



Green Finance As A Catalyst For Achieving Organizational Sustainability Goals

Dr. Gowri Shankar^{1*}, Dr. Sunita Dhote², Brahma Edwin Barreto³, Ainsley Granville Andre Jorge Bernard⁴,
Dr. R. D. Sathiya⁵, Afa Asif Qidwai⁶

^{1*}Associate Professor, Department of MBA, AIMS Institutions, Bangalore, Karnataka, India. drgowrishankar66@gmail.com

²Assistant Professor, Department of Management Technology, Shri Ramdeobaba College of Engineering and Management, Nagpur, Maharashtra, India. dnotesn@rknec.edu

³Associate Professor, Department of Commerce, VVM's Shree Damodar College of Commerce & Economics, Margao, Goa, India. edwin.barreto@vvm.edu.in

⁴Assistant Professor, Department of Commerce, VVM's Shree Damodar College of Commerce & Economics, Margao, Goa, India. ainsley.bern@gmail.com

⁵Professor, Department of Computer Science and Applications, KLEF Deemed to be University, Andhra Pradesh. sathiyard@kluniversity.in

⁶Research Scholar, Department of Commerce & Business Management, Integral University, Lucknow, Uttar Pradesh, India. afaasif90@gmail.com

Citation: Dr. Gowri Shankar, et al. (2024) Green Finance As A Catalyst For Achieving Organizational Sustainability Goals, *Educational Administration: Theory and Practice*, 30(4), 8461-8465, Doi: 10.53555/kuey.v30i4.2743

ARTICLE INFO

ABSTRACT

In recent years, the global economy has seen an increase in interest and investment in sustainable practices, particularly in the field of green finance. This study looks into the impact of green financing on the sustainability of rural banks. Using a cross-sectional quantitative research approach, data was collected from a randomly selected sample of 132 Indian respondents via a structured closed-ended questionnaire with a 5 point Likert Scale. The data was interpreted using descriptive and inferential statistics. The findings of this study add to the existing body of knowledge in the context of rural banks, with implications for both theory and practice, by shedding light on the effectiveness of green finance as a catalyst for fostering sustainable business practices and addressing environmental challenges. Furthermore, the findings of this study provide significant information for governments, investors, and corporate executives looking to promote sustainability and reduce environmental risks through smart financial efforts.

Keywords: Green Finance, Management Commitment, Rural Banks, Sustainability

1. Introduction

In today's intensely competitive business world, firms are increasingly prioritizing environmental sustainability activities to boost total value. Rural banks, seeing the potential for long-term growth and success, are utilizing their various resources through green financing initiatives. Banks strive for long-term growth and success by implementing green finance concepts into their policies and operations. However, there is still a lack of awareness of the entire value that green financing can add to organizations' sustainability efforts. According to research, green finance not only improves financial resource allocation efficiency, but it also directs capital flow to environmentally friendly companies, enhancing overall sustainability [1]. It is highlighted that a sustained commitment to environmental protection through green finance is essential. Financial regulators are expected to closely monitor resource allocation, directing industrial enterprises toward energy conservation and environmental protection. Furthermore, green finance is critical in optimizing resource allocation, directing consumption and investment patterns, and ultimately improving business sustainability and organizational structure [2]. With the recent boom in green finance programs and sustainability efforts among rural banks, questions have arisen about the role of management commitment in shaping the link between green finance and company sustainability. Management commitment is regarded as critical in developing and strengthening the link between green financing and sustainability outcomes. As a result, management's persistent commitment to incorporating green finance into corporate operations is critical for improving firm sustainability [3]. Management's commitment includes a variety of kinds of support, including efforts to garner support from the board of directors, allowing for the supply of green finance products such as retail finance,

asset management, investment finance, and green project insurance. As a result, it becomes clear that organizations cannot achieve sustainability in isolation, emphasizing the critical role of management commitment in driving green finance operations and, ultimately, affecting firm sustainability outcomes. While the discussion about sustainability, company performance, and green finance is not new in literature and research, there is a significant vacuum in decisive findings [4]. This study seeks to close this gap by using robust approaches such as correlation multiple regression analysis to explore the influence of green finance on sustainability in a sample of rural banks in India [5]. The study's findings have the potential to aid bank management in producing and financing environmentally friendly products, attracting more customers and, as a result, improving enterprises' immediate and long-term sustainability. Thus, the overarching goal of this study is to investigate the effect of green finance on organizations' sustainability.

