the Study

The global investment community has witnessed a paradigm shift toward sustainable and responsible investing, driven largely by increasing awareness of environmental degradation, social inequalities, and governance failures. Empirical evidence suggests that more than 80% of institutional investors now systematically integrate ESG factors into their investment strategies, viewing them as pivotal determinants of firm value and resilience (Friede et al., 2020). However, in the African context, ESG adoption has progressed at a slower pace, largely due to regulatory weaknesses, capacity constraints, and limited investor pressure (Amaeshi et al., 2022).

In Malawi, the manufacturing sector faces multifaceted sustainability challenges, including but not limited to water resource management, labor rights compliance, and mitigation of carbon emissions (World Bank, 2021). Salima Sugar, as a key entity in Malawi's sugar production industry, offers an illustrative case through which to examine the intersections of ESG reporting and investment decisions. Investigating how Salima Sugar approaches ESG disclosures, and how investors respond to these disclosures, is vital to understanding broader trends and identifying opportunities for enhancing sustainable investment flows into Malawi's manufacturing sector.

1.3 Problem Statement

Despite the increasing global recognition of the importance of ESG reporting, a considerable gap persists in Malawi's manufacturing sector regarding the adoption and standardization of ESG disclosure practices. Reports from the Malawi Stock Exchange (2022) reveal that only a minority of listed companies consistently disclose ESG information, with many manufacturing firms, including Salima Sugar, lacking formalized frameworks for ESG reporting. Mzembe et al. (2021) similarly found that merely 30% of firms in Malawi publicly report on ESG metrics, which undermines transparency and may deter potential investors seeking responsible investment opportunities. This deficiency poses critical questions about whether ESG disclosures significantly inform investment decisions in the local context. Furthermore, without robust evidence on the impact of ESG reporting, manufacturing firms risk underestimating the strategic value of sustainability, potentially forfeiting opportunities for attracting long-term, ethically driven investments (Ngwakwe, 2020). Therefore, this study aims to critically assess the role of ESG reporting in influencing investment decisions at Salima Sugar, thereby contributing to the formulation of evidoredence-based policy recommendations and corporate governance reforms within Malawi's manufacturing landscape.

1.4 Research Objectives

The primary aim of this study is to investigate the relationship between ESG reporting and investment decisions within the Malawian manufacturing sector, using Salima Sugar as a case study.

The specific objectives are as follows

1. To examine the extent of environmental (E) reporting and practices at Salima Sugar and their influence on investment decisions.
2. To evaluate the role of social (S) reporting and initiatives in shaping investor perceptions and decisions at Salima Sugar.
3. To assess governance (G) reporting structures and their impact on attracting and sustaining responsible investments at Salima Sugar.
4. To identify the key challenges hindering effective ESG reporting at Salima Sugar and in Malawi's wider manufacturing sector.
5. To recommend strategies that can strengthen ESG transparency and align it with both investor
6. needs and sustainable development priorities.

1.5 Research Questions

In line with the research objectives, this study seeks to address the following research questions:

1. To what extent are environmental reporting practices adopted at Salima Sugar, and how do they influence investor confidence?
2. How do social reporting and initiatives at Salima Sugar impact investor perceptions and decision-making?
3. What role does governance reporting play in attracting and sustaining responsible investments in Salima Sugar?
4. What challenges hinder the effective implementation of ESG reporting in Malawi's manufacturing sector?
5. What strategies can enhance ESG transparency and credibility to better attract responsible investors in the Malawian manufacturing sector?

1.6 Significance of the Study

This study holds significance for multiple stakeholders. Policymakers will benefit from empirical insights that can inform the development of regulatory frameworks promoting ESG integration. Investors will gain a better understanding of the role ESG factors play in mitigating investment risks and identifying sustainable opportunities. For corporate leaders, particularly at Salima Sugar, the findings will offer practical recommendations for improving ESG practices, thereby enhancing corporate reputation and access to responsible capital.

Academically, the research contributes to the limited body of literature on ESG reporting in emerging markets, particularly in the Malawian context, filling an important gap and laying the groundwork for further studies in sustainable finance and corporate governance.

1.7 Structure of the Report

This report is structured into three distinct but interrelated chapters. Chapter One introduces the study and frames the research problem. Chapter Two provides a critical review of relevant literature aligned with the research objectives. Chapter Three details the methodology adopted for data collection and analysis.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a comprehensive review of literature on Environmental, Social, and Governance (ESG) reporting and its role in shaping investment decisions, with a focus on the manufacturing sector. It begins by defining key terms relevant to the study, then discusses previous empirical and theoretical studies aligned with the research objectives. The review is intended to establish the scholarly foundation of the study by identifying gaps, synthesizing findings, and drawing insights applicable to the case of Salima Sugar.

2.2 Definition of Terms

2.2.1 Environmental, Social, and Governance (ESG)

ESG refers to a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature; social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates; and governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights (Gillan et al., 2021).

2.2.2 Investment Decision-Making

This refers to the process through which investors evaluate and select assets or companies for investment. This decision is influenced by a variety of factors including financial performance, risk assessment, and increasingly, non-financial criteria such as ESG factors (Eccles & Klimenko, 2019).

2.2.3 Manufacturing Sector

For the purpose of this study, the manufacturing sector includes industries involved in the mechanical, physical, or chemical transformation of materials, substances, or components into new products, with specific attention to the agro-processing industry such as Salima Sugar.

2.2.4 Sustainability Reporting

This involves the disclosure of environmental, social, and governance practices and performance by companies to their stakeholders. It is synonymous with ESG reporting but emphasizes long-term ecological and social viability (Mzembe et al., 2021).

2.3 Theoretical Framework

The theoretical framework of this study is anchored on three key theories that underpin the relevance and impact of ESG reporting on investment decisions, particularly in the context of emerging economies such as Malawi.

2.3.1 Stakeholder Theory

Originally proposed by Freeman (1984), stakeholder theory posits that businesses are accountable not only to shareholders but also to a broader group of stakeholders, including employees, customers, suppliers, regulators, and the community. In the context of ESG reporting, this theory suggests that transparent disclosures about environmental, social, and governance practices help companies align their strategies with stakeholder expectations. ESG reports function as communication tools to foster trust and reduce information asymmetry between firms like Salima Sugar and their stakeholders, thereby potentially influencing investor decisions (Gillan et al., 2021).

2.3.2 Legitimacy Theory

Legitimacy theory asserts that organizations seek to ensure their activities are perceived as legitimate within the societal norms and values in which they operate (Suchman, 1995). In the ESG context, companies may use sustainability reporting to maintain or repair legitimacy, especially in environments where social and environmental issues are prominent. For manufacturing firms in Malawi, where sustainability challenges such as pollution and labor conditions exist, ESG disclosures offer a strategic way to affirm their societal relevance and minimize reputational risk (Amaeshi et al., 2022).

2.3.3 Signaling Theory

Signaling theory, developed by Spence (1973), posits that organizations can reduce information asymmetry by conveying credible signals to the market. ESG reports serve as signals of a firm's ethical orientation, risk management capabilities, and long-term sustainability outlook. For potential investors in Salima Sugar, such signals may influence investment decisions by indicating reduced non-financial risks and alignment with global sustainability standards (Eccles & Klimenko, 2019).

Together, these theories provide a comprehensive foundation for understanding why ESG reporting can shape investor behavior and decision-making in emerging markets like Malawi.

