

## **The Nexus between Corporate Governance, Green Finance, and Economic Growth in Indonesia**

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### **Abstract**

**Introduction/Main Objectives:** This study aims to examine corporate governance, specifically managerial ownership, institutional ownership, the board of directors, and the audit committee, in relation to green finance and its impact on economic growth in Indonesia. **Methods:** This research adopted a quantitative method, utilizing secondary data as a source of information. Secondary data is data obtained indirectly by the researcher. The secondary data in this study were obtained from the official website of the Indonesia Stock Exchange (IDX), [www.idx.co.id](http://www.idx.co.id), and the official websites of each company listed on the Indonesia Stock Exchange. The secondary data consisted of annual reports and sustainability reports published annually by each company. The secondary data collected covered the period 2021 to 2024. **Finding/Results:** The results of this study indicate that managerial ownership, institutional ownership, the board of directors, and the audit committee influence the implementation of green finance by public companies. **Conclusion:** Furthermore, optimal implementation of green finance by public companies will ultimately help boost economic growth in Indonesia.

**Keywords:** Corporate governance; Economic growth; Green finance

**JEL Classification:** G32, M14, H26, M41

**Article History:** Received: January, 1<sup>st</sup> 2025 Revised: October, 12<sup>th</sup> 2025 Accepted: January, 20<sup>th</sup> 2026  
Published: April, 1<sup>st</sup> 2026

**How to cite:** Damayanti et al, et al. (2026). The Nexus between Corporate Governance, Green Finance, and Economic Growth in Indonesia. *AKRUAL: Jurnal Akuntansi*, 17(2). DOI: 10.26740/jaj.v17n2.p.230-243

**Conflict of Interest Statement:** here is no conflict of interest in the articles resulting from this research

## **INTRODUCTION**

Indonesia, as one of the largest economies in Southeast Asia, has experienced significant economic transformations over the past decades. Understanding the trajectory of Indonesia's economic growth requires a multifaceted analysis encompassing various determinants including financial development, human capital, investment patterns, trade dynamics, and environmental considerations.

Economic growth in Indonesia is fundamentally measured through changes in the country's Gross Domestic Product (GDP), which can be decomposed into population and economic elements (Triansyah et al., 2023). At the regional level, economic growth parameters are assessed through the growth of Gross Regional Domestic Product (GRDP) per capita, serving as a critical indicator of development success across Indonesia's diverse provinces (Chabibi & Sishadiyati, 2024). The Indonesian economy operates within an open economic framework, making it highly susceptible to fluctuations in exchange rates, with such movements exerting a profound influence on the nation's economic trajectory (Marlissa & Mamengko, 2024).

The relationship between various macroeconomic indicators and economic growth has been extensively studied. Research examining the period from 2009 to 2021 has investigated the banking sector's role in both short-run and long-run contributions to economic growth,

utilizing indicators such as banking deposits, the number of offices, and public financing as proxies to validate the relationship between Indonesian financial development and economic growth (Aryati et al., 2023). This analysis employed vector error correction models to capture the dynamic relationships between financial sector development and GDP growth.

Indonesia's economic growth exhibits significant regional variations that require careful analysis. The development of industrial areas has distinct impacts across regions, reflecting varying degrees of development and infrastructure (Suyanto et al., 2024). Post-pandemic policy implications emphasize the need for tailored interventions that consider regional discrepancies and foster fair economic growth (Suyanto et al., 2024).

Geographical economic concentration patterns have evolved over time, with research on Aceh Province demonstrating five phases of changes in geographic economic concentration (Jamal, 2017). When Aceh Province was proliferated from 13 to 23 districts, economic growth was not a driving factor for economic concentration, but rather served as a driver for de-concentration (Jamal, 2017). Since 2011, growth increased by approximately 1.27 percent annually, reflecting the complex dynamics of regional economic development (Jamal, 2017). Infrastructure development significantly affects regional economic growth, as demonstrated by research on Daerah Istimewa Yogyakarta Province during 2012-2022 (Chabibi & Sishadiyati, 2024). The province's designation as a National Tourism Strategic Area (KSPN) by the Ministry of Tourism illustrates how sectoral policies interact with infrastructure investments to shape regional economic trajectories (Chabibi & Sishadiyati, 2024).

