

# Green Finance and Corporate Sustainability: Strategic Financial Management in the Era of ESG Investing

Strategic Finance for  
Green Finance and  
Sustainability

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## ABSTRACT

This study analyzes the strategic role of green finance driven by Environmental, Social, and Governance (ESG) investing in supporting corporate sustainability. The objectives are to examine the integration of ESG criteria into financial management practices, identify challenges and opportunities in aligning corporate financial strategies with sustainable investment trends, and propose a conceptual framework for strategic financial management aimed at long-term value creation. A systematic literature review method was employed, using data from peer-reviewed journals, reports, and white papers published between 2015 and 2025 that addressed green finance, corporate sustainability, strategic financial management, and ESG. Thematic analysis and narrative synthesis were applied to identify key trends, frameworks, and best practices, with triangulation of sources ensuring validity. The findings reveal that green finance instruments such as green bonds and ESG-based investment portfolios influence corporate financial strategies by integrating sustainability metrics with traditional financial indicators. ESG adoption enhances resilience, reputation, and access to sustainable capital markets. Key challenges include regulatory inconsistency, greenwashing risks, and insufficient ESG reporting standards. This study concludes that green finance is a strategic imperative, enabling companies to balance financial performance with social value to achieve long-term sustainability.

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**Keywords:** Corporate Financial Strategy, Environmental and Social Governance, ESG Investing, Green Finance, Sustainability Metrics.

## ABSTRAK

Studi ini menganalisis peran strategis pembiayaan hijau yang didorong oleh investasi berbasis Environmental, Social, and Governance (ESG) dalam mendukung keberlanjutan perusahaan. Tujuannya adalah mengkaji integrasi kriteria ESG ke dalam praktik manajemen keuangan, mengidentifikasi tantangan dan peluang penyesuaian strategi keuangan dengan tren investasi berkelanjutan, serta mengusulkan kerangka konseptual manajemen keuangan strategis untuk penciptaan nilai jangka panjang. Penelitian ini menggunakan metode systematic literature review (SLR) dengan data dari jurnal peer-reviewed, laporan, dan white paper terbitan 2015–2025, yang memenuhi kriteria pembahasan terkait pembiayaan hijau, keberlanjutan perusahaan, manajemen keuangan strategis, dan ESG. Analisis tematik dan sintesis naratif digunakan untuk mengidentifikasi tren utama, kerangka kerja, dan praktik terbaik, dengan triangulasi sumber untuk menjaga validitas. Temuan menunjukkan bahwa instrumen pembiayaan hijau seperti obligasi hijau dan portofolio investasi berbasis ESG memengaruhi strategi keuangan melalui integrasi metrik keberlanjutan dengan indikator keuangan tradisional. Penerapan ESG meningkatkan ketahanan, reputasi, dan akses ke pasar modal berkelanjutan. Tantangan utama meliputi ketidakkonsistenan regulasi, risiko greenwashing, dan kurangnya standar pelaporan ESG yang kuat. Studi ini menegaskan bahwa pembiayaan hijau merupakan keharusan strategis untuk menggabungkan kinerja keuangan dengan nilai sosial, guna mencapai keberlanjutan jangka panjang.

**Kata kunci:** Strategi Keuangan Perusahaan, Tata Kelola Lingkungan dan Sosial, Investasi ESG, Keuangan Hijau, Metrik Keberlanjutan.

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## **INTRODUCTION**

In the past decade, sustainability issues have become a global priority, driving major transformations in business practices and corporate finance. The climate crisis, social inequality, and environmental damage have forced the financial sector to actively contribute to supporting sustainable development (Alkaraan et al., 2022). One of the significant responses to this challenge is the development of green finance, which is financing activities that are oriented towards positive environmental impacts. Green finance is now an integral part of business strategies that aim not only at economic gain, but also at the creation of long-term social and ecological value (Tian, 2018).