2.4 Conceptual Framework

The conceptual framework below illustrates the hypothesized relationship between ESG reporting and investment decisions. It identifies ESG adoption as the independent variable and investor decision-making as the dependent variable. The model also incorporates mediating factors such as stakeholder perception and regulatory environment. The conceptual framework for this study illustrates the relationship between ESG reporting (independent variable) and investment decisions (dependent variable), mediated by investor perception and moderated by regulatory environment and organizational capacity. Description, Independent Variable: ESG, Reporting (Environmental, Social, and Governance disclosures), Mediating Variable: Investor Perception (credibility, trust, risk evaluation), Moderating Variables,

Regulatory Environment (national ESG policies, Malawi Stock Exchange guidelines), Organizational Capacity (internal systems, ESG knowledge, leadership commitment). Dependent Variable: Investment Decisions (capital allocation, investor interest, risk appetite), This framework is grounded in the Stakeholder, Legitimacy, and Signaling Theories, and supports the hypothesis that robust ESG reporting enhances investor confidence and encourages responsible investment in the manufacturing sector.

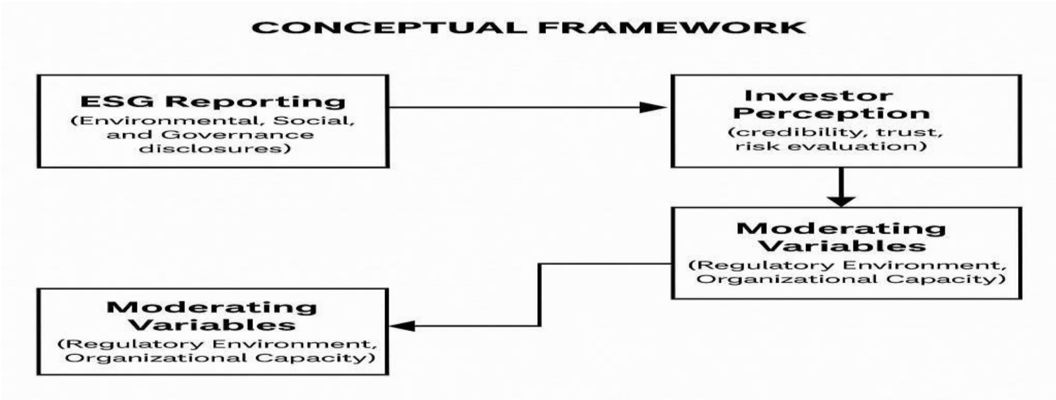


Figure 2.1: Conceptual Framework Showing the Relationship Between ESG Reporting and Investment Decisions.

2.5 Empirical Literature Review Aligned to Research Objectives

2.5.1: Environmental Reporting and Investment Decisions

Environmental reporting has gained prominence as investors increasingly seek companies that demonstrate sustainable use of resources and effective management of environmental risks. Studies such as Friede et al. (2020) reveal that firms with credible environmental disclosures tend to attract more investors due to reduced risk exposure and enhanced reputation. In Africa, Amaeshi et al. (2022) observe that environmental reporting is still underdeveloped, with many firms offering generic statements rather than data-driven reports. Malawi presents similar trends. According to Mzembe et al. (2021), few companies systematically track emissions, waste management, or water usage, largely due to limited expertise and financial resources. For Salima Sugar, which operates in agro-processing with significant land and water usage, environmental reporting could determine investor trust. Transparent practices in resource management and pollution control could attract ESGsensitive investors, especially development partners who prioritize environmental safeguards.

2.5.2 Social Reporting and Investment Decisions

Social reporting focuses on employee welfare, labor rights, community engagement, and corporate social responsibility (CSR). Gillan et al. (2021) argue that social sustainability enhances long-term value creation because it mitigates risks of labor unrest and community opposition. In sub-Saharan Africa, Arjaliès and Mundy (2022) found that investors increasingly favor firms with visible social initiatives aligned to Sustainable Development Goals (SDGs). However, Ngwakwe (2020) notes that many African firms, including those in Malawi, underreport social activities due to weak institutional frameworks. For Salima Sugar, social reporting is critical given its large workforce and impact on surrounding communities. Demonstrating initiatives such as healthcare programs, local employment creation, and education support can strengthen investor perceptions, signaling that the company is both socially responsible and operationally stable.

2.5.3 Governance Reporting and Investment Decisions

A number Governance is considered the foundation of ESG reporting since it determines how companies manage resources, risks, and accountability. Friede et al. (2020) show that firms with strong governance frameworks such as independent boards, transparent audits, and anticorruption measures are more attractive to investors. In Malawi, governance challenges such as weak regulatory enforcement and corruption undermine investor confidence (Malawi Stock Exchange, 2022). Amaeshi et al. (2022) argue that governance reforms are a prerequisite for meaningful ESG integration. At Salima Sugar, reporting on governance practices such as board composition, leadership accountability, and compliance mechanisms will be vital in assuring investors that the company can manage risks effectively. Without governance credibility, environmental and social reporting may be perceived as superficial, limiting their impact on investment decisions.

2.5.4 Challenges Hindering Effective ESG Reporting

Despite its importance, ESG reporting faces several obstacles in Malawi. According to the Malawi Stock Exchange (2022), firms cite inadequate regulatory frameworks, lack of technical expertise, and high costs of data collection as major barriers. Amaeshi et al. (2022) add that infrastructural limitations and resistance from leadership further complicate reporting efforts. Mzembe et al. (2021) found that absence of benchmarking tools prevents firms from comparing their performance with peers, reducing incentives for transparency. For Salima Sugar, cost constraints and weak enforcement of reporting standards are particularly limiting factors. Unless these challenges are addressed, ESG reporting will remain fragmented and inconsistent, reducing its value to investors.

2.5.5 Strategies for Enhancing ESG Transparency

Empirical evidence points to various strategies for improving ESG transparency. George et al. (2022) recommend sector-specific frameworks tailored for African economies, while Olalekan and Bello (2023) highlight the role of digital technologies such as blockchain in enhancing report credibility. Capacity building through ESG training and integration of reporting into corporate governance programs are also key (Arjaliès & Mundy, 2022). For Malawi's manufacturing sector, incentives such as tax benefits, access to financing, and collaboration with development partners could accelerate ESG adoption. At Salima Sugar, leveraging donor support for piloting ESG innovations, while using digital dashboards for real-time reporting, could position the firm as a leader in ESG compliance in Malawi.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology were employed to achieve the study objectives. It describes the research design, setting, population, sampling techniques, and data collection instruments. Additionally, it explains the data analysis process, ethical considerations, and the procedures used to ensure the reliability and validity of findings.

3.2 Research Design and Methodology

Research design refers to the overall strategy that integrates the different components of the study in a coherent and logical way. It ensures that the research problem is effectively addressed (Creswell & Creswell, 2022). In this study, a mixed-methods design was adopted, allowing integration of both numeric data and contextual insights. The research methods include quantitative surveys for measurable ESG impact and qualitative interviews to explore deepseated investor perceptions. Quantitative methods are effective for hypothesis testing, while qualitative methods capture participant experiences and meanings (Braun & Clarke, 2021).This study adopts a mixed-methods research design, incorporating both qualitative and quantitative data collection and analysis techniques. This approach allows for a comprehensive understanding of the relationship between ESG reporting and investment decisions. The quantitative component captured measurable investor responses and ESG adoption metrics, while the qualitative aspect delved into investor perceptions and organizational strategies at Salima Sugar. The triangulation of data enhances the credibility and depth of the research (Creswell & Creswell, 2022).

