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CORPORATE PERSPECTIVES ON GREEN FINANCE AND ITS INFLUENCE ON FIRM VALUE AND INVESTMENT STRATEGIES IN INDONESIA

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ABSTRACT

This study examines the corporate perspectives on green finance instruments and their impact on firm value and investment strategies among publicly listed companies in Indonesia. While global research on the sustainable finance is extensive, evidence from the emerging economies, particularly using the qualitative approaches, remains limited. Guided by the Resource-Based View (RBV), Signalling Theory, and Stakeholder Theory, the study investigates how corporations frame, justify, and communicate their engagement with green bonds, sukuk, and ESG-linked initiatives. Using a qualitative document analysis approach, data from corporate sustainability reports, annual filings, and regulatory disclosures from 50 companies across multiple sectors between 2021 and 2023 were analysed. The thematic content analysis was applied to identify the patterns in the disclosure narratives and the strategic framing. The findings reveal that green finance instruments serve not only as capital-raising tools but also as strategic resources that improve competitiveness, as market signals that reduce information asymmetry, and as legitimacy mechanisms that reinforce stakeholder trust. The study contributes theoretically by integrating multiple theoretical lenses on green finance adoption and practically by providing suggested ways for regulators, corporate leaders, and investors to enhance disclosure credibility and align ESG strategies with long-term value creation. These insights suggest that robust green finance engagement can become a strategic driver of corporate resilience and stakeholder trust in emerging markets.

Keywords: Green finance, ESG, firm value, investment strategy, Indonesia, qualitative document analysis.

INTRODUCTION

Green finance has emerged as a vital instrument in addressing the global climate emergency and driving the transition toward a sustainable economy. The green finance which involves instruments such as green bonds, the green sukuk, sustainability-linked loans, the Environmental, Social and Governance (ESG) funds and the green equity plays a vital role in the alignment of the financial systems with the environmental goals (Gunawan et al., 2022; Martin, 2023). Green finance enables corporations and governments to fund environmentally sound projects while maintaining financial performance, thereby bridging the gap between profitability and planetary responsibility. Globally, ESG factors have become vital benchmarks for investors and regulators, with E-aligned investments projected to exceed $33.9 trillion by 2026 (Rohman et al., 2024).

In Indonesia, the emergency of the sustainable finance is amplified by the country's environmental vulnerabilities and its commitment to the Paris Agreement. The Financial Services Authority (OJK) has responded with regulatory efforts, such as POJK No. 51/POJK.03/2017, authorizing the sustainability disclosures for the financial organizations and the publicly listed corporates and the POJK No. 60/POJK.04/2017 by regulating the green bond issuance. These developments aim to incorporate ESG principles into business practices and promotclimate-aligned investment strategies (OJK, 2017; Widarwati et al., 2024).

Given the growing global attraction of green finance instruments, particularly in responding to climate change and the Sustainable Development Goals, various emerging countries, such as Indonesia, are trying to align their capital markets withnvironmental priorities (Gunawan et al., 2022; OJK, 2017; UNDP, 2021). However, while significant progress has been made in the policy formulation and regulatory standard-setting, the firm-level narratives, motivations and the strategic framing of the green finance remain insufficiently understood, especially in the context of the diverse and rapidly growing capital market of Indonesia (Smith & Sudjonno, 2023; Tania et al., 2025).

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Despite significant policy progress, the firm-level narratives, motivations, and strategic framing of gen finance in Indonesia remain insufficiently understood, given the diverse and rapidly growing capital market (Smith & Sudjonno, 2023; Tania et al., 2025). The integration of ESG considerations and green finance instruments at the corporate level remains varied and fragmented. Previous studies highlight inconsistencies in reporting standards, limited external assurance of ESG disclosures, and a lack of deep understanding of how green finance affects corporate strategy beyondompliance (Ningsih et al., 2024; Tania et al., 2025). For example, although sustainability reporting is mandated, many corporates demonstrate only superficial compliance in their reports, while a few provide comprehensive ESG narratives, indicatingneven disclosure quality (Lazarus et al., 2021). This gap raises the question of whether green finance initiatives are viewed by companies as genuinely strategic, value-driven tools or merely as regulatory checkboxes. Addressing these questions is essential for developing the nuanced, sector-specific policies for the sustainable finance.

Therefore, this study investigates how publicly listed companies in Indonesia design and implement green finance strategies by analysing their sustainability reports, ESG disclosures, andfficial statements (Bowen, 2009; Smith & Sudjonno, 2023). It focuses on understanding how corporations perceive and report the influence of green finance instruments on corrate value and investment strategy (Tania et al., 2025; Xiao et al., 2023). Whereas most existing literature relies on quantitative financial indicators (Habib et al., 2025; Widarwati et al., 2024), this study employs a qualitative document analysis to capture corporate narratives and strategic positioning related to green finance. By examining a range of secondary data sources, including annual reports, sustainability reports, green bond prospectuses, and relevant studies, the study offers a nuanced view of corporate perceptions and alignment with sustainability goals.