The COVID-19 pandemic significantly impacted Indonesia's economic trajectory, necessitating analysis of pre-pandemic and post-pandemic dynamics. Research examining the banking sector's role in economic growth from 2009 to 2021 captures both pre-pandemic growth patterns and initial pandemic impacts (Aryati et al., 2023). The study of industrial area development emphasizes policy implications for post-pandemic economic recovery (Suyanto et al., 2024).

The evolution of economic spatial patterns in the context of the COVID-19 epidemic demonstrates that the spillover effect of economic growth is significantly positively correlated with spatial distance (Huang et al., 2023). Understanding these spatial dynamics is crucial for designing effective recovery strategies that leverage regional interconnections while addressing disparities. Labor force dynamics significantly influence Indonesia's economic growth prospects. Research on OIC countries, including Indonesia during 2010-2019, found that the male labor force has a significant negative effect while the female workforce has a significant positive effect on economic growth (Utami et al., 2021). These findings have important implications for labor market policies and gender-inclusive development strategies.

The relationship between corporate governance and economic growth has emerged as a central concern in institutional economics and development studies. Corporate governance, defined as the set of rules, practices, and processes by which economic entities are guided and controlled (Han & Shim, 2023), serves as a critical institutional mechanism that influences not only firm-level performance but also broader macroeconomic outcomes. This relationship has garnered significant attention from scholars, policymakers, and international organizations, with institutions such as the United Nations, the International Monetary Fund (IMF), and the World Bank arguing for the importance of good governance in fostering economic development (Al-Naser & Hamdan, 2021). The theoretical foundations of this relationship can be traced to Schumpeter's creative destruction theory, which emphasized the vital role of corporate institutions and new firms in technological development and economic progress (Škare & Hasić, 2016).

The theoretical analysis of corporate governance as a channel for economic growth has been extensively developed in the academic literature. Corporate governance is recognized as an important mechanism not only in achieving economic growth but also in distributing the beneficial effects of growth throughout society (Škare & Hasić, 2016). This perspective aligns with institutional economics, which posits that the quality of governance lies at the heart of economic development (Petraikos et al., 2023). Several empirical studies at the country level have demonstrated a high correlation between governance quality and economic growth, with evidence suggesting a strong causal relationship directed mainly from the quality of governance to economic outcomes (Petraikos et al., 2023).

The theoretical framework connecting corporate governance to economic growth operates through multiple channels. Research has established that corporate governance mechanisms influence economic growth primarily through stock market development, with a majority of studies showing a positive effect of corporate governance on national economic growth through this pathway (Arslan & Roudaki, 2017). Furthermore, theoretical and empirical research reveals that socio-economic factors serve as pivotal determinants of corporate governance mechanisms, suggesting a complex interplay between institutional quality, social conditions, and economic outcomes (Arslan & Roudaki, 2017).

A significant body of literature has examined how corporate governance frictions affect economic growth through their impact on firm behavior and market dynamics. Corporate governance frictions have been integrated into growth models where managers engage in corporate resource diversion and empire-building activities (Iacopetta et al., 2019). In these models, shareholders discipline managers with incentive compensation contracts, and active shareholders may shirk on their monitoring responsibilities (Iacopetta et al., 2014). This framework demonstrates that corporate governance quality affects not only individual firm performance but also aggregate economic outcomes through its influence on capital allocation and investment decisions.

The relationship between green finance and economic growth has emerged as a critical area of scholarly inquiry in the context of global sustainable development imperatives. Green finance refers to economic activities that utilize resources efficiently, mitigate climate change, and support environmental improvement through the rational allocation of financial resources (Chen & Chen, 2021). As nations worldwide grapple with the dual challenges of maintaining economic prosperity while addressing environmental degradation, green finance has become an essential mechanism for reconciling these seemingly competing objectives (Fu et al., 2024).