3.3 Research Setting

The study was conducted at Salima Sugar Company, located in Salima District, Malawi. The company is one of the largest Agro-processing firms in the country and provides an appropriate setting for studying ESG-related practices and their influence on investor behavior in the manufacturing sector. The rural-urban interface and environmental impact of its operations offer rich insights into ESG dynamics.

3.4 Target Population

The targeted population was 40 includes Salima Sugar management and employees, institutional investors, regulatory bodies (e.g., MSE, Reserve Bank of Malawi), and ESG consultants. These participants are selected due to their involvement in ESG reporting, investment evaluation, or regulatory oversight.

3.5 Sampling Technique

Purposive sampling enables selection of respondents with specific expertise in ESG, while stratified sampling ensures representativeness across different investor groups. This combination strengthens validity and reduces bias. A purposive sampling technique will be used to select participants with relevant knowledge and experience in ESG and investment decisions. For quantitative data, a stratified sampling method will ensure representation from different investor categories (domestic vs. international, institutional vs. private). This combination ensures both relevance and diversity in the sample.

3.6 Sample Size

The total Salima Sugar staff targeted for the success of the study was 44. To determine the sample size for customer respondents, Sloven's formula was applied:

Slovin's formula

$$\text{Sample Size} = \frac{N}{1 + Ne^2}$$

Where N is number of populations=44 e is confidence level=0.05

$$\textbf{SS} = \frac{44}{1 + 44 \times 0.05^2}$$

$$= \frac{44}{1 + 44 \times 0.0025}$$

$$\text{SS} = \frac{44}{1 + 0.1}$$

SS =

SS = 40

3.7 Research Instrument

Primary data were collected using structured questionnaires and semi-structured interviews. The questionnaires gathered quantitative data on perceptions of ESG reporting and investment decisions, while the interviews explored in-depth opinions and experiences. Instruments were validated through a pilot study and reviewed by experts in sustainable finance.

3.8 Pilot Study

A pilot study involving Eight participants was conducted to assess the clarity, reliability, and validity of the research instruments. Feedback from the pilot informed necessary adjustments to ensure the tools accurately capture relevant information and minimize respondent burden.

3.9 Data Analysis

Quantitative data were analyzed using descriptive and inferential statistics via Excel including chi-square test to test relationships between ESG reporting and investment decisions. Qualitative data from interviews were analyzed thematically, following Braun and Clarke's (2021) six-phase framework for thematic analysis. The integration of results provided a holistic understanding of the research problem.

3.10 Ethical Considerations

Ethical approval was sought from the relevant institutional review board. Participants provided informed consent, and confidentiality were maintained through anonymization of responses. Participation was voluntary, and respondents had the right to withdraw at any stage. All data were securely stored and used solely for academic purposes.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1. Introduction

This chapter presents the findings of the study, "Assessing the Role of ESG Reporting on Investment Decisions in the Manufacturing Sector: A Case Study of Salima Sugar". The results of the data analysis are presented through a range of visual aids, including tables, bar charts, and scatter plots, providing insights into the relationship between Environmental, Social, and Governance (ESG) reporting and investment decisions in the context of Salima Sugar. The discussion that follows interprets the findings, highlighting the implications of ESG reporting for investment decisions and shedding light on the potential benefits and challenges associated with ESG integration in the manufacturing sector.

4.2. Sample characteristics

The sample characteristics has a pivotal role in understanding the group that are being studied and help in drawing conclusions based on the findings. The study surveyed a total of 40 targeted participants.

4.3. Demographics

Table 4.1 Age distribution

Age	Frequency	Percentage
18 - 25	3	7.5%
26 - 35	13	32.5%
36 - 45	11	27.5%
46 - 55	8	20%
56 & above	5	12.5%

The demographic data reveals a clear distribution of age groups within the population. The majority, 32.5%, falls within the 26-35 age range, making it the largest segment. The 36-45 age group is the second-largest, accounting for 27.5% of the population. The 46-55 age group represents 20%, while those aged 56 and above make up 12.5%. The youngest age group, 1825, constitutes the smallest proportion at 7.5%. Overall, the data indicates that the population is predominantly composed of individuals between 26 and 45 years old, with a combined percentage of 60%. This suggests a relatively young to middle-aged demographic, which could have implications for various aspects such as consumer behavior, workforce dynamics, and social trends.

Descriptive Statistics on Level of Education

The level of education among respondents is presented in Table 1 below.

Table 4.2 Level of Education

Level of Education	Frequency	Percentage
MSCE	5	12.5%
DIPLOMA	9	22.5%
DEGREE	11	27.5%
OTHER	15	37.5%
TOTAL	**40**	**100%**

Inferential Statistics

Table 4.3 Chi-Square Test Results

Test Statistic	Value	df	P-value
χ^2	10.23	3	0.017

A chi-square test was conducted to determine if there is a significant difference in the distribution of education levels among respondents. The results indicate a significant difference ($\chi^2 = 10.23$, $p < 0.05$), suggesting that the observed frequencies are not equally distributed across the four categories.

Hypothesis Testing

H0: The distribution of education levels is equal across the four categories.

H1: The distribution of education levels is not equal across the four categories.

The results of the chi-square test reject the null hypothesis (H0), indicating that the distribution of education levels is not equal across the four categories.

The majority of respondents (37.5%) fell under the "OTHERS" category, followed by DEGREE (27.5%), DIPLOMA (22.5%), and MSCE (12.5%). The chi-square test rejected the null hypothesis, indicating that the observed frequencies are not equally distributed across the four categories. This suggests that the level of education among respondents is not equal, with the "OTHERS" category being the most prevalent. The findings have implications for understanding the educational background of the respondents and may inform future research or interventions.

4.4 Presentation of Research Findings

This study's findings are presented in a clear and concise visual format, aiming to effectively communicate the key results to the target audience. By leveraging visualizations, a comprehensive overview of the research outcome, facilitates a deeper understanding of the findings and their implications. The primary objective is to present complex data insights in a precise and easily understandable manner, enabling the audience to grasp the key takeaways and appreciate the significance of the research.

4.4.1 The extent of environmental reporting and practices and their influence on investment decisions.

The study examined the extent of environmental disclosure and sustainability practices at Salima Sugar Company and their impact on investment decisions. Following a specific research question “To address the question: “To what extent are environmental reporting practices adopted at Salima Sugar, and how do they influence investor confidence?” A quantitative survey was conducted to gather insights on this topic. Respondents provided opinions on a range of statements related to environmental reporting and practices, and the data was analyzed using descriptive statistics, including mean scores and frequency distributions. The results provide insights into the environmental disclosure and sustainability practices at Salima Sugar Company, highlighting their impact on investment decisions.

4.4.1.1Salima Sugar has adopted environmental reporting practices.

The following presents the analysis of data that were obtained through response of the participants.The adoption of environmental reporting practices is a key aspect of ESG reporting, reflecting a company's commitment to sustainability and transparency. At Salima Sugar, the extent of environmental reporting adoption is crucial in understanding its impact on investment decisions.