Research Problem

Despite Indonesia's ambitious sustainable finance roadmap and the growing number of publicly listed corporates adopting ESG and green finance practices, uncertainty remains as to whether these initiatives are genuinely strategic and value-driven or primarily compliance-oriented and symbolic responses to regulatory pressure. The regulations like the OJK Regulation No. 51/POJK.03/2017 (sustainability reporting) and No. 60/POJK.As of April 2017 (green bond issuance), these frameworks have been mandated. However, the depth, quality and strategic framing of these disclosures vary considerably across companies (Lazarus et al., 2021; Smith & Sudjonno, 2023). The corporate perspective on green finance adoption (i.e., how companies interpret, justify, and strategically frame these instruments) remains underexplored in Indonesia. Some corporates embrace the green finance as a genuine strategic commitment to the environmental responsibility, while others treat it as a symbolic gesture aimed at satisfying the regulatory compliance or simply signaling to investors (Xiao et al., 2023). Understanding these differing perspectives is crucial because they shape not only the effectiveness of green financial instruments in mobilising capital, but also their implications for firm value and long-term investment strategies.

Additionally, there is a lack of qualitative research documenting how corporations interpret and integrate green finance instruments into their broader corporate strategy. Most available studies employ quantitative models, which fail to capture narrative framing, intentional signalling, and sector-specific differences inSG disclosure (Bowen, 2009; Widarwati et al., 2024; Xiao et al., 2023). This leaves a limited understanding of how Indonesian corporates perceive the purpose and influence of green finance, and whether these instruments are truly incorporated into long-term planning or simply adopted as reputational tools.

To address the aforementioned gap, this study examines how Indonesian publicly listed companies perceive, define, narrate, and disclose their engagement with green finance instruments, and how these perspectives inform firm value and investment strategies. By focusing on the corporate narratives in sustainability reports, ESG disclosures, and official statements, the study highlights whether corporates view green finance as a tool for competitive advantage, a reputational mechanism, or a regulatory requirement. Such insights are essential for understanding how green finance influences both firm value and strategic investment behaviour, particularly in emerging markets where institutional support is still evolving andSG maturity varies by sector (Syarkani et al., 2024; Widarwati et al., 2024).

Objective of the study

This study aims to:

1. Explore how publicly listed Indonesian companies articulate their engagement with green finance instruments in their official corporate documents.
2. Identify the perceived impacts of green finance on the firm value and the strategic investment decisions.
3. Examine the sectoral variations in the green finance narratives and disclosure quality across different industries.

Significance of the study

This study contributes to the literature on the sustainable finance in the emerging economies by offering a qualitative understanding on how the green finance is viewed and implemented at the corporate level in Indonesia. It expands the predominantly quantitative and developed-market-focused body of knowledge by offering contextual evidence from an emerging market. This study supports the improvement of ESG policy frameworks by identifying disclosure gaps and narrative inconsistencies in corporate reporting. Practically, it helps investors, regulators, and corporate leaders align their financial goals with sustainability imperatives by showing how the authentic integration of ESG principles can enhance credibility.

This study adds a narrative and contextual layer to the understanding of green finance in Indonesia, expanding the existing empirical findings with corporate storytelling, strategic language, and qualitative evidence. It also suggests a replicable framework for the document analysis in the sustainable finance research. However, this study is limited to publicly available secondary data, including corporate disclosures and ESG reports. It does not include the primary data such as interviews or surveys. Therefore, the findings may be limited by the quality and completeness of the disclosed information, and are subject to reporting bias or selective transparency by corporations.

Literature Review

In recent years, with growing attention to sustainable finance and ESG integration, the literature on green finance has considerably expanded ineveloped economies (Ozili, 2021; UNDP, 2021). However, studies that focus on developing markets, such as Indonesia, particularly through qualitative approaches,re limited (Smith & Sudjonno, 2023; Tania et al., 2025; Xiao et al., 2023) This section provides an overview of the key concepts and the theoretical foundations relevant to the study, critically examines the empirical findings, and highlights the gaps the current research aims to address. It is structured around the three core objectives of this study, namely: how green finance is articulated in corporate disclosures, its perceived impact on firm value and investment strategies, and the sectoral variation in ESG narratives and practices.

Key Concepts and their definitions

Green finance refers to financial investments dedicated to projects or initiatives that support environmental sustainability. They include green bonds, green loans, and sustainability-linked financial products, which fund renewable energy, climate-resilient infrastructure, andow-carbon technologies (Manta, 2024; Martin, 2023). The sovereign green sukuk issuance and the introduction of the OJK's sustainable finance regulations in Indonesia constitute an institutional shift toward the green finance capital allocation (OJK, 2021).