In Indonesia, the development of green finance experienced significant momentum after the government issued the Green Bond and Green Sukuk Framework in 2018, and issued the first green sukuk worth USD 1.25 billion (Ramadhan, 2020). This policy paves the way for private companies and national financial institutions to access green financing, encouraging projects such as renewable energy, energy efficiency, waste management, and sustainable transportation. One concrete example is the construction of the Cirata Floating Solar Power Plant in West Java, financed through a green financing scheme, signaling a strategic shift towards a low-carbon economy in the Southeast Asian region (Setiawan et al., 2025). However, many Indonesian firms still struggle to fully integrate these tools into their daily financial plans due to limited guidance on combining local policies with global ESG standards.

However, this transformation has not happened without challenges. Green finance practices are still faced with regulatory gaps, greenwashing risks, limited Environmental, Social, and Governance (ESG) data, and differences in reporting standards that make it difficult to validate sustainability impacts. At the global level, more than USD 1 trillion has been allocated for green bonds through 2023 (Initiative, 2023). Most markets are still dominated by developed countries, while companies in developing countries, such as Indonesia, often face structural barriers to accessing green capital markets. As awareness of the importance of ESG in investment decision-making increases, institutional and public investors are encouraging companies to adopt sustainability principles as part of their core strategies. That total sustainably managed funds have reached USD 35.3 trillion globally, reflecting the strong demand for ESG transparency and accountability from market participants. This shows that green finance is not just a temporary trend, but has become a new paradigm in financial management and corporate governance (Altunina & Alieva, 2021).

From a strategic perspective, companies that integrate ESG into their financial strategies show better resilience to market volatility, higher competitiveness, and a stronger reputation in the eyes of stakeholders. According to Friede et al. (2015), 90% of research shows a positive relationship between ESG performance and financial performance, reinforcing the argument that sustainability and profitability can go hand in hand. Yet, many studies focus only on separate parts, such as green bonds or ESG reporting alone, without offering a clear step-by-step guide for companies to blend green finance tools with overall financial plans (Eccles & Klimenko, 2019; Flammer, 2021). This creates a research gap; there is no simple conceptual framework that links green finance, ESG criteria, and strategic financial management in one model, especially for firms in emerging markets like Indonesia, where rules and resources differ from developed countries.

Green finance serves as a bridge between sustainability and strategic finance by providing instruments such as green bonds, sustainability-linked loans, and ESG-aligned investment portfolios (Granata & Di Nunno, 2025). These instruments allow companies to tailor their capital allocation to sustainable projects. However, implementing a green finance strategy requires a deep understanding of the relationship between climate risks, investor expectations, and the company's long-term goals (Nusantara & Rahadi, 2025). Therefore, this study addresses the gap by examining ESG integration into financial practices, identifying challenges and opportunities in aligning strategies with sustainable investment trends, and proposing a conceptual framework that guides companies in using

green finance tools to meet ESG goals while enhancing financial performance and long-term value creation. This research aims to fill the identified gap through a systematic literature review of studies from 2015 to 2025. By doing so, it provides a useful tool for businesses, especially in Indonesia, to build stronger sustainability plans without losing focus on profits.

## **LITERATURE REVIEW**

### **The Concept and Development of Green Finance**

Green finance refers to any type of financial activity that supports the achievement of environmental sustainability goals. Green financial instruments, such as green bonds, sustainability-linked loans, and investment portfolios that are in line with ESG principles, play an important role in driving investment towards environmentally friendly projects (Flammer, 2021; Simamora et al., 2024). Green finance is not only a financial strategy, but it is also an integral part of the global transition to a more sustainable and low-carbon economy. Companies that implement green finance are usually better able to manage environmental and social risks, as well as gain long-term benefits by attracting the attention of investors who care about sustainability issues (Grewal & Serafeim, 2020; Weston & Nnadi 2023). Previous research has shown that the implementation of green finance contributes directly to improving a company's reputation and strengthening relationships with stakeholders (Baah et al., 2021; Thomas et al., 2024). In addition, green finance also supports companies in creating long-term value that is in line with the global sustainability agenda, which in turn increases the competitiveness of companies in a market that is increasingly concerned with environmental and social issues (Bauer & Mertens, 2018). Thus, green finance plays an important role in strengthening corporate sustainability, both financially and socially.