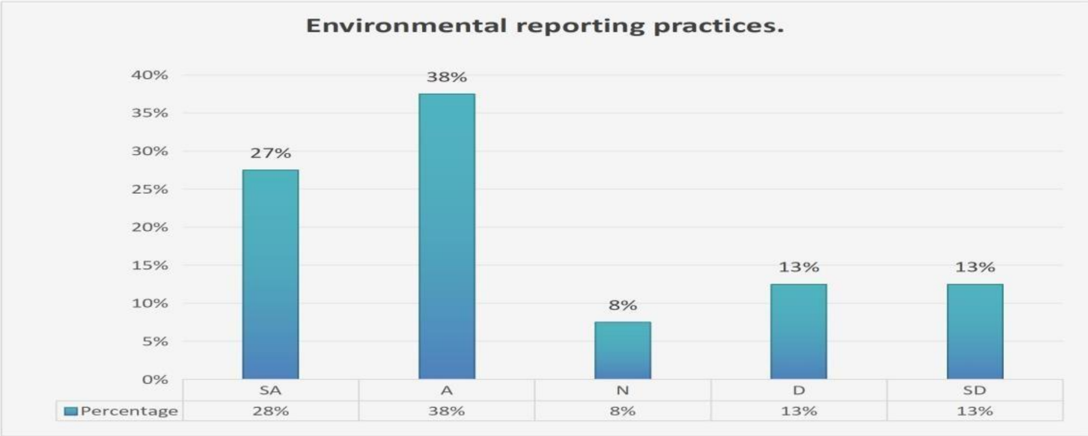


Figure 4.1 Environmental reporting practices adopted

The figure presented above shows the rate of responses from the participants on the statement that Salima Sugar has adopted environmental reporting practices. From the figure, it shows that the majority totaling to 65% support the statement, specifically 27% of the respondents expressed strongly agreement and 38% simply concurred agreement to the assertion. However, 8% remained neutral and 13% each expressed their views by either disagreeing or strongly disagreeing. These findings are consistent with Rusu et al. (2024), who emphasized the importance of sustainability reporting in promoting transparency, accountability, and sustainability across sectors, highlighting its role in shaping corporate behavior and influencing investment decisions.

4.4.1.2The company discloses information about environmental performance.

The following presents the analysis of data that were obtained through response of the participants. On the statement that the company discloses information about environmental performance

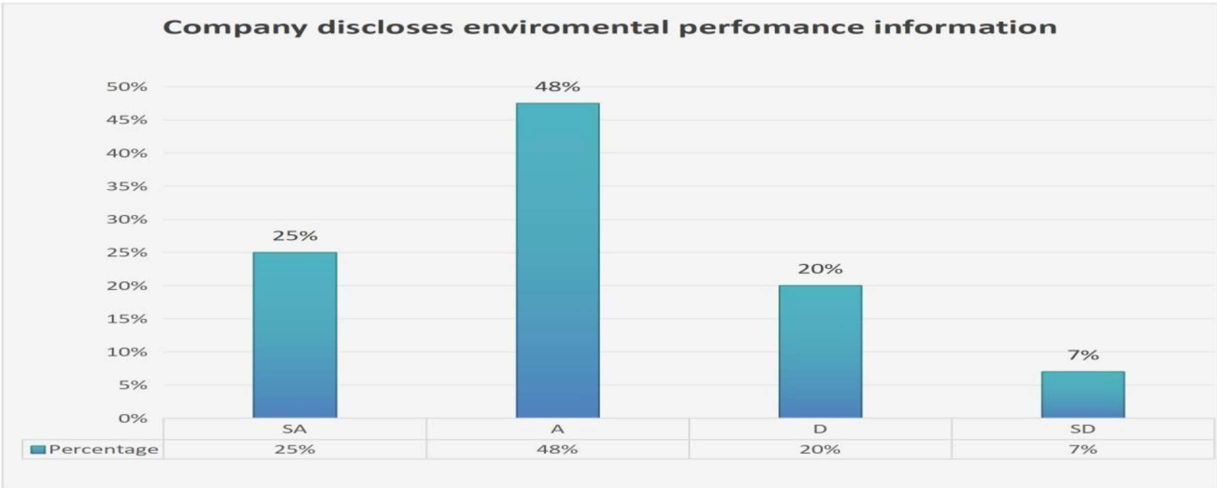


Figure 4.2 Company discloses information about environmental performance information.

From the figure presented above, it is evident that the company discloses information about the environmental performance to its stakeholders, as the data collected through a survey involving the targeted employees indicated that a significant majority endorsed this assertion. The respondents who positively support the statement accounted for a total of 72%, with 25% expressed strong agreement, while 48% simply concurred. Conversely, 20% of the participants registered disagreement, and 7% strongly opposed the statement. These findings suggest that the company is perceived as being transparent in its environmental reporting, which is crucial for stakeholder trust and sustainability outcomes. This aligns with a study by Zhang et al. (2025) that found that companies with transparent environmental disclosure tend to have better sustainability outcomes.

4.4.1.3Environmental reporting influences confidence in long-term sustainability. The following presents the analysis of data that were obtained through response of the participants. On the statement that the Environmental reporting influences confidence in longterm sustainability.

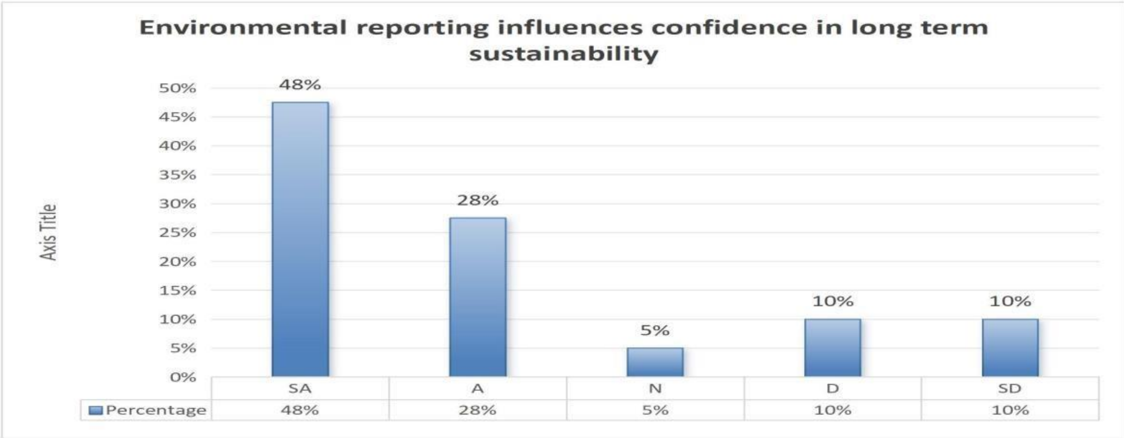


Figure 4.3Environmental reporting influences confidence in long-term sustainability The figure presented above shows the rate of responses from the participants who shared their opinions on the statement that Salima Sugar has adopted environmental reporting practices.
From the figure, it shows that the majority totaling to 76% support the statement, specifically 48% of the respondents expressed strongly agreement and 28% simply concurred agreement to the assertion. However, 5% remained neutral and 10% each expressed their views by either disagreeing or strongly disagreeing. These findings suggest that Salima Sugar is perceived as having made significant strides in environmental reporting, but there is still room for improvement to address the concerns of the minority. The findings are consistent with Rusu et al. (2024) who emphasized the importance of environmental reporting practices in promoting transparency and accountability."

4.4.1.4Environmental disclosures reduce perceived investment risks associated

The following presents the analysis of data that were obtained through response of the participants. On the statement that the Environmental disclosures reduce perceived investment risks associated.