Firm Value: In general terms, the firm value reflects a company's worth, often measured by financial performance indicators like the Tobin's Q, Return on Assets (ROA), Return on Equity (ROE), or stock market valuation. Such indicators reflect the investor perceptions of a firm's future profitability and efficiency (Widarwati et al., 2024). However, for the qualitative context of this study, the firm value also encompasses intangible dimensions, such as stakeholder trust and corporate legitimacy. In other words, beyond the financial metrics, how a company's ESG and green finance engagement is perceived by investors, regulators, and the public contributes to its overall value.

Investment Strategy: This involves the allocation or distribution of financial resources into different assets or projects with the aim of generating returns (profits). Green finance can impact these decisions by reducing capital costs or encouraging corporates to prioritissustainability-oriented projects (Chiţimiea et al., 2021; Ozili, 2021).

Theoretical Frameworks Supporting the Study

This study is grounded in three complementary theoretical perspectives to explain how corporations use green finance strategically. These theories are as follows:

The Resource-Based View (RBV): This theory was originally developed by Barney (1991), which suggests that a corporation's sustained competitive advantage comes from its ability to develop and utilise valuable, rare, inimitable, and non-substitutable (VRIN) internal resources. These resources may consist not only of physical and financial capital, but also intangible assets such as organisational processes, capabilities, and strategic practices. In this study, ESG strategies and sustainability-aligned investment mechanisms are conceptualised as such resources. Corporates that successfully incorporate green finance instruments, including green bonds or ESG-linked loans, demonstrate improved capabilities to innovate, manage environmental risk, and attract sustainability-focused investors. These abilities can create long-term economic value, particularly when integrated into corporate culture, governance, andecision-making processes (Habib et al., 2025; Hart, 1995). Therefore, the RBV provides a strong theoretical basis for investigating how the internal sustainability-oriented practices (such as the ESG and the green finance implementation) serve as the strategic assets which impact both the corporate value and the investment behavior.

The Signaling Theory: the signaling theory (Connelly et al., 2011; Spence, 1973) suggests that companies communicate their unobservable qualities (such as the management integrity or the strategic foresight) through credible signals to reduce information irregularity in the market. In emerging economies, adopting green finance instruments (such as green sukuk or sustainability-linked loans) and voluntarily disclosing sustainability information serve as signals of a firm's ESG commitment. These signals can enhance a company's legitimacy and build the investor trust. For instance, publishing a detailed sustainability report in line with the global frameworks (GRI, TCFD) or issuing a certified green bond sends a market signal that the firm is forward-looking and responsibly managed, which can attract investors seeking reassurance of the long-term viability.

The Stakeholder Theory (Freeman, 1984): This theory emphases that corporations must address the needs and expectations of diverse stakeholders (including shareholders, regulators, communities, and employees) to ensure legitimacy and long-term sustainability. The modern interpretations of this theory reaffirm that aligning with stakeholder expectations, particularly on environmental and social issues, improves strategic resilience andalue creation (Parmar et al., 2010; Valentinov et al., 2025). In the context of green finance, the stakeholder theory suggests that corporations engage in sustainability initiatives and transparent ESG reporting to respond to stakeholder pressures and values. By doing so, companies can strengthen their social license to operate and avoid conflicts, thereby protecting their value.

Together, these theories provide a strong foundation for analyzing the corporate behavior in the green finance. The RBV explains the value of internal ESG capabilities and green finance capacity as competitive resources. The signalling theory frames sustainability disclosure and green financing as strategic communications to the market. The stakeholder theory places these actions within the broader context of achieving stakeholder legitimacy and support.

Review of the existing empirical literature

The Global Evidence

developed countries find that green finance and ESG incorporation often correlate with enhanced firm value and reputational capital. For example, corporations that issue een bonds demonstrate improved stock performance and stakeholder credibility (Flammer, 2021; Tang & Zhang, 2020).

The Emerging Economies Insights

Studies in emerging economies, including Asia, confirm that corporations with stronger ESG performance and access to green finance experience higher valuation and investor confidence. Habib et al. (2025) state that there is a positive relationship between the ESG disclosure, the green financing and the financial outcomes. However, the disclosure consistency and the ESG credibility remain a concern (Ozili, 2021).

The Indonesian Context

The studies specific to Indonesia present mixed results. Syarkani et al. (2024)ESG transparency can improve firm valuation. Widarwati et al. (2024) in their study emphasised that ESG transparency can enhance firm valuation. Furthermore, Widarwati et al. (2024) found in their study that governance reinforces this effect. Yet, Tania et al. (2025) identified an inconsistency in the ESG reporting language, signifying that many disclosures remain symbolic rather than strategic.