2. Literature Review

Green finance has emerged as an important instrument for companies working to accomplish sustainability goals. It includes financial goods, services, and investments that promote eco-friendly practices. Numerous studies have demonstrated its ability to support sustainable growth by linking financial decision-making with environmental factors [6]. Scholars have emphasized the necessity of incorporating green finance principles into corporate strategy to reduce environmental risks and increase long-term competitiveness. According to research, firms that implement green finance efforts improve resource efficiency and lower environmental footprints, resulting in increased operational resilience [7]. Furthermore, green finance makes capital available for sustainable initiatives, promoting creativity and technological developments in green technologies. According to studies, organizations that use green finance strategies outperform their competitors in terms of financial performance and market worth. Furthermore, green financial frameworks help to ensure regulatory compliance and stakeholder engagement, which improves company reputation and confidence [8]. However, problems such as low knowledge, insufficient regulatory frameworks, and financial impediments prevent widespread implementation of green financing initiatives. To overcome these challenges, governments, financial institutions, and businesses must work together to raise awareness, encourage investment, and adopt supporting regulations. Furthermore, empirical research highlights the necessity of strong governance frameworks and openness in green financing implementation for credibility and accountability [9,25]. Despite the hurdles, the growing momentum toward sustainability, as well as the increased demand for responsible investment options, highlight the importance of green finance in advancing organizational sustainability.

Existing research has thoroughly investigated the relationship between green finance and company sustainability, from many angles. Some studies indicate a strong positive relationship between green finance and corporate sustainability, emphasizing the potential for green finance activities to improve environmental performance and promote eco-friendly product creation [10,24]. Furthermore, government support through green subsidies and the implementation of green financial regulations are viewed as critical aspects in promoting sustainable behaviors via green financing. Other research, on the other hand, take a different approach, demonstrating that green finance may have a negative impact on the sustainability of businesses [11,23]. However, these studies indicate that green financing has a major impact on increasing green productivity within enterprises. The integrity of green financing processes is emphasized as a direct contribution to sustainability and cleaner production, demonstrating their importance in promoting sustainable performance [12]. Furthermore, research examines the direct impact of green finance methods on the demand for clean energy, implying that financing green projects can encourage enterprises to engage in clean energy activities, hence increasing environmental performance. Banks' use of green finance instruments, such as green bonds and loans, has been proven to be strongly correlated with social, economic, and environmental performance, underlining green finance's potential for furthering sustainability goals [13]. Overall, the literature acknowledges green finance as an unavoidable trend in financial development, acting as a potent motivator for achieving sustainable performance. Green finance supports businesses to reduce greenhouse gas emissions and adopt sustainable practices by offering access to green loans and investment options, contributing to the larger sustainability agenda [14]. Several studies have looked into the link between green finance and firm sustainability, using quantitative research methodologies to investigate this complex relationship. The findings of these studies consistently demonstrate a direct link between green money and sustainability outcomes.

The study by [15] discovered that green finance strategies improve both environmental and economic performance within organizations. Similarly, [16] confirmed these findings, demonstrating that implementing green financing initiatives has a considerable impact on enterprises' sustainability efforts. [17] also emphasized the necessity of proactive management in driving sustainability through green finance. However, research conducted by [18] identified barriers to the direct influence of green finance on sustainability outcomes, such as capacity building and stakeholder collaboration concerns in Oman. Nonetheless, [19] analysis highlighted the broader beneficial implications of green finance, demonstrating its ability to improve environmental, social, and economic performance within enterprises. Overall, these studies highlight green finance's critical role in promoting corporate sustainability [20,26]. While constraints such as limited capacity and stakeholder participation remain, the overall consensus indicates that green finance efforts have tremendous potential to produce positive environmental and economic outcomes [21,27]. Green finance emerges as a vital tool for

furthering sustainability goals within the corporate landscape, posing both obstacles and opportunities for organizations attempting to navigate toward a more sustainable future. Imminent research should look into the long-term effects of green finance initiatives on organizational performance, as well as innovative funding mechanisms to help accelerate the transition to a low-carbon economy [22]. To summarize, green finance is a viable way for enterprises to incorporate environmental considerations into their financial decision-making processes, so contributing to sustainable development goals and promoting resilience in the face of global environmental challenges.