As sustainability awareness increases, many investors are turning to Environmental, Social, and Governance (ESG) based investments to minimize risks and maximize long-term opportunities (Hill, 2020; Junaedi, 2024). ESG investing integrates environmental, social, and governance factors in the assessment of investment performance, which creates more value than relying solely on traditional financial performance. ESG investing has the potential to improve investment decisions that are more responsive to global risks, such as climate change, social inequality, and corporate transparency (Kotsantonis et al., 2016). The integration of ESG criteria in corporate financial strategy is not only a response to market trends but also a necessity to achieve long-term sustainability. Companies that implement ESG well are better able to identify new growth opportunities, reduce risks associated with stringent regulations, and increase their credibility in the eyes of stakeholders (Eccles & Klimenko, 2019; Li et al., 2025). Research shows that companies that are proactive in adopting ESG principles tend to have more stable financial performance and can survive in the face of market volatility (Ghanma, 2022). Thus, ESG investing is not only beneficial for external stakeholders but also for the company's internal strategy in achieving its sustainability goals.

### **ESG and Corporate Competitive Advantage**

While the benefits of green finance and ESG investing are clear, the challenges in integrating these two elements into corporate finance strategies are still huge. One of the main challenges is regulatory inconsistency and a lack of clear standards in ESG reporting, which can lead to greenwashing practices that are not supported by concrete evidence of sustainability (de Freitas Netto et al., 2020; Gherghina, 2024). Greenwashing reduces a company's credibility and undermines efforts to create true sustainable value, which can negatively impact investor and other stakeholders' trust. In addition, there are also challenges related to differences in the implementation of ESG criteria in various regions and industry sectors. Although some countries have implemented stricter regulations on ESG, many companies still face difficulties in measuring and reporting their environmental and social impacts transparently (Yu et al., 2018; Fu et al., 2023).

However, these challenges also bring opportunities for companies to develop better reporting and risk management systems, which can ultimately improve their competitiveness in a global market that is increasingly focused on sustainability (Folqué et al., 2021). The opportunities that arise from the integration of green finance in corporate finance strategies are enormous. Companies that are able to align their sustainability goals with a solid financial strategy can create long-term value for their stakeholders and contribute to broader global goals, such as Greenhouse Gas (GHG) Emission Reductions and the achievement of the Sustainable Development Goals (SDGs). Going forward, companies need to adopt more consistent policies in reporting and managing their environmental and social impacts, as well as strengthen alliances with investors and partners who support sustainability principles.

The use of green finance as a tool to improve corporate sustainability can provide a significant competitive advantage in the market (Khababa & Jalingo, 2023; Gao et al., 2024). Research by Porter and Kramer shows that companies that leverage sustainability opportunities to create new value for society and the environment can achieve sustainable competitive advantages (Kramer & Porter, 2011). In the context of green finance, this means that companies that successfully integrate sustainability principles into their financial decisions are more likely to attract ESG-conscious investors and gain better access to sustainable financial resources (Minhas et al., 2024; Gudimella et al., 2025). In addition, green finance allows companies to focus more on innovation in environmentally friendly products and services, which can open up new markets and increase customer loyalty (Hawn & Ioannou, 2016).

Success in managing green finance well, especially in the context of climate change and social resilience, can strengthen the company's position as an industry leader in sustainability. However, to achieve this, companies must commit to not only following existing regulations but also to being proactive in adopting broader sustainability principles in all aspects of their operations. This study of the literature demonstrates how green finance, which focuses on reaching long-term sustainability goals, is becoming more and more significant in corporate finance strategy. Companies can become more competitive by incorporating ESG into their financial strategy, but there are drawbacks as well, such as regulatory issues, reporting transparency issues, and the possibility of greenwashing. In order to generate sustainable value and improve their standing in a global market where sustainability is becoming a bigger concern, businesses should incorporate green finance and ESG across the board, as this research emphasizes.