The Sectoral Variations

The sector-level studies reveal that sustainability maturity varies; resource-intensive industries, such as the energy and mining sectors, produce more substantive ESG disclosures due to regulatory and stakeholder scrutiny, whilconsumer-focused corporations provide less detailed ESG narratives (Smith & Sudjonno, 2023; Xaviera et al., 2024).

The Need for Qualitative Framing

Regardless of these quantitative insights, limited studies investigate how corporations narratively frame their engagement with green finance, what they choose to highlight, and why. The document analysis can reveal and capture these internal meanings and organizational intent (Bowen, 2009; Xiao et al., 2023), which fills a notable gap, particularly in the emerging economies like Indonesia.

The remaining underexplored aspect is the narrative construction within sustainability reports, specifically how corporations describe their sustainability journeys and engagement with green finance instruments. There is a clear gap in the document-based studies (qualitative) that focus on the corporate narrative and sectoral nuances in ESG and green finance communication.

RESEARCH METHOD

Research Design

This study employs a qualitative research approach and a framework with a focus on document analysis to explore how publicly listed companies in Indonesia perceive and report their engagement with green finance instruments. The aim was to understand how these narratives reflect corporate perspectives on firm value and investment strategies within the framework of sustainable finance. A qualitative approach is suitable for uncovering the interpretive meanings and nuanced understandings, especially when dealing with narrative content such asSG disclosures and sustainability reports (Creswell & Poth, 2018).

Document analysis, as described by Bowen (2009), iprimarily effective in exploring latent meanings, policy framing, and institutional narratives within organisational communications. In the context of green finance, corporate disclosures such as sustainability reports, ESG statements, green bond frameworks, and annual reports offer a rich data source for analysing how corporations construct and communicate their sustainability narratives. These documents serve not only as reporting tools but also as strategic signals to investors, regulators, andtakeholders (Spence, 1973; Xiao et al., 2023).

This study is grounded in three theoretical frameworks. The Resource-Based View (RBV), developed by Barney (1991), highlights that ESG capabilities and access to green finance instruments can serve as internal strategic resources, improving corporate competitiveness and long-term value. The Signalling Theory (Spence, 1973) supports the idea that ESG disclosures and sustainability documentation function as market signals, reducing information asymmetry and building legitimacy. Finally, the Stakeholder Theory (Freeman, 1984) justifies the exploration odisclosures as tools to

engage and respond to a wide range of stakeholders concerned with environmental and investment-related performance.

Research Setting and Data Sources

This study focuses on 50 publicly listed companies on the Indonesia Stock Exchange (IDX), covering key sectors such as finance, energy, manufacturing, infrastructure, and consumer goods. Companies were selected based on their active participation in green finance initiatives, such as having issued at least one green bond or sukuk, obtained a sustainability-linked loan, or publicly launched significant ESG programs, and on the availability of their ESG disclosures (sustainability reports or similar documents). This purposive sampling ensured that all firms in the sample have engaged in the green finance to a noticeable extent, providing substantive content for the analysis. We defined "active participation" as meeting at least one of the above criteria by 2023. The focus on actively engaged firms may introduce some selection bias (as these companies likely have stronger sustainability commitments than average); however, this criterion was necessary to gather meaningful narrative data and is acknowledged as a limitation of the study.

The data sources for each company included the following:

The Annual Reports (2021–2023): which often contain sections on sustainability and corporate strategy;Sustainability Reports (or equivalent ESG reports) submitted under the OJK Regulation 51/2017: providing detailed information on the environmental and the social initiatives and performance;The Corporate press releases, official website disclosures, and investor presentations related to the green finance initiatives.

These documents were collected from the official company websites, IDX filings and the OJK's sustainability report repository. By triangulating multiple document types, the study increases validity and gains a multidimensional view of each company's green finance narrative. All documents analysed were in English or had been officially translated into English to ensure consistency in interpretation.

Note on Data Scope and Reflexivity

This study relies on publicly disclosed corporate documents, including sustainability reports, ESG disclosures, and green bond frameworks. Therefore, the analysis reflects how the corporates choose to present their engagement with the green finance, which may be influenced by the reputational or the public relations considerations. This representational bias is acknowledged and analytically addressed through critical coding and triangulation across document types. Additionally, the inclusion of the firms with the active green finance initiatives may shape the sample toward the sustainability leaders, a limitation mitigated by comparing the narratives across diverse sectors and corporates sizes (Bowen, 2009; Braun & Clarke, 2021).