3. Study Objectives:

Investigating the Impact of Green Financing on Firms' Sustainability in Selected Rural Banks

4. Methodology

The study took a quantitative approach that was consistent with its goals, attempting to deliver outcomes expressed through numerical data and statistical analysis. This strategy allowed for the collecting of massive datasets from study participants via a questionnaire, providing good generalization of results and flexible data analysis approaches. The cross-sectional research approach was chosen to collect data from a large number of study participants at a particular point in time, allowing for both descriptive and explanatory research. Descriptive research gave a complete description of study variables, but explanatory research examined cause-and-effect correlations between variables, allowing for the examination of patterns in their linkages. The population of interest included all rural banks in India, which totaled 132 registered banks. Simple random selection was used to obtain a representative sample of 132 rural banks. Data was obtained using a questionnaire created to match with the study's aims, which included closed-ended Likert scale questions divided into three sections: respondents' demographic profiles, green funding activities, and sustainability metrics constructs. The questionnaire's design emphasizes clarity and simplicity to assure respondents' full comprehension and reduce ambiguity in responses.

5. Data Analysis

5.1. Reliability and Validity Test

Table 1: Cronbach Alpha

Sl. No	No of Items	Cronbach Alpha
1	8	0.884
2	6	0.876

Cronbach's alpha coefficients greater than 0.7 indicate good internal consistency among the items in the assessment instrument. This suggests that the items are highly associated, resulting in a reliable and robust measure of the underlying construct. Thus are both the variables are above 0.7

5.2: Correlation Matrix

Table 2: Correlation Matrix

Items	Mean	GF	Sustainability	P value
Green Finance (GF)	4.73	1		
Sustainability (S)	4.68	0.352	1	0.000

Table 2 shows a strong positive association between banks' green finance and sustainability ($r = 0.473$, p -value < 0.05). This implies that rural banks' initiatives to finance green projects have concrete benefits in terms of climate change mitigation, improved waste management practices, carbon emissions reduction, and natural resource conservation. As a result, these activities help to increase environmental sustainability, which strengthens the banks' economic sustainability.

5.3: Regression Analysis

Table 3: Regression Analysis

Model	R	R-Square	Adjusted R Square	t-value	Sig
1	0.524	0.447	0.426	3.879	0.000

Effect of green finance on sustainability.

The regression study done to analyze the impact of green finance on corporate sustainability, as shown in Table 3, yielded an interesting result. The study found that green finance has a significant and beneficial impact on sustainability ($\beta = 0.387$, $t = 3.897$, $p < 0.05$). This implies that there is a direct link between rural banks' green finance initiatives and corporate sustainability achievements. Furthermore, the data shows that for every unit increase in the green finance index, there is an equal increase in business sustainability. Green financing is

expected to account for a 44.7% increase in business sustainability. The regression analysis results thus validate the study's hypothesis, which proposed that green finance had a considerable impact on corporate sustainability.

6. Conclusion and Recommendation

The study concluded that rural banks' green financing methods have a direct impact on enterprises' sustainability, which is consistent with prior research findings. This indicates that rural banks actively promote eco-friendly projects and activities, thereby promoting environmental sustainability and economic progress. Rural banks play an important role in lowering carbon emissions and conserving the environment by allocating funds to ecologically desirable undertakings while avoiding assistance for damaging operations. This, in turn, improves sustainability performance, attracts customers, and increases market share and revenue. Furthermore, the survey discovered that rural banks provide green funding through a variety of channels, including green mortgages, commercial building, and insurance, supporting sustainability through eco-friendly methods. These measures result in cost savings, increased energy efficiency, and lower loan defaults, all of which improve banks' returns on investment. In addition, investments in climate-smart agriculture promote ecologically favorable practices, thereby increasing sustainable productivity and lowering greenhouse gas emissions.