Green finance encompasses financial mechanisms and initiatives directed towards environmentally sustainable projects and businesses, holding immense potential for catalyzing green investments and driving sustainable economic growth (Sahoo et al., 2024). The concept extends beyond environmental concerns to encompass financial and societal dimensions, with its significance lying in advancing sustainable development, tackling climate change, and promoting environmentally conscious investments (Astiwardhani, 2024). Green finance focuses on funding initiatives that enhance the quality of the environment, ecosystem, natural resources, and the health of living beings by addressing pollutants and promoting social activities (Jahanger et al., 2023).

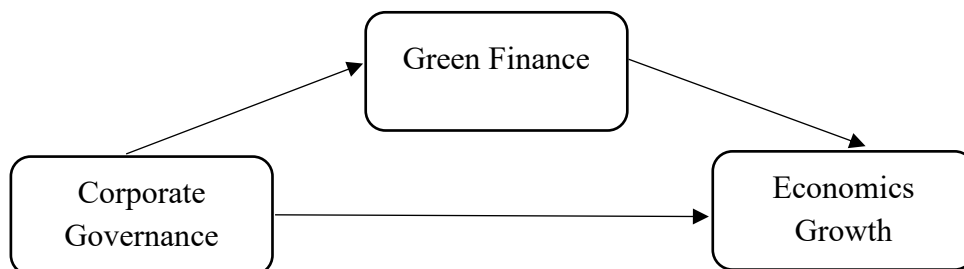
The central tenet of green finance revolves around funding economic and business initiatives that yield ecological benefits, often under the umbrella of green economic development (Pitaloka et al., 2024). This includes investments in clean and renewable technologies, financing sustainable natural resource-based economies, and climate-smart blue economies as part of the process toward achieving carbon neutrality and promoting sustainable economic growth (Fu et al., 2024). Green finance emphasizes sustainable economic development through innovative environmental conservation efforts, and in addition to carbon

emission reductions, the incorporation of green finance concepts can support broader economic transformation (Aryal et al., 2022).

Green finance began to emerge as a link between the economy and the environment in the 1970s (Guo et al., 2023). Although economies like China have experienced positive developments in both economic growth and green finance, with gradual improvements in ecological environments, significant challenges remain (Guo et al., 2023). Early explorations of the relationship between green finance and economic growth were largely qualitative; however, later case studies on sustainable finance provided more rigorous empirical evidence (Li et al., 2022). The development of green finance is recognized as an important way to coordinate economic development with environmental sustainability (Zhou et al., 2022).

Empirical evidence consistently demonstrates that green finance plays a significant role in promoting high-quality economic development (Zeng et al., 2023). Research utilizing panel data from Chinese provinces confirms that green finance significantly promotes high-quality economic development, findings that have passed robustness tests while exhibiting regional heterogeneity (Zeng et al., 2023). Green finance plays a vital role in promoting inclusive economic growth, with spatial econometric models revealing that green finance has differential effects across regions (Wang & Wang, 2020).

The impact of green finance on economic growth operates through multiple channels. Green finance accelerates regional economic structure adjustment through interactions and benefits across public, enterprise, and industry levels, thereby providing an important foundation for accelerating high-quality economic development (Wang & Wang, 2022). Studies examining the implementation of green finance reforms as quasi-natural experiments have confirmed the positive impact and underlying mechanisms of green finance on economic growth (Nie et al., 2024).



**Figure 1.** Research Model

**METHOD**

This research uses a quantitative method. Sugiyono (2013:8) explains that quantitative research is a research approach based on the philosophy of positivism, using data collection techniques using research instruments and statistical data analysis, aimed at testing formulated hypotheses. The use of quantitative methods will yield significant differences or correlations between the independent and dependent variables studied (Sholehah et al., 2022).

This research adopted a quantitative method, utilizing secondary data as a source of information. Secondary data is data obtained indirectly by the researcher. The secondary data in this study were obtained from the official website of the Indonesia Stock Exchange (IDX), [www.idx.co.id](http://www.idx.co.id), and the official websites of each company listed on the Indonesia Stock Exchange. The secondary data consisted of annual reports and sustainability reports published annually by each company. The secondary data collected covered the period 2021 to 2024.