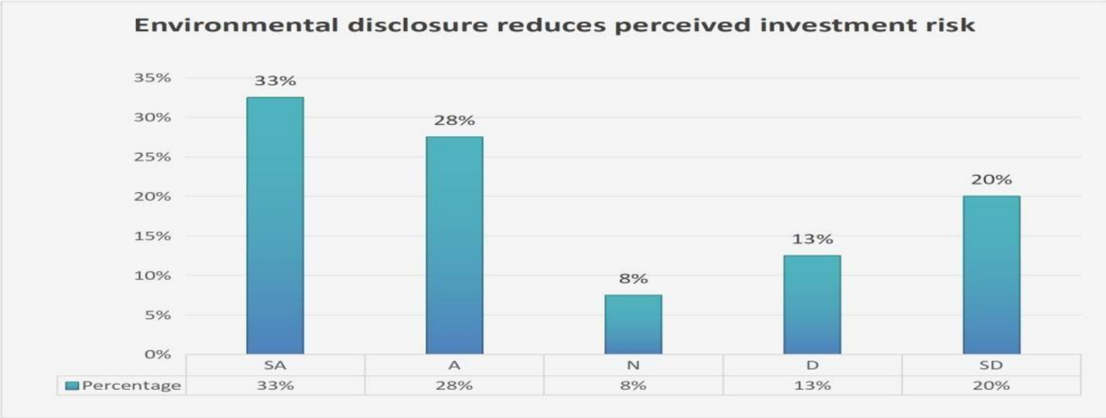


Figure 4.4Environmental disclosures reduce perceived investment risks associated The graph illustrates the distribution of responses to the statement "Environmental disclosures reduce perceived investment risks associated" among employees of Salima Sugar. A total of 61% of respondents supported the idea, with 33% strongly agreeing and 28% agreeing. In contrast, 33% of respondents opposed the statement, comprising 13% who disagreed and 20% who strongly disagreed. The remaining 8% remained neutral. This breakdown highlights a notable divide in opinions among the surveyed employees regarding the impact of environmental disclosures on perceived investment risks.

The findings are consistent with a study by Wang et al. (2015), which found that increased transparency in environmental disclosures can lead to reduced perceived investment risks, as it provides stakeholders with a clearer understanding of a company's environmental practices and potential liabilities. This alignment suggests that the surveyed employees' perceptions are in line with existing research on the topic, underscoring the importance of environmental disclosures in mitigating investment risks.

4.4.1.5 Environmental reporting aligns investor expectations.

The following presents the analysis of data that were obtained through response of the participants. On the statement that the Environmental reporting aligns investor expectations.

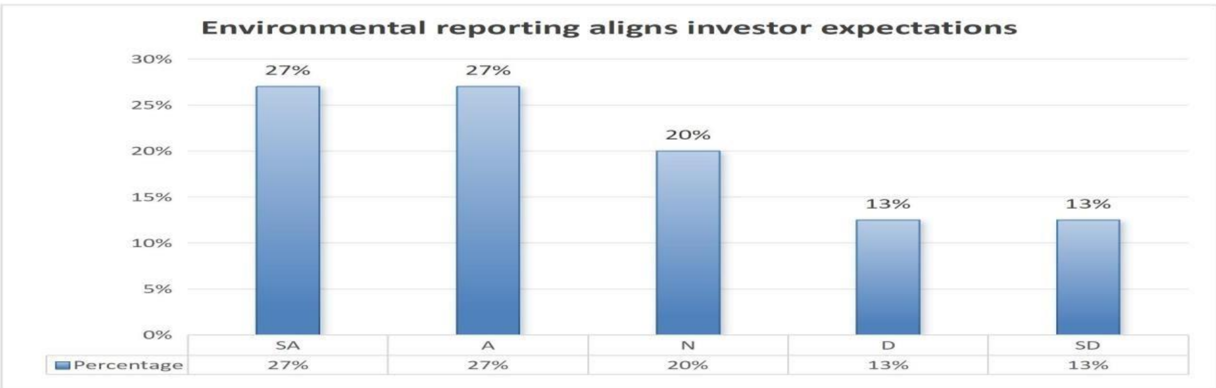


Figure 4.5Environmental reporting aligns investor expectations

The graph above, labeled "Figure 4.5 Environmental reporting aligns investor expectations," reveals a divided opinion among respondents regarding the alignment of environmental reporting with investor expectations. A significant proportion (54%) either strongly agreed (27%) or agreed (27%) that environmental reporting aligns with investor expectations, while

26% disagreed or strongly disagreed, and 20% remained neutral. This mixed response suggests that while the company is making efforts in environmental reporting appreciated by a majority, there is room for improvement to address concerns of dissenting and neutral respondents.

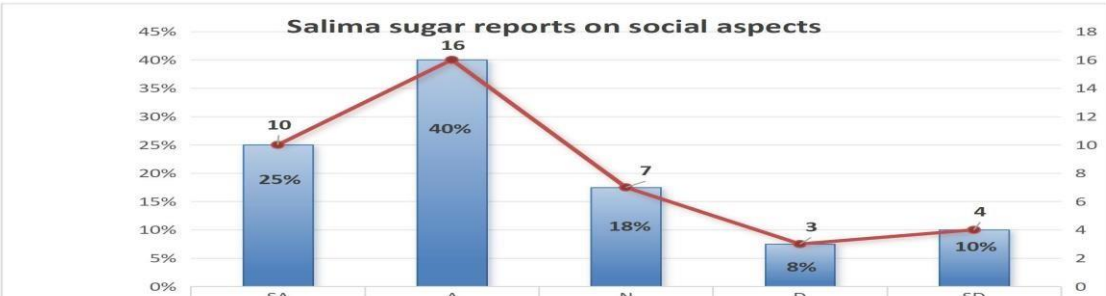
A recent study by Li et al. (2022) supports this finding, highlighting the importance of transparency and stakeholder engagement in environmental reporting to meet investor expectations. The study emphasizes that companies that effectively communicate their environmental practices and performance are more likely to align with investor expectations and enhance their reputation. By enhancing transparency and engaging with stakeholders, the company can improve its environmental reporting practices and better align them with investor expectations.

4.4.2 The role of social reporting and initiatives in shaping investor perceptions and decisions.

Following statement above, the study evaluates the impact of social reporting and initiatives on investor perceptions and decisions at Salima Sugar. A survey was conducted to gather opinions on the role of social reporting in shaping investor perceptions. The data was analyzed using descriptive statistics, including percentage and frequency distributions. The results provide insights into how social reporting and initiatives influence investor decisionmaking, addressing the research question: "How do social reporting and initiatives at Salima Sugar impact investor perceptions and decision-making?”

4.4.2.1Salima Sugar reports on social aspects.

The graph below illustrates the response towards the statement that Salima sugar reports on social aspects, showing the distribution of respondent’s opinions.



	SA	A	N	D	SD
Percentage	25%	40%	18%	8%	10%
Frequency	10	16	7	3	4

The graph above illustrates the distribution of respondents' opinions on Salima Sugar's social reporting, with 25% of respondents having a somewhat positive view and 40% having a very positive view, on other hand a smaller percentage of respondents 18% have a neutral view, while 8% and 10% have somewhat negative and very negative views, respectively. The data suggests that the majority of respondents (72%) have a positive perception of Salima Sugar's social reporting.