Data Analysis

The data were analysed using thematic content analysis (Braun & Clarke, 2021), a method well-suited for identifying, analysing, and reporting patterns (themes) within the qualitative data. The analysis process involved several steps such as:

1. Familiarisation with corporate documents: We first read and reviewed all the collected documents to become familiar with the content, context, and language used by each company regarding green finance and ESG topics.
2. Coding: We conducted open coding of the text, assigning labels to segments that indicated relevant concepts or themes (e.g., instances of green bond issuance, mentions of investor confidence, statements of regulatory compliance, descriptions of environmental projects, etc.).
3. Theme Development: We grouped the related codes into broader themes aligned with our research questions and the theoretical lenses. For example, codes such as "improved investor trust" and "signal to market" were grouped under the theme of Market Signalling, while codes like "renewable

energy investment" and "carbon reduction plan" fell under the Strategic Sustainable Investment category. The theoretical frameworks guided this stage, as themes were refined to reflect the RBV-related resource aspects, signalling aspects, and stakeholder engagement aspects.

4. Cross-Sector Comparison: We compared themes and the narrative patterns across sectors (for example, finance vs. manufacturing) to identify any sectoral variations in how the green finance is framed. This helped highlight, for instance, whether the banks emphasize different aspects of the green finance (such as risk management) compared to the energy companies (which might emphasize on the regulatory compliance or the environmental impact).

The coding and theme development were conducted iteratively. We revisited the data multiple times to refine the codes and ensure consistency. To enhance the reliability, a second researcher (or co-author) cross-checked a subset of the coded documents. Differences in the coding were discussed and resolved by consensus, refining the coding scheme. For transparency, some examples of our coding include phrases such as "aligning with OJK green bond rules," which were coded as Regulatory Compliance, and "strengthening stakeholder trust," which was coded as Stakeholder Legitimacy. These examples illustrate how raw statements were interpreted into our thematic framework.

Definitions of the Variable (Grounded in Prior Studies)

Since this study employs qualitative content analysis rather than quantitative measures, we drew on prior literature to define key concepts operationally for our analysis. These definitions guided what we looked for in the documents.

Variable	Definition	Indicators	Supporting Studies
Green Finance Instruments	The financial mechanisms designed to fund projects with environmental benefits include green bonds, green sukuk, and sustainability-linked loans.	The evidence of issuance, allocation reports, the stated use-of-proceeds	(Flammer, 2021; Gunawan et al., 2022; Martin, 2023)
Firm Value	The perceived worth of the firm, reflected in both financial and reputational indicators. In the qualitative framing, it includes the stakeholder trust and legitimacy.	The discussion linking green finance to profitability, stock performance, investor perceptions or corporate image.	(Habib et al., 2025; Ozili, 2021; Syarkani et al., 2024)
Investment Strategies	The long-term decisions on capital allocation align with ESG principles, carbon reduction, and innovation.	The strategic plans, R&D for renewable energy, and compliance with ESG frameworks.	(Widarwati et al., 2024; Xaviera et al., 2024)
ESG Disclosure	The communication of the environmental, social and the governance commitments through the sustainability reports and the ESG indices.	The reporting quality, the alignment with the POJK/GRI/TCFD standards, the narrative tone.	(Smith & Sudjonno, 2023; UNDP, 2021; Xiao et al., 2023)

These definitions ensured clarity on what constituted the relevant content during the analysis, keeping our coding focused on how companies talk about the green finance's role in value and strategy.

FINDINGS AND DISCUSSION

The Corporate Narratives on the Green Finance

The document analysis reveals that companies frequently frame green bonds and green sukuk as instruments that demonstrate long-term environmental commitment and compliance with evolving regulations. This supports the Signalling Theory, where sustainability disclosures are used as credibility signals to investors, indicating that the firm is proactively aligning its capital withnvironmental goals

(Connelly et al., 2011; Spence, 1973). Corporates often highlighted their adherence to the national and international frameworks. For example, several companies explicitly mentioned compliance with the OJK's green bond regulation (POJK 60/2017) and alignment with global standards (such as the GRI or TCFD) in their reports, signalling to the market that their green finance initiatives meet recognised criteria. One major bank's sustainability report noted that its green bond was fully compliant with the OJK's green bond provisions and attracted strong investor interest (BNI, 2023), emphasing both regulatory adherence and a positive market reception. This kind of narrative serves to reassure the investors and regulators that the company's green financing is credible and impactful.

Corporates also tend to show the green finance as part of their strategic identity or vision. In line with Widarwati et al. (2024) and Habib et al. (2025), companies with more developed ESG narratigreen finance fits into their broader corporate strategy. For instance, a sustainability report from the Bank Negara Indonesia (BNI) described the shift toward a low-carbon economy as "not only a part of environmental and social responsibility, but also a long-term business strategy to improve the company's resilience and competitiveness" (BNI, 2025). Such a statement illustrates the Resource-Based View in action: the company is framing its green finance engagement as a strategic resource which will enhance its competitive advantage and durability. Overall, the narratives suggest that many Indonesian corporates view green finance not solely as a funding source, but also as a strategic and reputational asset, a finding that aligns with the RBV (green capabilities as valuable resources) and the signalling theory (disclosures as signals of foresight).