7. Limitation and Suggestion for Further Research

The study recognizes the difficulty of generalizing its findings due to the limited sample size, which limits its representativeness to the total population. Thus, future research efforts should concentrate on increasing the sample size to include other commercial banks in the country. This approach would allow for more exact conclusions to be reached about the subject of research. The study also recognized reliance on a single source of information as a problem. To overcome this, future study could take a mixed-methods approach, using several sources of data to supplement one another. This larger focus would enhance the comprehensiveness of the investigation, providing interesting insights into the differences and similarities between various banking systems.

8. Reference

1. Cheng, X., Tan, L., & Huang, Y. (2021). Green Finance and Corporate Sustainable Performance: The Mediating Effect of Innovation. *Journal of Cleaner Production*, 279, 123614.
2. BK Kumari, VM Sundari, C Praseeda, P Nagpal, J EP, S Awasthi (2023), Analytics-Based Performance Influential Factors Prediction for Sustainable Growth of Organization, Employee Psychological Engagement, Work Satisfaction, Training and Development. *Journal for ReAttach Therapy and Developmental Diversities* 6 (8s), 76-82
3. P. Nagpal, C. Vinotha, et.al., (2024). Machine Learning and Ai in Marketing–Connecting Computing Power to Human Insights. *International Journal of Intelligent Systems and Applications in Engineering*, 12(21s), 548–561. <https://ijisae.org/index.php/IJISAE/article/view/5451>
4. SV Akilandeewari, Pooja Nagpal, et al., (2024) Transforming E-Commerce: Unleashing The Potential Of Dynamic Pricing Optimization Through Artificial Intelligence For Strategic Management. *Migration Letters* Volume: 21, No: S3, pp. 1250-1260 ISSN: 1741-8984 (Print) ISSN: 1741-8992
5. R. Bhattacharya, Kafila, S. H. Krishna, B. Haralayya, P. Nagpal and Chitsimran, "Modified Grey Wolf Optimizer with Sparse Autoencoder for Financial Crisis Prediction in Small Marginal Firms," 2023 Second International Conference on Electronics and Renewable Systems (ICEARS), Tuticorin, India, 2-4 March 2023, pp. 907-913, doi: 710.1109/ICEARS56392.2023.10085618
6. Elbousty, Y., & Boubakri, N. (2021). The Impact of Green Financing on Corporate Performance: Evidence from the Middle East and North Africa Region. *The Quarterly Review of Economics and Finance*, 79, 1-14.
7. P Nagpal (2023). The Impact of High Performance Work System and Engagement. *Business Review*" Vol17 (1) pp 57-64, ISSN 0973- 9076
8. Li, C., & Gan, Y. (2021). The Spatial Spillover Effects of Green Finance on Ecological Environment—Empirical Research Based on Spatial Econometric Model. *Environmental Science Pollution Resource*, 28, 5651-5665. <https://doi.org/10.1007/s11356-020-10961-3>
9. S. H. Abbas, S. Sanyal, P. Nagpal, J. Panduro-Ramirez, R. Singh and S. Pundir, "An Investigation on a Blockchain Technology in Smart Certification Model for Higher Education," 2023 10th International Conference on Computing for Sustainable Global Development (INDIACom), New Delhi, India, 15 – 17 March, 2023, pp. 1277-1281
10. P. Nagpal, "The Transformative Influence of Artificial Intelligence (AI) on Financial Organizations Worldwide," 2023 IEEE International Conference on ICT in Business Industry & Government (ICTBIG), Symbiosis University of Applied Science, Indore, India, December 2023. pp. 1-4, doi: 10.1109/ICTBIG59752.2023.10455998