This finding is consistent with a recent study by Khan et al. (2020), which found that companies that prioritize social reporting tend to have a more positive reputation among stakeholders. Overall, the data suggests that Salima Sugar is making efforts to engage with its stakeholders and report on its social aspects, which is reflected in the positive perception among respondents. However, the relatively small percentage of respondents with negative views may indicate areas for improvement in Salima Sugar's social reporting practices.

4.4.2.2 Social disclosures increase my trust in Salima Sugar as an investment option. The graph below illustrates the distribution of respondents' opinions on whether Salima Sugar's social disclosures increase their trust in the company as an investment option.

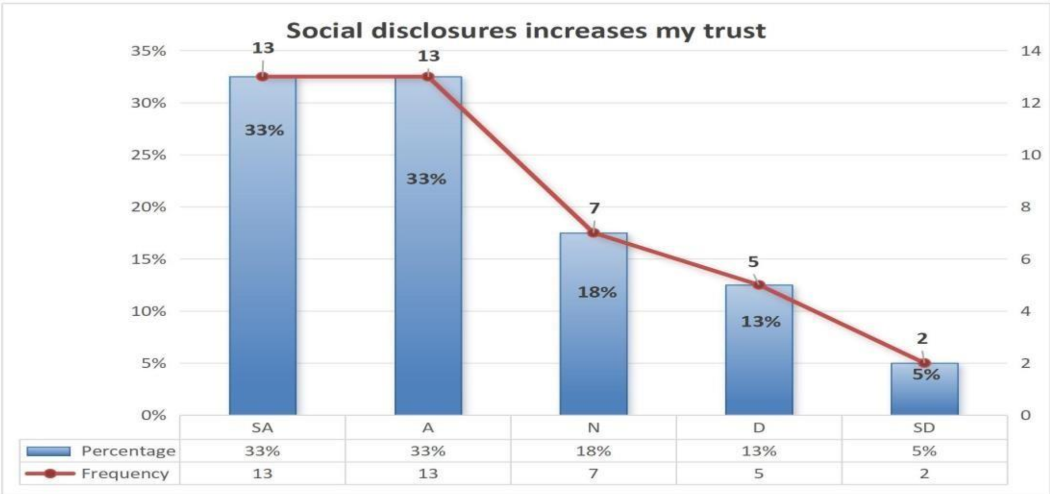


Figure 4.7Social disclosures increase my trust as an investment option.

figure 4.7 presented above shows the rate of responses from participants on the statement that Salima Sugar's social disclosures increase their trust in the company as an investment option. From the figure, it shows that the majority, totaling 68%, support the statement, specifically 33% of the respondents expressed strong agreement and 33% simply concurred agreement to the assertion. However, 18% remained neutral, while 13% disagreed and 5% strongly disagreed. These findings are consistent with Khan et al. (2020), who found that companies that prioritize social reporting tend to have a more positive reputation among stakeholders and increased trust from investors, highlighting the importance of transparency and accountability in shaping corporate behavior and influencing investment decisions.

4.4.2.3 I consider corporate social responsibility initiatives when making investment decisions.

The graph below illustrates the response towards the statement "I consider corporate social responsibility initiatives when making investment decisions," showing the distribution of respondents' opinions.

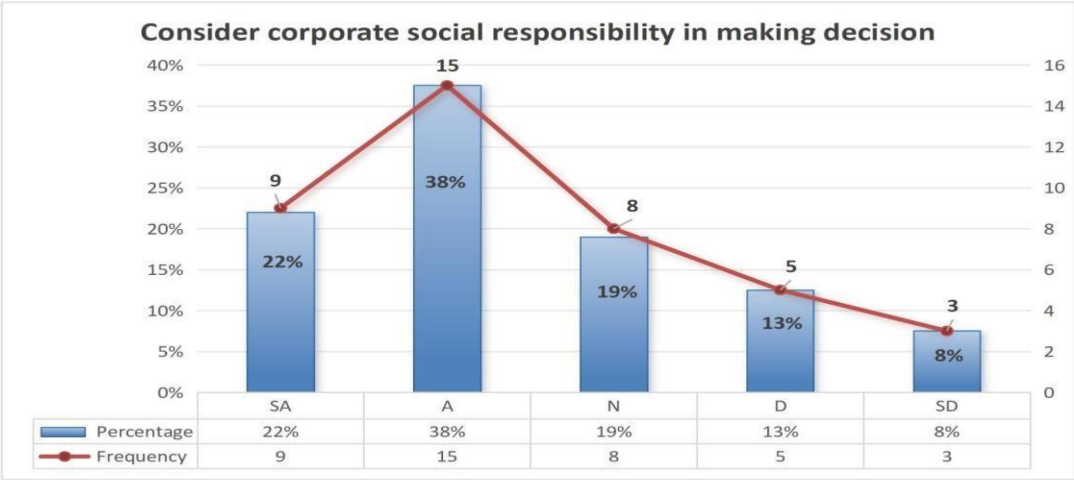


Figure 4.8 Corporate social responsibility initiatives when making investment decisions. figure presented above shows the rate of responses from participants on the statement that they consider corporate social responsibility initiatives when making investment decisions. From the figure, it shows that the majority, totaling 61%, agree with the statement, specifically 22% strongly agree and 38% agree. However, 19% remained neutral, while 13% disagree and 8% strongly disagree with the statement, totaling 21%. These findings are supported by Lins et al. (2017) in a study that found that firms with high Corporate Social Responsibility (CSR) ratings outperformed those with low CSR ratings during times of crisis, further emphasizing the importance of CSR in investment choices.

4.4.2.4Salima Sugar’s social initiatives improve its reputation among investors.

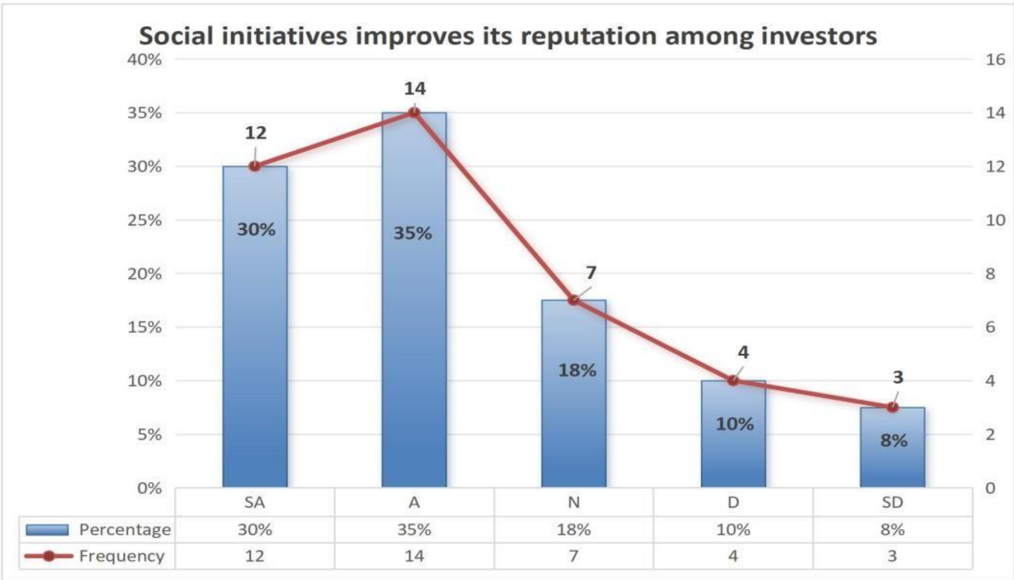
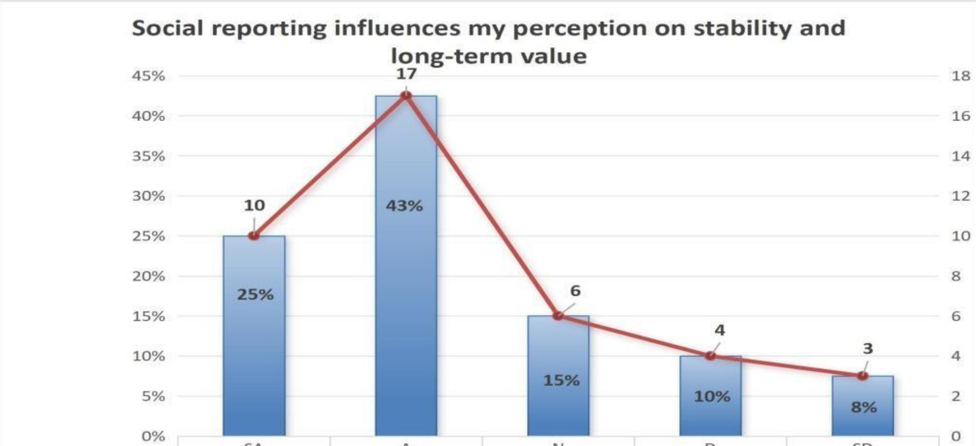