The Perceived Impact on the Firm Value

Indonesian corporates commonly articulate that green finance initiatives have positive implications for firm value, both financially and intangibly. In the analyzed documents, companies often claim that issuing the green instruments or improving the ESG performance enhances the financial resilience and the investor trust. Some annual reports linked the green projects to the future revenue streams or cost savings (for instance, through energy efficiency), implying the improved long-term financial performance. More frequently, companies emphasized reputational gains: the executives' statements in the reports spoke of strengthening the "brand image" and gaining the "investor confidence" by embracing sustainability. This qualitative evidence reflects the findings by Syarkani et al. (2024), who found the ESG integration is associated with higher valuation in the Indonesian companies.

Particularly, many corporates have shown that reputational value is equally important as conventional financial indicators. For example, a company might mention its Return on Equity alongside the achievement of a sustainability award or an improved ESG rating, thereby placing the hard financial metrics and the softer trust indicators on nearly equal footing. This dual framing relates to the Stakeholder Theory (Freeman, 1984; Parmar et al., 2010): the value creation is discussed in a broadened sense, extending beyond shareholders to include regulators, communities, and investors at large. A concrete example can be seen with BNI, which reported that its green finance efforts are part of ensuring long-term resilience and competitiveness (BNI, 2025), a term that implies the firm's value in terms of stability and market standing. Such framing suggests that corporate leaders believe green finance improves their company's risk profile and credibility, thereby protecting and potentially enhancing shareholder value in the long term.

Additionally, some companies explicitly noted the market reactions to their green initiatives. A few mentioned that stock market analysts or investors responded favourably to the issuance of a green bond or the publication of a robust sustainability report. While this study did not quantitatively verify those claims, the inclusion of these anecdotes in the disclosures implies that companies perceive a significant value in green finance, which can translate into tangible investor behaviour (e.g., stock price support or a broadened investor base). In sum, the corporate narratives in Indonesia link green finance to firm value by combining financial performance language with discussions of trust, legitimacy, and competitive positioning. The implication is that the executives view sustainability-oriented financing as contributing to a form of value that encompasses financial results, risk mitigation, and reputational capital.

The Investment Strategy Implications

The analysis suggests that green finance initiatives are influencing corporate investment strategies, particularly in sectors with high environmental impact. Several companies, particularly in the energy, utilities, and manufacturing sectors, reported using proceeds from green bonds or sukuk to fund specific sustainability projects, such as renewable energy installations, energy efficiency upgrades, or pollution control measures. These disclosures show that the green financing is directly enabling the strategic shifts in the capital expenditure. For instance, one energy firm detailed how the funds from its green sukuk were allocated to build a large solar power facility and to retrofit plants for lower emissions, signaling a reorientation of its investment strategy toward the low-carbon assets. This behaviour is consistent with the findings by Xaviera et al. (2024), who observed that high-environmental-impact sectors tend to adopt more comprehensive ESG frameworks when they tap into green finance, thereby integrating sustainability more deeply into their business models.

As a specific illustration, the Indonesia's state-owned infrastructure financer, PT Sarana Multi Infrastruktur (SMI), reported that the earnings from its corporate green bond were used to finance two new renewable energy projects and one clean transportation project; investments projected to collectively avoid nearly 194,000 tons of CO_2 emissions (Kusmayadi & Koestoer, 2022). This example demonstrates how the green finance can catalyze the concrete investment in the sustainable projects, effectively translating the ESG commitments into the capital allocation. Such actions reflect the RBV idea of the resource accumulation: by investing in the renewable energy and other green projects, corporates are building valuable capabilities and assets (like expertise in clean technology or compliance with the future regulations) which could yield the competitive advantages as economies decarbonize.

Additionally, companies often align their sustainability investments with the Indonesia's emission targets and the UN Sustainable Development Goals, framing such actions within the national and the global transition narratives (OJK, 2021; Smith & Sudjonno, 2023; Tania et al., 2025; UNDP, 2021). This framing enables corporations to justify their green finance decisions to stakeholders while positioning themselves for future policy incentives, consistent with the Stakeholder Theory's emphasis on maintaining legitimacy andocietal approval (Freeman, 1984; OJK, 2021).

It is worth underlining that while many corporates emphasise their green investments, some manufacturing firms openly acknowledge the cost burdens and technical learning curves associated with adopting new green technologies, indicating that green finance integration comes withrade-offs (Haas et al., 2023). Nevertheless, many corporates argue that green finance is prompting a strategic recalibration of investment priorities, pushing capital toward projects that were not previously financed under a business-as-usual approach. This pattern aligns with the broader evidence that sustainable finance instruments are shaping the corporate capital allocation in the emerging markets (Kovalchuk, 2025). In the manufacturing sector, strategic decisions are increasingly made by balancing cost, growth, and carbon-reduction goals, suggesting that firms are embedding sustainability into theiretwork investment planning (Köcher et al., 2024).