This study's population includes all energy and mining sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period. The research sample must be



representative of the entire population; therefore, appropriate sampling techniques are required. Sampling techniques are the methods used to determine the research sample, consisting of two types: probability sampling and non-probability sampling. In this study, the researcher chose a non-probability sampling method with a purposive sampling technique. The criteria are as follows: 1. Companies listed on the Indonesia Stock Exchange in 2021-2024. 2. Companies whose annual reports and sustainability reports are fully accessible from 2021-2024.

This study includes three types of variables: independent variables, dependent variables, and mediating variables. The independent variable (X) in this study is corporate governance, while the dependent variable (Y) is green finance, and the mediating variable (M) is economic growth. This study employed descriptive statistical data analysis, classical assumption testing, and hypothesis testing using path analysis. Path analysis was used to test the mediation effect of the study. Secondary data processing was performed using Statistical Product and Service Solutions (SPSS) software.

## RESULTS & DISCUSSION

### Research Sample Description

This study uses companies listed on the Indonesia Stock Exchange from 2021 to 2024. This study has conducted a sampling process with predetermined criteria and after the sampling process is as follows.

**Table 1.** Research Sampling Process

Sampling Process	Total
Companies listed on the Indonesia Stock Exchange from 2021 to 2024	697
Companies whose annual report data is inaccessible	215
Companies that do not present complete research data	273
Companies that can be used as research samples	209
Total units analyzed ( x 4 observation years 2021-2024)	836

Source: data processed

### Descriptive Statistics

Descriptive statistics are used to describe the characteristics and distribution of sample data. In this study, descriptive statistics provide information regarding the minimum, maximum, mean, and standard deviation values. The results of the descriptive statistical analysis are presented as follows.

**Table 2.** Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Managerial Ownership	836	0.01	3.00	1.4435	0.58025
Institutional Ownership	836	0.10	10.00	4.5130	1.61335
Board of Commissioner	836	3.00	35.00	8.1178	7.65624
Audit Committee	836	4.00	0.47	0.1783	0.11535
Green Finance	836	1.00	3.00	1.4435	0.58025
Economics development	836	2.00	10.00	4.5130	1.61335
Valid N (listwise)	836				

Source: Output SPSS

### Classical Assumption Test

A normality test was conducted to determine whether the sample data had normally distributed residual values. The test method used was the Kolmogorov-Smirnov test, assuming

that if the Asymp. Sig. (2-tailed) value > 0.05, the data could be said to be normally distributed. In the first test, the data was not normally distributed with an Asymp. Sig. (2-tailed) value of 0.003. The test results are presented in Table 3 below.

**Table 3.** Normality Test Results

	Unstandardized Residual
N	836
Asymp. Sig. (2-tailed)	0.200

Source: Output SPSS

The multicollinearity test aims to detect the presence of a correlative relationship between independent variables in a regression model. A regression model is said to be free from multicollinearity symptoms if the tolerance value is > 0.1 and the variance inflation factor (VIF) is < 10. Table 5 below presents the results of the multicollinearity test:

**Table 4.** Multicollinearity Test Results

Variable	Tolerance	VIF
Managerial Ownership	0.292	3.426
Institutional Ownership	0.295	3.394
Board of Commisioner	0.676	1.479
Audit Committee	0.345	2.302
Green Finance	0.261	3.201
Economics development	0.297	1.394

Source: Output SPSS

Table 5 above shows that the tolerance values for all variables are >0.1 and the VIF values are <10. Therefore, it can be concluded that there is no multicollinearity among the independent variables in the regression model.

A good regression model is one that does not exhibit heteroscedasticity. Testing was performed using the Park test, requiring a significance value of >0.05. In this study, the significance value for each variable was >0.05, thus concluding that the regression model does not experience heteroscedasticity. The test results are presented in Table 5 below.