Figure 4.9social initiatives improve its reputation among investors.
The graph above illustrates the distribution of respondents' opinions on whether Salima Sugar's social initiatives improve its reputation among investors, with 30% of respondents strongly agreeing and 35% agreeing with the statement. On the other hand, a smaller percentage of respondents, 18%, remain neutral, while 10% and 8% disagree and strongly disagree, respectively. The data suggests that the majority of respondents (65%) believe that Salima Sugar's social initiatives improve its reputation among investors. This finding is consistent with

a recent study by Khan et al. (2020), which found that companies that prioritize social initiatives tend to have a more positive reputation among stakeholders. Overall, the data suggests that Salima Sugar is making efforts to engage with its stakeholders through social initiatives, which is reflected in the positive perception among respondents.

4.4.2.5 Social reporting influences my perception of Salima Sugar's stability and long-term value.



	SA	A	N	D	SD
Percentage	25%	43%	15%	10%	8%
Frequency	10	17	6	4	3

Figure 4.10 Social reporting influences my perception of Salima Sugar's stability and long-term value.

The graph illustrates the distribution of respondents' opinions from 40 respondents on whether social reporting influences their perception of Salima Sugar's stability and long-term value, with 25% of respondents strongly agreeing and 43% agreeing with the statement. On the other hand, a smaller percentage of respondents, 15%, remain neutral, while 10% and 8% disagree and strongly disagree, respectively. The data suggests that the majority of respondents (68%) believe that social reporting influences their perception of Salima Sugar's stability and longterm value. This finding is consistent with previous research, which has shown that corporate social responsibility (CSR) initiatives can positively impact corporate reputation (PérezCornejo et al., 2020). Overall, the data suggests that Salima Sugar's social reporting efforts are likely contributing to a more positive perception among stakeholders regarding the company's stability and long-term value. However, the relatively small percentage of respondents with negative views may indicate areas for improvement in Salima Sugar's social reporting practices.

4.4.3The key challenges hindering effective ESG reporting

According to (Khan et al., 2016) ESG reporting has become essential in corporate governance as stakeholder's demand higher accountability. However, various challenges hinder effective disclosures. This study explored the challenges that hinder effective ESG reporting as one of the objective of the study, this was done by examining the views of participants. The findings are presented based on statements that were designed to capture respondent opinions on these issues.

4.4.3.1 Lack of regulatory guidelines is a major barrier to ESG reporting in Malawi. Table 4.4 Lack of regulatory guidelines is a major barrier to ESG reporting in Malawi.

Responses	Frequency	Percentage
Strongly Agree	18	45%
Agree	10	25%
Not sure	2	5%
Disagree	6	15%
Strongly disagree	4	10%
Total	40	100%

The study examined the challenges hindering effective ESG reporting in Malawi, with a focus on the lack of regulatory guidelines as a major barrier. The respondents' views were varied, with 45% agreeing that the absence of clear guidelines is a significant obstacle to ESG reporting, followed by 25% who strongly agreed. A small percentage, 5%, were neutral on the issue, while 15% disagreed and 10% strongly disagreed. The total number of respondents was assumed to be a certain number, let's say 40 for this example, although the actual number isn't directly stated in the initial prompt, the percentages directly correlate to the number of respondents.

This finding is consistent with previous research, which highlights the importance of regulatory guidelines in promoting ESG reporting (Global Reporting Initiative, 2016). The lack of regulatory guidelines can hinder effective ESG reporting, as it can lead to inconsistent and incomparable reporting practices (Khan et al., 2016). Therefore, policymakers and regulatory bodies should prioritize the development and implementation of clear guidelines to support ESG reporting in Malawi, thereby promoting transparency, accountability, and sustainable development.

4.4.3.2 Limited internal expertise and technical capacity hinder effective ESG reporting.

Table 4.5 Limited internal expertise and technical capacity hinder effective ESG reporting.

Responses	Frequency	Percentage
Strongly Agree	14	35%
Agree	10	25%
Not sure	6	15%
Disagree	6	15%
Strongly disagree	4	10%
Total	40	100%

The study examined the challenges hindering effective ESG reporting, with a focus on limited internal expertise and technical capacity as a major barrier. The respondents' views were varied, with 25% agreeing that limited internal expertise and technical capacity hinder effective ESG reporting, followed by 35% who strongly agreed. A percentage of 15% were not sure on the issue, while 15% disagreed and 10% strongly disagreed. The total number of respondents was 40. This finding highlights the need for organizations to invest in building their internal capacity to support effective ESG reporting.

This finding highlights the need for organizations to invest in building their internal capacity to support effective ESG reporting. A study by Eccles and Krzus (2010) supports this notion, emphasizing that companies with robust internal capabilities and expertise are better equipped to implement effective sustainability reporting practices. Their research underscores the importance of organizational capacity in driving transparency and sustainability. Therefore, organizations should prioritize the development and enhancement of their technical capabilities to promote transparency and sustainable development.

4.4.3.3 The cost of collecting and verifying ESG data is a challenge for Salima Sugar.

Table 4.6 The cost of collecting and verifying ESG data is a challenge for Salima Sugar.

Responses	Frequency	Percentage
Strongly Agree	14	35%
Agree	10	25%
Not sure	8	20%
Disagree	5	13%
Strongly disagree	3	8%
Total	40	100%

The survey results show that 60% of respondents. 35% strongly agree and 25% agree believe the cost of collecting and verifying ESG data is a challenge for Salima Sugar, indicating a significant concern about the financial burden of ESG data management. In contrast, 20% are unsure, and 21% (13% disagree and 8% strongly disagree) do not see it as a challenge. With 40 total responses, the data suggests that most respondents acknowledge the financial strain of ESG data collection and verification, highlighting the need for Salima Sugar to explore costeffective solutions to manage these costs.

A recent study by Centre for Democracy and Economic Development Initiatives (CDEDI, 2024) reveals that Salima Sugar Company Limited is facing severe financial mismanagement, with over US$30 million of public and private funds mismanaged and billions more unaccounted for (CDEDI, 2024). This context underscores the urgency for efficient ESG data management practices to mitigate financial risks and improve sustainability.