## **RESEARCH METHODS**

This study uses a qualitative approach with the Systematic Literature Review (SLR) method to analyze and integrate various studies related to green finance and corporate sustainability. The qualitative approach was chosen because it allows for a deep dive into complex and multidimensional issues, such as the integration of ESG principles in corporate financial strategies and their impact on corporate sustainability. The SLR method allows for the identification of relevant trends, concepts, and empirical findings from the existing literature, as well as providing a comprehensive overview of these topics in the context of global economic changes moving towards sustainability (Ningsih et al., 2025). Data was collected from articles, reports, and white papers published between 2015 and 2025. The inclusion criteria include empirical studies and conceptual articles that address the topics of green finance, corporate sustainability, strategic financial management, and ESG investments. Studies relevant to the application of sustainability principles in corporate financial decision-making and the application of green finance instruments in business are included in the review. Meanwhile, articles that are not related to the main topic or published before 2015 are excluded from this study. Data collection was done through a systematic literature search in various leading academic databases such as Google Scholar, JSTOR, ScienceDirect, and ProQuest. The keyword searches used include terms such as green finance, corporate sustainability, ESG investing, financial strategy, green bonds, and sustainability-linked loans. The literature found was

then selected based on relevance to the research objectives and inclusion criteria that had been set. Articles eligible for inclusion in the literature review were thoroughly evaluated to dig into the findings, concepts, and frameworks proposed by the authors.

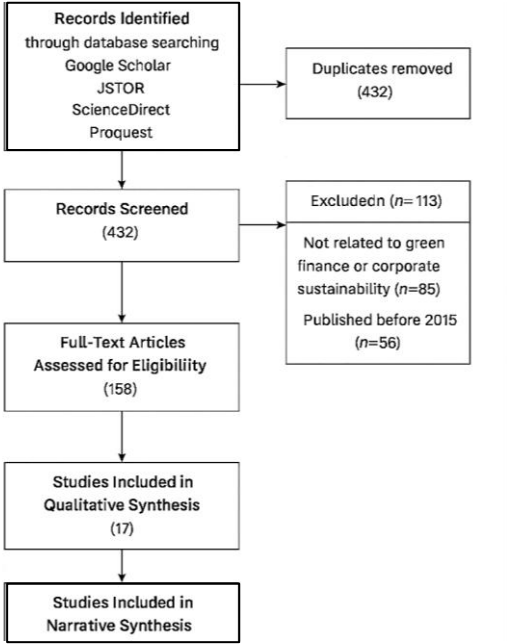


Figure 1. PRISMA Flow Diagram

Figure 1 depicts the systematic literature review process. An initial search across Google Scholar, JSTOR, and ScienceDirect yielded 432 records. After screening, 158 full-text articles were assessed, with 113 excluded for irrelevance or being published before 2015, resulting in 17 studies included in the qualitative and narrative synthesis. Thematic analysis identified key patterns and themes, such as green finance’s role in corporate sustainability, ESG implementation challenges, and opportunities from green finance instruments. Each theme was analyzed to explore the relationship between green finance, financial strategy, and long-term corporate sustainability, culminating in an analytical model illustrating these dynamics.

To ensure the validity and reliability of the findings, this study employs source triangulation by comparing results from diverse literature sources, including academic studies, industry reports, and policy papers (Natow, 2020). This approach provides a more comprehensive and objective understanding of the relationship between green finance and corporate sustainability while minimizing potential biases from relying on a single source. A narrative synthesis is then used to develop an analytical model based on thematic analysis, showing how green finance can be integrated into a company’s financial strategy to achieve long-term sustainability and stakeholder value. This method also compiles findings into narratives illustrating green finance’s impact on competitiveness, as well as the challenges and opportunities in implementing ESG principles in financial management.