**Table 5.** Glejser Test Results

Variable	Sig.
Managerial Ownership	0.219
Institutional Ownership	0.625
Board of Commisioner	0.518
Audit Committee	0.546
Green Finance	0.231
Economics development	0.324

Source: Output SPSS

Autocorrelation in the regression model is detected using the Durbin-Watson test method, if the results show a dU value < dW < (4-dU), then the data can be said to be free from autocorrelation. From table 6, the dW value is 2.162. Based on the Durbin-Watson table with a value of k (3), N (106), significance of 5%, dU value (1.742) < dW (2.162) < 4-dU (2.258) then it can be said that the data is free from autocorrelation symptoms.

**Table 6.** Autocorrelation Test Results

Model	R	R Square	Adjusted Square	R	Std. Error of the estimate	Durbin Watson
1	0.405	0.164	0.139		7.73260	2.162

Source: Output SPSS

**Research Hypothesis Test Results**

Based on table 7, it can be seen that the multiple linear regression model describes the relationship between the dependent variable with the mediating variable and the independent variable.

**Table 7.** Summary of Research Hypothesis Test Results

Correlation	Coefficient	Sig	Hypothesis
Managerial Ownership → Green Finance	1.632	0.001	Accepted
Institutional Ownership → Green Finance	2.033	0.000	Accepted
Board of Commisioner → Green Finance	3.118	0.004	Accepted
Audit Committee → Green Finance	1.342	0.012	Accepted
Green Finance → Economic Growth	4.715	0.048	Accepted
Managerial Ownership → Economic Growth	2.312	0.000	Accepted
Institutional Ownership → Economic Growth	1.203	0.000	Accepted
Board of Commisioner → Economic Growth	0.932	0.034	Accepted
Audit Committee → Economic Growth	1.021	0.045	Accepted
Managerial Ownership → Green Finance → Economic Growth		0.032	Accepted
Institutional Ownership → Green Finance → Economic Growth		0.021	Accepted
Board of Commisioner → Green Finance → Economic Growth		0.000	Accepted
Audit Committee → Green Finance → Economic Growth		0.002	Accepted
Koefisien Determinasi (R <sup>2</sup> )			0.439
F-Test Result			0.000

Sumber: Output SPSS

The agency perspective highlights how corporate financialization, when combined with weak governance, leads managers to increase short-term firm value rather than sustain capital accumulation and core business activity, to the detriment of firms' competitiveness and productivity, as well as human capital development, strategic innovation, business ethics, and long-term growth (Cupertino et al., 2019).

Numerous empirical studies have examined the relationship between governance quality and economic growth across different national contexts. Research consistently indicates that the relationship between governance and economic growth is positive, though debate continues regarding the direction of causality (Al-Naser & Hamdan, 2021). Studies have revealed not only causality between economic growth and governance indicators but also interdependencies among the governance indicators themselves (Azimi & Shafiq, 2020).

Regional studies have provided important insights into this relationship. In the Gulf Cooperation Council countries, research has examined the impact of public governance on economic growth, contributing to the broader understanding of how institutional quality affects development outcomes (Al-Naser & Hamdan, 2021). Similarly, studies in Sub-Saharan Africa have investigated how governance interacts with other factors such as external debt and financial globalization to influence economic growth (Manasseh et al., 2022). The findings from these studies reveal that external debt and its volatility negatively impact economic growth, while the interaction of governance indicators with these variables can have positive effects (Manasseh et al., 2022).

In the Chinese context, research has demonstrated that governance quality presents diminishing marginal returns, meaning that the high-speed economic growth effect becomes less pronounced at higher levels of governance quality while the high-quality economic development effect becomes more significant (Jian-dang et al., 2018). This finding suggests regional heterogeneity in the governance-growth relationship, with higher governance quality bringing high-speed economic growth effects in western regions while producing high-quality economic development effects in other areas (Jian-dang et al., 2018).