The Sectoral Variations in the ESG Narratives

Our cross-sector analysis revealed clear variations in how corporates from different industries narrate their green finance and ESG efforts. The financial sector (banks and financial services) often emphasises risk management, governance, and alignment with international frameworks in their disclosures. For instance, the large banks frequently highlighted their adoption of the rigorous ESG risk policies and cited adherence to global disclosure standards like the TCFD. Their narratives frame the green finance as part of prudent risk management and an avenue to attract responsible investment. An illustration of this is a bank underlining that it has integrated climate risk considerations into its lending decisions and that its 2022 green bond issuance was carried out under a framework vetted by external reviewers; these details aim to build investor trust. Banks also tend to mention the investor response; as noted, one bank proudly reported that its green bond was oversubscribed, implying the strong market trust in its ESG commitment (BNI, 2023).

In contrast, energy and industrial companies, such as those in oil & gas, mining, utilities, and cement manufacturing, focus their narratives more on regulatory compliance, emissions reduction, and community impact. Their disclosures often read as a response to the external pressures: for example, an energy firm will detail how it is meeting the government regulations on emissions or how it is investing

in the emissions abatement technology. These companies underscore their efforts to reduce the carbon footprints, obtain the environmental certifications or engage in the reforestation and community programs. A cement industry report, for instance, centered on the decarbonization as a core strategy and elaborated on the compliance with the Indonesia's environmental regulations and OJK's reporting requirements. This compliance-oriented narrative suggests that these firms use green finance as a license to operate, signalling to regulators and local communities that they are mitigating their environmental impact and therefore deserve continued operational legitimacy.

These differences align with the observations by Smith & Sudjonno (2023) and the(UNDP, 2021) that disclosure depth and emphasis are sector-dependent, driven by the nature of the stakeholder pressures each sector faces. In financial institutions, the key stakeholders are investors and regulators concerned with transparency and risk. Thus, the narrative revolves around trust and standards; essentially, the Signalling Theory is at work to convey stability and integrity. In the industrial sectors, on the other hand, pressure comes from regulators, environmental groups, and affected communities. Therefore, the narrative leans towards the Stakeholder Theory, which addresses societal and regulatory expectations to maintain corporate legitimacy.

A tangible comparison can illustrate distinction. The Bank Rakyat Indonesia (BRI), one of the Indonesia's largest financial institutions, stated in its 2022 Sustainability Report that it had implemented an ESG risk policy and adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework, positioning its green finance initiatives as part of a robust risk management and international best practice approach (BRI, 2023; OJK, 2021). Similarly, Bank Central Asia (BCA) disclosed in its 2023 Sustainability Report that sustainability governance was embedded in the risk oversight and credit processes, aligningith the OJK's Sustainable Finance Roadmap Phase II (BCA, 2023). Meanwhile, in the manufacturing sector, several corporations have emphasised compliance with the OJK's sustainable finance requirements and investments in pollution control technologies to meetovernment emission standards (Amalia et al., 2024; Climateworks Centre, 2025). Darsa & Shawndefar (2023) anIFC (2022) reports further indicate that such disclosures are motivated by both investor expectations and regulatory compliance pressures. So, while the banking sector narratives often signal resilience and investor confidence, the manufacturing corporates' disclosures tend to emphasise accountability and environmental responsibility toward regulators and communities, reflecting the differing stakeholder orientations consistent withtakeholder Theory (Freeman, 1984; Parmar et al., 2010).

In summary, sectoral variations are evident: financial sector companies use green finance to signal trustworthiness and modern governance to the market, whereas industrial sector companies use green finance to demonstrate accountability and environmental responsibility, primarily to regulators and society. These variations underscore the importance of context in evaluating ESG disclosures; a one-size-fits-all interpretation would overlook these strategic nuances.

Synthesis: Linking Findings to Theory

Together, the findings demonstrate a multi-faceted use of the green finance by the Indonesian corporates, which can be interpreted through the lenses of the RBV, signaling and the stakeholder theories:

- Resource-Based View (RBV): Corporates treat ESG capabilities and green finance access as internal strategic resources that enhance competitiveness. Companies like the aforementioned bank (using the green instruments to boost the resilience and competitiveness) show that the green finance initiatives, once internalized, are seen as valuable assets which are hard for the competitors to replicate easily; for instance, a strong reputation for the sustainability or a portfolio of the green projects can be a unique resource. This aligns with the RBV's assertion that the unique resources (the sustainability-oriented ones) can drive the sustained competitive advantage.
- Signaling Theory: the sustainability disclosures and the green bond issuances are clearly being used to send the positive signals to the market. Through detailed reports, third-party assurances, and highlighting oversubscription or investor interest, companies aim to reduce information irregularities regarding their commitment to ESG principles. The fact that firms voluntarily

mention their adherence to global standards and regulatory frameworks in their narratives is a deliberate signalling mechanism to convey credibility and reduce scepticism among investors.