**RESULTS**  
**The Strategic Impact of Green Finance and ESG Integration**

This section presents the key findings from the systematic literature review of 17 studies published between 2015 and 2024. The analysis focuses on how green finance instruments and ESG integration shape corporate financial strategies and support long-term sustainability. Thematic synthesis reveals four main areas: the role of green finance tools, the impact of ESG adoption, major challenges, and opportunities for competitiveness. This research reveals that the integration of green finance into corporate

finance strategies has become a fundamental aspect in designing long-term value and corporate resilience, especially in the face of climate change challenges and global market uncertainty. Incorporating green finance tools, such as green bonds, sustainability-linked loans, and ESG-focused investment portfolios, has been demonstrated to offer substantial advantages in fostering a sustainable competitive edge for firms. For instance, green bonds enable companies to secure funding dedicated specifically to environmentally friendly initiatives, including renewable energy projects, energy efficiency programs, and the development of green infrastructure. This approach not only attracts investors who prioritize the social and environmental consequences of their investments but also provides firms with the chance to broaden their financing sources while maintaining a sustainability-oriented strategy.

According to Flammer (2021), companies that adopt green finance instruments show a greater ability to survive in the face of market volatility and global economic crises. This is because companies that invest in sustainability solutions, such as renewable energy and green technology, can reduce their exposure to the risks of increasingly stringent environmental regulations, as well as changes in consumption patterns that increasingly support sustainability. For example, stricter regulatory policies regarding carbon emissions and environmental pollution can be a barrier for companies that have not adapted to sustainability principles. In contrast, companies that invest in the development of green technologies, such as solar panels or electric vehicles, not only reduce their carbon footprint but can also take advantage of existing tax incentives or government support for green projects.

Research by Serafeim et al. (2016) further shows that companies that focus on sustainability, by leveraging green finance, not only reduce long-term risks, but also increase their attractiveness in the eyes of investors. An analysis conducted proves that companies that actively communicate their sustainability policies, by publishing clear and transparent sustainability reports, can achieve higher financial benefits (Krueger et al., 2020). This is because investors who are increasingly concerned about sustainability are giving more value to companies that demonstrate a real commitment to social and environmental sustainability. In the study, Krueger et al. (2020) found that companies with clear sustainability reports and integrated ESG strategies can reduce capital costs by up to 15%, as they are perceived as more stable and less risky by the market.

Furthermore, the issuance of green bonds has proven to be one of the main instruments in facilitating sustainable financing. By offering these instruments, companies are not only introducing new funds for green projects but also strengthening their relationships with stakeholders who support sustainability goals. Investors who buy green bonds are not only looking for financial returns but also positive social and environmental impacts (Khan et al., 2016). Therefore, through the issuance of green bonds, companies can attract investors who have similar values, as well as create a wider impact in terms of increasing awareness of the importance of sustainability.

The increased interest in ESG investing in recent years has had a significant impact on corporate sustainability. ESG investing, which is increasingly seen as an investment strategy that delivers positive financial results in the long run, connects companies with stakeholders who are more concerned about social and environmental impact. A report from Morningstar (2021) shows that ESG-focused funds are experiencing significant growth, with assets managed in global ESG products reaching more than \$1.7 trillion at the end of 2020, a jump of more than 25% compared to the previous year. Research also shows that companies that actively integrate ESG criteria in their operations tend to have better financial performance, as they are able to identify and mitigate social and environmental risks early on (Eccles & Klimenko, 2019).

### **Challenges and Opportunities in Green Finance Implementation**

While there are many opportunities, the implementation of green finance and ESG investing faces a number of challenges. One of the key challenges found in this study is the inconsistency of ESG reporting regulations and standards in different countries. This

creates difficulties for companies in compiling sustainability reports that can be compared globally. For example, although European countries have developed comprehensive guidelines through the EU Taxonomy for Sustainable Activities, many developing countries do not yet have similar standards.