Country-specific studies have provided detailed evidence on the governance-growth nexus. Research on Zimbabwe has documented the strong influence of sound corporate governance on economic growth, highlighting the importance of institutional quality in developing country contexts (Maune, 2017). In Egypt, studies applying vector error correction models have assessed the causal relationship between governance and economic growth using Worldwide Governance Indicators and economic data (Abdelbary, 2018).

Evidence from Tanzania has sought to identify the governance institutions or components that most effectively improve economic performance, recognizing that while the link between institutions and economic performance is well established, no single institutional blueprint works for all countries (Ndilito & Massito, 2023). This research underscores the difficulty in identifying the most critical governance infrastructures required to stimulate economic growth across different national contexts (Ndilito & Massito, 2023).

One of the primary mechanisms through which corporate governance affects economic growth is financial market development. Research has found that shifting towards a shareholder primacy model in corporate governance has effects on the growth of financial markets in developing countries, though the magnitude of this effect may be smaller than that of financial, economic, and technological factors (Samanta, 2019). The certification of corporate governance practices has been shown to boost foreign investment, with studies exploiting cross-country initiatives in Southeast Asia demonstrating that independent assessment of corporate governance practices affects investment flows (Bonetti & Ormazábal, 2023).

Corporate governance quality also affects default risk and stock liquidity, which in turn influence market efficiency and capital allocation. Better governed firms are strongly associated with lower default risk, particularly when considering the role of growth opportunities and stock liquidity (Ali et al., 2018). From the perspective of corporate governance, enterprise digital transformation can improve stock liquidity through mechanisms including easing financing constraints, improving internal control quality, and enhancing information disclosure (Liu et al., 2024).

Corporate governance mechanisms influence economic growth through their effects on innovation and technological development. Research has examined how economic growth expectations affect corporate innovation, with findings showing that growth targets established by governments serve as important signals that influence firm-level innovation decisions (Wang et al., 2024). The relationship between governance and innovation operates through multiple channels, including the allocation of resources to research and development activities and the management of financing constraints (Li et al., 2022).

Studies have found that local government economic growth target constraints can aggravate enterprise financing constraints and decrease the contribution of R&D investment to enterprise performance, thereby inhibiting enterprise technological innovation (Li et al., 2022). This evidence highlights the complex interactions between government policy, corporate governance, and innovation outcomes.

Corporate governance for sustainability connects environmental, social, and economic goals, representing an evolving understanding of how governance mechanisms can address

multiple stakeholder interests simultaneously (Bhat et al., 2023). The multidisciplinary nature of corporate social responsibility committees reflects commitment to diverse stakeholder expectations and demands (Baraibar-Diez & Odriozola, 2019).

Green finance began to emerge as a link between the economy and the environment in the 1970s (Guo et al., 2023). Although economies like China have experienced positive developments in both economic growth and green finance, with gradual improvements in ecological environments, significant challenges remain (Guo et al., 2023). Early explorations of the relationship between green finance and economic growth were largely qualitative; however, later case studies on sustainable finance provided more rigorous empirical evidence (Li et al., 2022). The development of green finance is recognized as an important way to coordinate economic development with environmental sustainability (Zhou et al., 2022).

Empirical evidence consistently demonstrates that green finance plays a significant role in promoting high-quality economic development (Zeng et al., 2023). Research utilizing panel data from Chinese provinces confirms that green finance significantly promotes high-quality economic development, findings that have passed robustness tests while exhibiting regional heterogeneity (Zeng et al., 2023). Green finance plays a vital role in promoting inclusive economic growth, with spatial econometric models revealing that green finance has differential effects across regions (Wang & Wang, 2020).

The impact of green finance on economic growth operates through multiple channels. Green finance accelerates regional economic structure adjustment through interactions and benefits across public, enterprise, and industry levels, thereby providing an important foundation for accelerating high-quality economic development (Wang & Wang, 2022). Studies examining the implementation of green finance reforms as quasi-natural experiments have confirmed the positive impact and underlying mechanisms of green finance on economic growth (Nie et al., 2024).