- Stakeholder Theory: the content of many disclosures indicates that firms are very much aware of their broader stakeholder environment. Particularly in sectors like energy and infrastructure, companies frame their green finance efforts as fulfilling their responsibility to society and regulators (for example, contributing to national climate goals and improving community well-being through greener projects). This reflects an understanding that catering to the stakeholder expectations (beyond just the shareholders) is necessary for the long-term success. In essence, companies are using the green finance as a tool to build legitimacy and maintain their social license to operate.

Through this theoretical triangulation, we see that the corporate engagement with the green finance in Indonesia is not simply symbolic window-dressing. In many cases, it is becoming strategically integrated into business practices, serving multiple roles as a source of capital, a signal of quality, and a means of stakeholder engagement. This conclusion is consistent with the prior empirical findings and also mirrors the institutional developments in the Indonesia's financial system. As the OJK (2021) has outlined in its sustainable finance roadmap, the inteion is for ESG factors to be embedded in corporate behaviour. Our analysis suggests that, at least among active firms, this embedding is underway in both rhetoric and investment decisions.

CONCLUSION

This study examined how publicly listed companies in Indonesia frame their engagement with green finance instruments and how these practices impact their perceived corporate value and investment strategies. Using a qualitative document analysis of 50 corporate disclosures from 2021 to 2023, the findings demonstrate that green finance, through its instruments such as green bonds and sukuk, serves not only as a capital-raising mechanism but also as a strategic resource, a market signal, and a tool for stakeholder legitimacy.

Drawing on the Resource-Based View (RBV) perspective, the ESG capabilities and access to sustainable finance act as valuable, rare, and inimitable resources that reinforce a company's competitive advantage and long-term resilience. The Signaling Theory helps to explain how the companies strategically employ the sustainability disclosures and the green finance frameworks to reduce information irregularity, attract responsible investment and enhance the market trust. The Stakeholder Theory underlines that the corporate green finance engagement goes beyond the shareholder interests to encompass the broader stakeholder legitimacy, including the regulators, investors and the local communities. Therefore, extending the corporate value proposition beyond the short-term financial gains to encompass the long-term legitimacy and trust.

The contribution of the study is both theoretical and practical. In terms of theory, it incorporates the RBV, Signaling Theory and the Stakeholder Theory to offer a more comprehensive lens for understanding the corporate green finance strategies in the emerging markets. Empirically, this study expands the limited qualitative literature by analysing textual disclosures, revealing how Indonesian companies frame sustainability narratives as both strategic and compliance measures. Practically, the results highlight the importance for the corporate leaders to integrate the ESG principles not only in the reporting phase, but also in the strategic investment decisions. Companies that use green finance effectively tend to articulate clearer links to their competitive strategy and stakeholder value, which could inspire other corporates to follow suit.

For policymakers and regulators, the findings suggest that efforts to strengthen sustainable finance regulations are yielding results in corporate behaviour, but ensuring the quality of disclosure remains crucial. For instance, regulators might consider implementing more standardised ESG reporting metrics or requiring independent assurance of sustainability reports to enhance the comparability and credibility of thenformation (Kurniawan & Basuki, 2024; Widjaja & Rekan, 2024). Concrete steps, such as mandating specific climate-risk disclosures or performance indicators (aligned with frameworks like TCFD or SASB), could help reinforce the regulations and ensure that sustainability reporting is not simply a formality but a source of decision-useful information.

Overall, corporate perspectives on green finance in Indonesia reflect a blend of genuine resource-seeking behaviour and a response to stakeholder pressures, with significant implications for firm value and sustainable investment pathways. Companies which view the green finance as integral to their strategy appear better assured to create the long-term value and resilience, whereas those treating it as a checkbox may risk falling behind as the stakeholder expectations rise.

Limitations and Future Research

This study is limited to the analysis of the publicly available documents, which may present a favorable view and cannot capture the undisclosed motivations or challenges. The focus on the actively green-engaged firms means that our sample may not represent the average corporates' perspective in Indonesia. Future research should build on these insights by incorporating primary data, such as interviews with corporate executives or investors, to validate and deepen the understanding of internal decision-making around green finance. In addition to the interviews, the in-depth case studies of individual companies' green finance journeys could provide rich contextual insights, and the cross-country comparative studies could determine whether these patterns hold in other emerging markets. By employing the mixed methods and the broader samples, the future studies can further explore how the green finance influences the corporate behavior and performance, ultimately contributing to the development of more effective sustainable finance policies and company practices.

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