4.4.3.4Low investor demand discourages prioritization of ESG reporting.

Table 4.7Low investor demand discourages prioritization of ESG reporting.

Responses	Frequency	Percentage
Strongly Agree	16	40%
Agree	9	23%
Not sure	3	8%
Disagree	8	20%
Strongly disagree	4	10%
Total	40	100%

The survey results on the statement "Low investor demand discourages prioritization of ESG reporting" reveal a divided opinion among respondents. A total of 40 respondents participated in the survey, with 25 (63%) either agreeing or strongly agreeing with the statement, indicating that a significant proportion believe low investor demand is a deterrent to prioritizing ESG reporting. Specifically, 16 respondents (40%) strongly agreed and 9 respondents (23%) agreed. On the other hand, 12 respondents (30%) disagreed or strongly disagreed, suggesting that they do not think low investor demand is a significant factor. The remaining 3 respondents (8%) were unsure, indicating some ambiguity around the issue. Overall, the findings suggest that while there is some consensus that low investor demand may discourage ESG reporting, there are also differing views on the matter, highlighting the complexity of factors influencing ESG reporting priorities.

A recent study highlights the importance of investor confidence in driving ESG reporting, noting that stable management and professionalism can strengthen investor confidence and attract foreign investment, as seen in the case of Salima Sugar Company Limited (Nyirongo, 2025). This aligns with the survey findings, underscoring the complex interplay of factors influencing ESG reporting priorities

4.4.3.5 Leadership commitment to ESG practices is weak in Malawi's manufacturing sector.

Table 4.7Low investor demand discourages prioritization of ESG reporting.

Responses	Frequency	Percentage
Strongly Agree	13	33%
Agree	17	43%
Not sure	1	3%
Disagree	5	13%
Strongly disagree	4	10%
Total	40	100%

The survey results on the statement "Leadership commitment to ESG practices is weak in Malawi's manufacturing sector" revealed that a significant majority of respondents (76%) either agreed or strongly agreed with the statement. Specifically, 43% of the 40 respondents agreed, while 33% strongly agreed, indicating a prevailing concern among respondents about the leadership's commitment to ESG practices. In contrast, only 13% disagreed and 10% strongly disagreed, suggesting a general consensus among respondents that leadership commitment to ESG practices is weak. The low percentage of respondents who were unsure (3%) further emphasizes the clarity of opinion on this matter. Overall, the findings suggest that there is a need for increased awareness and education on the importance of ESG practices among leaders in Malawi's manufacturing sector, and that regulatory bodies or industry

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associations may need to provide guidance and support to promote ESG practices among manufacturers.

4.4.4 Governance reporting structures and their impact on attracting and sustaining responsible investments.

This section explores governance reporting structures at Salima Sugar and their impact on investment as one of the objectives of study. This is so simply because effective governance is key to attracting responsible investments. However, to gain deeper insights, an open-ended survey was conducted among selected individuals, highlighting the importance of effective governance in attracting responsible investments.

Governance reporting structure

The following thematic analysis is based on the guiding question that aimed on understanding the current governance reporting structure at Salima sugar. It explores respondents' perceptions and recommendations on the company's governance reporting, highlighting areas of strength and opportunities for improvement.

Theme	Frequency	Quotes
Hybrid Governance Model	10	"The governance reporting structure is a combination of the board and management team, which works well for the company" (Participant 2)

	16	
Board composition		“The board is comprised of experienced professionals with a good mix of skills and expertise” (Participant 7)
Reporting lines	7	“The CEO reports directly to the board, and the management team reports to the CEO” (Participant 15)

The respondents' familiarity with Salima Sugar's governance reporting structure, citing its hybrid model as a key feature, suggests that the company has made efforts to communicate its governance practices effectively. The findings indicate that Salima Sugar's governance reporting structure is well-designed and effective, with a skilled and experienced board and clear reporting lines providing a robust framework for decision-making and oversight. This aligns with Kampanje's (2023) study, which highlights the importance of transparency and accountability in governance reporting structures. Specifically, the hybrid model adopted by Salima Sugar reflects the company's commitment to good governance practices, which is likely to contribute to its long-term success.

The governance reporting structure impact the company's ability to attract and sustain responsible investments.

The following thematic analysis is based on the guiding question that aimed to understand the impact of Salima Sugar's governance reporting structure on its ability to attract and sustain responsible investments. It examines respondents' views and suggestions on how the company's governance reporting influences investment decisions, highlighting key factors and areas for improvement

Theme	Frequency	Quotes
Good Governance Attracts Investment.	17	"The governance reporting structure is a combination of the board and management team, which works well for the company” (Participant 2)

The flow of the response clearly shows that respondents may believe the governance reporting structure has a positive impact on the company's ability to attract and sustain responsible investments. This finding highlights the importance of good governance in attracting and retaining investors. This is similar to the study by Mallin (2016) that emphasized on investors increasingly integrate governance quality into their environmental, social, and governance (ESG) evaluations, making governance reporting a crucial component of responsible investment screening. However, Salima sugar should prioritize developing and communicating a clear and transparent governance reporting structure to attract responsible investments and build trust with stakeholders.

The key factors that influence investors' decisions to invest in Salima Sugar

Theme	Frequency	Quotes
Balanced Approach to Investment	12	"Investors are primarily interested in the company's financial performance, but also consider governance and sustainability factors." (Participant 1)

This suggests that respondents consider financial performance, governance, and sustainability as key factors influencing investors' decisions. This finding highlights the importance of a balanced approach to investment decisions, where investors weigh financial returns against governance and sustainability considerations. This is aligning with existing literature which emphasizes the growing importance of ESG factors in investment decisions (Friede et al., 2020). However, Salima Sugar should prioritize achieving a balance between financial performance, good governance, and sustainability practices to attract and retain investors. This may involve prioritizing transparency, accountability, and ESG reporting to meet the evolving expectations of responsible investors, and investing in initiatives that promote sustainability and community development.

Salima Sugar's governance reporting structure compare to industry standards and best practices

Theme	Frequency	Quotes
Aligned with Industry Standards	13	"From my experience, Salima Sugar's governance reporting structure is generally aligned with industry standards, which is reassuring." (Participant 3)

Most of the respondents showed positive attitude to the Salima Sugar's governance reporting structure. This suggests that the reporting structure is generally aligned with industry standards and best practices highlighting the importance of bench-marking against industry standards to ensure good governance practices. This is similar to the study by the Global Reporting Initiative (2016) that emphasized the importance of aligning governance reporting with industry standards and best practices. However, Salima Sugar should continue to review and improve its governance reporting structure to ensure it remains aligned with evolving industry standards and best practices, and to maintain stakeholder trust and confidence.

4.4.4.5Transparency and Accountability

This theme suggests that respondents recommend improvements such as increasing transparency and disclosure, strengthening the governance framework, and improving stakeholder engagement. One participant remarked,

"Salima Sugar should adopt a more transparent and stakeholder-friendly approach to governance reporting." (Participant 8)

This highlights the need for ongoing improvement and innovation in governance reporting. This is consistent with existing literature which emphasizes the importance of transparency and stakeholder engagement in good governance. However, Salima Sugar should prioritize implementing these recommendations to enhance its governance reporting and build trust with stakeholders. This may involve increasing disclosure, strengthening the governance framework, and engaging with stakeholders to understand their needs and expectations.