Another challenge is the phenomenon of greenwashing, where companies give the impression they are focused on sustainability without making significant changes in their practices. This greenwashing can damage the reputation of the green finance industry as a whole and harm investors who are looking for truly responsible investments. A study by de Freitas Netto et al. (2020) stated that about 40% of companies that claim to have strong sustainability policies do not meet the actual ESG criteria. This phenomenon emphasizes the importance of stronger enforcement of reporting standards and transparency to avoid confusion of interpretation.

**Table 1.** Summary of Key Findings from Reviewed Studies

No	Year	Researcher(s)	Key Findings
1	2015	Friede et al.	90% of studies show positive link between ESG and financial performance
2	2015	Ioannou & Serafeim	Inconsistent ESG reporting leads to investor confusion and valuation errors
3	2016	Khan et al.	Material sustainability issues improve firm value and investor decisions
4	2016	Hawn & Ioannou	Green finance drives innovation and market leadership in sustainability
5	2018	Yu et al.	ESG transparency increases firm value and reduces information asymmetry
6	2018	Bauer & Mertens	Strong ESG integration enhances corporate reputation and stakeholder trust
7	2019	Eccles & Klimenko	Investors demand ESG integration as core strategy for long-term value
8	2020	Netto et al.	40% of sustainability claims involve greenwashing; need stronger standards
9	2020	Krueger et al.	Transparent ESG reporting reduces capital costs by up to 15%
10	2021	Flammer	Green bonds improve resilience and attract sustainability-focused capital
11	2021	Baah et al.	Stakeholder pressure drives green practices, reputation, and performance
12	2021	Folqué et al.	ESG risks must be integrated into investment strategies for climate goals
13	2023	Weston & Nnadi	Sustainability-linked loans motivate ongoing ESG improvements
14	2024	Gao et al.	Green finance reduces financing constraints and boosts ESG performance
15	2025	Setiawan et al.	Sustainability committees improve carbon disclosure in high-risk sectors
16	2025	Nusantara & Rahadi	ESG principles in banking require integrated financing frameworks
17	2025	Thangamayan et al.	Green finance and ESG directly impact corporate valuation positively

As shown in Table 1, the 17 studies consistently highlight the benefits of green finance and ESG while pointing to persistent challenges in reporting and regulation. This synthesis forms the basis for understanding how companies can strategically adopt these practices.

This study confirms that green finance and ESG investing have great potential in increasing corporate competitiveness and encouraging corporate sustainability. Despite challenges such as regulatory inconsistencies and greenwashing risks, companies that integrate ESG principles into their strategies have the opportunity to gain access to capital markets at lower costs, reduce long-term risks, and build a strong reputation in the eyes of stakeholders. Therefore, green finance is not just a financing tool, but also a long-term strategy that links economic benefits with social and environmental responsibility (Dupir,

2024). The evidence from the reviewed literature supports the need for a structured approach to combine these elements effectively.

## DISCUSSION

The findings of this study are consistent with previous research that emphasizes the strategic importance of green finance in enhancing corporate sustainability. For instance, Flammer (2021) demonstrated that corporate green bonds significantly contribute to both financial performance and environmental objectives, which aligns with this study's results showing that green finance instruments enhance competitiveness and resilience. Friede et al. (2015) found that the majority of empirical studies confirm a positive correlation between ESG performance and financial performance, supporting this study's conclusion that ESG integration not only mitigates risks but also creates long-term value. Moreover, Khan et al. (2016) highlighted how material sustainability issues directly improve firm value, reinforcing the idea that green bonds and ESG portfolios help companies attract value-aligned investors.

Earlier studies also highlighted the increasing pressure from investors for companies to embed sustainability into their core strategies, which corresponds with this study's findings on the growing importance of ESG adoption in accessing sustainable capital markets (Kotsantonis et al., 2016; Eccles & Klimenko, 2019). Weston and Nnadi (2023) further support this by showing that sustainability-linked loans encourage continuous ESG improvements through performance-based incentives, a mechanism that strengthens corporate resilience in volatile markets. At the same time, challenges such as regulatory inconsistency and the risk of greenwashing, as noted by Netto et al. (2020), remain a concern, further validating the obstacles identified in this research. Yu et al. (2018) added that poor ESG transparency reduces firm value due to information gaps, which explains why inconsistent reporting standards continue to hinder global comparability.