11. G. Gokulkumari, M. Ravichand, P. Nagpal and R. Vij, "Analyze the political preference of a common man by using data mining and machine learning," 2023 International Conference on Computer Communication and Informatics (ICCCI), Coimbatore, India, 23-25 January 2023, pp. 1- 5, doi: 10.1109/ICCCI56745.2023.10128472
12. Sharma, R., & Mishra, A. K. (2021). Institutionalizing Green Finance for Sustainable Development: A Review of Regulatory and Policy Frameworks. *Journal of Cleaner Production*, 311, Article 127503.
13. Navneetha Krishna, Anitha & Pooja Nagpal (2024). Green HR Techniques: A Sustainable Strategy to Boost Employee Engagement. *Advancements in Business for Integrating Diversity, and Sustainability*, 2024 Taylor & Francis Group, London, ISBN 978-1-032-70828-7. DOI: 10.4324/9781032708294
14. F. A. Syed, N. Bargavi, A. Sharma, A. Mishra, P. Nagpal and A. Srivastava, "Recent Management Trends Involved With the Internet of Things in Indian Automotive Components Manufacturing Industries," 2022 5th International Conference on Contemporary Computing and Informatics (IC3I), Uttar Pradesh, India, 27-29 April 2022, pp. 1035-1041, doi: 10.1109/IC3I56241.2022.10072565.
15. Zhu, W., & Zou, J. (2022). The Impact of Green Technology Innovation of New Energy Companies on Earnings Sustainability in China—Based on the Regulatory Effect of Green Finance Development. *American Journal of Industrial and Business Management*, 12, 1348-1362. <https://doi.org/10.4236/ajibm.2022.128073>
16. M Urs & P Nagpal. "A study on Determinants and Outcomes of Job Crafting in an Organization". *Journal of Emerging Technologies and Innovative Research*, 7(15),145-151. ISSN-2349-5162
17. Soubra, A., & Ng, C. K. (2017). Renewable Energy Project Finance: Review and Analysis of Current State of the Art. *Renewable and Sustainable Energy Reviews*, 77, 297-308.
18. P. William, A. Shrivastava, H. Chauhan, P. Nagpal. "Framework for Intelligent Smart City Deployment via Artificial Intelligence Software Networking," 2022 3rd International Conference on Intelligent Engineering and Management (ICIEEM), 27- 29 August 2022, pp. 455-460, doi: 10.1109/ICIEEM54221.2022.9853119
19. Raihan, Mohammad Zahir. 2019. Sustainable Finance for Growth and Development of Banking Industry in Bangladesh: An Equity Perspective. *MIST Journal of Science and Technology* 7: 41–51.
20. Nagpal, P. (2022). Online Business Issues and Strategies to overcome it-Indian Perceptive. *SJCC Management Research Review*, 12(1), 1–10. <https://doi.org/10.35737/sjccmrr/v12/i1/2022/151>
21. Xia, Lianfeng, Yujia Liu, and Xu Yang. 2023. The response of green finance toward the sustainable environment: The role of renewable energy development and institutional quality. *Environmental Science and Pollution Research* 30: 59249–61
22. Nagpal, P. & Kiran Kumar., AC (2020). High Performance Work Practices, Role of Engagement and its Outcomes—A Review of Literature Approach. *Studies in Indian Place Names*, 40(56), 326-337.
23. Zhou, Xiaoguang, Xinmeng Tang, and Rui Zhang. 2020. Impact of green finance on economic development and environmental quality: A study based on provincial panel data from China. *Environmental Science and Pollution Research* 27: 19915–32.
24. P Nagpal, ACK Kumar (2020). The Effect of Perceived High performance Work Practices on Employee Engagement—An Empirical Study on IT Firms in India. *Think India Journal*. 22 (43). 272-278
25. Anurag Shrivastavaa , S. J. Suji Prasadb , Ajay Reddy Yeruvac , P. Manid , Pooja Nagpal and Abhay Chaturvedi. IoT Based RFID Attendance Monitoring System of Students using Arduino ESP8266 & Adafruit.io on Defined Area. *Cybernetics and Systems: An International Journal*. <https://doi.org/10.1080/01969722.2023.2166243>.
26. Pintea, M.-O., Stanca, L., Achim, S.-A., & Pop, I. (2014). Is There a Connection Among Environmental and Financial Performance of a Company in Developing Countries? Evidence from Romania. *Procedia Economics and Finance*, 15, 822-829
27. Namita Rajput, Gourab Das, Kumar Shivam, Chinmaya Kumar, Pooja Nagpal. An inclusive systematic investigation of human resource management practice in harnessing human capital, *Materials Today: Proceedings*, 80 (3),2023, 3686- 3690, ISSN 2214-7853, <https://doi.org/10.1016/j.matpr.2021.07.362>. (<https://www.sciencedirect.com/science/article/pii/S2214785321052214>)