

ABSTRACT

This study examines the impact of green finance on corporate investment and financing scales, using companies listed on the Nikkei 225 as a case study. Utilizing panel data from 2018 to 2023, the analysis explores the relationship between the green finance and the dependent variables: investment scale and financing scale. The study employs random effect panel regression models to evaluate the data, with financial leverage, return on equity, and asset-liability ratio serving as control variables.

The results indicate that green finance has a significant impact on both the scale of investment and financing in companies. However, the result varies. The green finance index consistently shows a significant positive coefficient in the financing scale and negative in the investment scale. Additionally, the findings reveal that control variables also varied between dependant variables.

This research underscores the importance of incorporating green finance into corporate strategies, not only for enhancing environmental sustainability but also for improving financial performance. By providing empirical evidence from a major financial index in Japan, the study contributes to the growing literature on sustainable finance and offers practical insights for policymakers and corporate managers aiming to balance financial and environmental objectives.

Keywords: Green Finance, Investment, Financing, Nikkei 225

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