While Gherghina (2024) and Simamora et al. (2024) confirm benefits, few provide actionable steps for firms in emerging markets. For example, Baah et al. (2021) showed that stakeholder pressure drives green practices and reputation, but did not explore how financial managers can systematically align capital allocation with ESG targets. Similarly, Folqué et al. (2021) stressed the need to embed ESG risks into investment strategies, yet offered limited guidance on bridging regulatory differences between developed and developing economies. This study addresses such limitations by synthesizing evidence into a structured view of green finance as a strategic tool, not just a funding option.

Compared to prior work, this SLR stands out by focusing on the interplay between green finance instruments and strategic financial management in the ESG era. Alkaraan et al. (2022) linked ESG to industry 4.0 transformations, but focused more on technology than finance. Gao et al. (2024) examined green finance in supply chains, yet overlooked broader corporate strategy. In contrast, this study connects green bonds, ESG metrics, and long-term value creation across sectors, offering a more holistic perspective. The inclusion of Indonesian context through policies like green sukuk and projects like Cirata Solar Power Plant (*Pembangkit Listrik Tenaga Surya/PLTS*) adds regional relevance often missing in global-focused reviews (Ramadhan, 2020; Setiawan et al., 2025).

A key contribution is highlighting the dual role of green finance: risk reduction and opportunity creation. Hawn and Ioannou (2016) argued that external sustainability actions must match internal practices to avoid gaps, a principle reinforced here through evidence that transparent ESG reporting lowers capital costs (Krueger et al., 2020). However, Netto et al. (2020) warned that up to 40% of sustainability claims involve greenwashing, underscoring the need for verifiable metrics. This study confirms that without strong governance, even well-intentioned green finance efforts can fail to deliver real impact. Theoretically, this research extends the shared value framework by Kramer and Porter (2011) by showing how green finance operationalizes sustainability in financial decision-making.

Companies, especially in Indonesia, should establish dedicated sustainability committees to oversee ESG integration in financial planning and adopt standardized

reporting frameworks like GRI or SASB to build investor trust. Financial managers must train teams on green bond issuance and sustainability-linked loans to access lower-cost capital. Policymakers should harmonize local regulations with global standards, such as expanding the Green Sukuk Framework to include mandatory third-party verification. For academics, future research should test the proposed integration pathways through case studies in SMEs or high-emission industries. Ultimately, aligning green finance with strategic goals enables firms to balance profit with purpose, ensuring resilience in an ESG-driven economy.

## CONCLUSION

This research shows that green finance, triggered by ESG investing trends, has become a key factor in shaping corporate sustainability through the integration of financial management within the ESG framework. A company's financial strategy can be significantly impacted by green finance efforts like green bonds and ESG-based investment portfolios, which integrate sustainability measurements with conventional financial performance indicators. Companies that adopt ESG principles show greater resilience to market volatility, improved reputation, and better access to sustainable capital markets. However, challenges related to regulatory inconsistencies, greenwashing risks, and the need for improved ESG reporting standards remain barriers that need to be overcome. Therefore, strategic alignment between green finance instruments and corporate goals is essential to achieve long-term sustainability. In addition, the study highlights the need for an evolution in a company's financial management framework to balance financial performance with long-term value creation for stakeholders, as well as affirms the importance of linking economic success with social responsibility.

Green finance has evolved into a strategic obligation in corporate financial management triggered by ESG investing trends. Businesses that successfully include ESG factors into their financial plans can lower risk and promote long-term growth. Because of this, businesses must update and modify their management frameworks to satisfy the increasing expectations of sustainability in the global economy. The implications are clear for companies to build dedicated teams for green finance and ESG monitoring to stay competitive. However, this study is limited by its focus on literature review without primary data from Indonesian firms, which may miss real-world variations. Future research should include case studies or surveys in local companies to test how these strategies work in practice and explore sector-specific differences.

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