Green finance significantly increases green total factor productivity (GTFP), with several studies agreeing on the positive impact of green finance on GTFP, indicating substantial productivity-enhancing effects Xu & Zhao (2023). Specifically, a 1% increase in the standard deviation of green finance increases GTFP by approximately 2.98% relative to the mean (Qin et al., 2025). This productivity enhancement results from green technological innovations, industrial structure optimization, and associated mechanisms (Qin et al., 2025).

The relationship between green finance and productivity extends to climate technology firms, where addressing the productivity challenge and avoiding the "green trap" is crucial for decoupling economic growth from carbon emissions and achieving sustainable development (Yang et al., 2025). Green finance mechanisms facilitate investments in sustainable projects and initiatives by providing incentives for environmentally friendly practices and technologies (Kwiliński et al., 2023).

Green finance optimizes the economic development mode and structure through green investment to enhance industrial structure rationalization and advancement, ultimately boosting high-quality development (Xu & Dong, 2023). The Green Credit Policy and green finance have significantly influenced the promotion of industry, where green development represents an economic growth approach that balances economic benefits and environmental protection (Li, 2023).

Green finance supports ecological civilization and green, low-carbon development by channeling funds to environmental protection sectors, aligning with sustainable development concepts and promoting ongoing industrial structure optimization, thus facilitating green and high-quality economic development (Wang et al., 2024). The growth of green financing reduces carbon emissions, encouraging high-quality development while generating positive spatial spillover effects (Zeng et al., 2023).

China developed the Green Finance Guidelines in June 2022 to encourage the banking and insurance sectors to support environmentally and socially beneficial economic activities, develop green finance, and promote carbon peaking and carbon neutrality in an organized manner (Jiang et al., 2024). The Yangtze River Delta is one of the most dynamic regions in China's economic development and financial innovation, with its green finance at the forefront nationally (Zhang et al., 2023). Green finance serves as both a "lubricant" and a "booster" for green development, playing an essential role in promoting high-quality economic development in this area (Liang et al., 2023).

Amid China's transition from rapid growth to high-quality development, focusing on advancing the green economy is crucial for sustaining economic progress, with green finance being vital in supporting green industries (Liu et al., 2023). Research has indicated boundary differences among eastern, central, and western regions of China regarding the effects of green finance on regional ecological development (Ma et al., 2023).

Recent research has examined the dynamic relationships between green finance, economic growth, and green energy consumption among Organization of Economic Cooperation and Development (OECD) member countries, using various estimation techniques including Vector Autoregressive models and causality analysis (Huang et al., 2022). Fostering a robust green economy is emphasized as a key strategy for addressing the threats posed by climate change, with studies assessing the influence of social inclusion and green finance on sustainable growth in OECD nations (Han & Gao, 2024).

Green finance holds immense potential for catalyzing investments and driving sustainable economic growth in BRICS economies by supporting environmentally sustainable projects and businesses (Sahoo et al., 2024). By implementing laws and incentives that promote green investments, green finance supports the objectives of Sustainable Development Goal (SDG) 13 related to climate action and SDG 8, which focuses on economic growth (Amin et al., 2025).

By mobilizing private capital for sustainable initiatives, green finance complements government efforts to achieve environmental targets outlined in international agreements like the Paris Agreement, aligning financial objectives with environmental imperatives to foster harmonious economic growth (Hussain et al., 2023). Studies find that green finance is negatively associated with environmental degradation in the Belt and Road Initiative region, indicating its effectiveness in promoting sustainable development (Chin et al., 2022).

## CONCLUSION

This study aims to examine corporate governance, specifically managerial ownership, institutional ownership, the board of directors, and the audit committee, in relation to green finance and its impact on economic growth in Indonesia. The results of this study indicate that managerial ownership, institutional ownership, the board of directors, and the audit committee influence the implementation of green finance by public companies. Furthermore, optimal implementation of green finance by public companies will ultimately help boost economic growth in Indonesia. These results indicate that public companies that focus not only on profit but also on environmental impacts can also have a positive effect on a country's economic growth. Therefore, it is hoped that the implementation of green finance can continue to run optimally to support better economic growth in the country.

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