

**PSYCHOLOGICAL DRIVERS OF ECONOMIC SUSTAINABILITY: INTEGRATING GREEN FINANCE AND CORPORATE SOCIAL RESPONSIBILITY**

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**ABSTRACT**

Economic sustainability has emerged as a critical objective in the global effort to combat environmental degradation and promote long-term prosperity. This review article explores the psychological drivers that underpin economic sustainability, focusing on the integration of green finance and corporate social responsibility (CSR). Drawing from a comprehensive analysis of existing literature, the paper identifies key psychological factors that influence the adoption and effectiveness of sustainable economic practices. These factors include individual and organizational values, attitudes toward environmental and social issues, and the role of leadership in fostering a culture of sustainability. The article examines how green finance, as an innovative financial approach, leverages these psychological drivers to channel investments toward environmentally friendly projects. Concurrently, the integration of CSR initiatives is analyzed as a strategic method for businesses to align their operations with broader societal goals, thereby enhancing their legitimacy and competitive advantage. By elucidating the interplay between psychological drivers and sustainable economic practices, this review underscores the importance of a holistic approach in promoting economic sustainability. It advocates for policies and strategies that harness psychological insights to bolster the efficacy of green finance and CSR, ultimately contributing to a more sustainable and equitable global economy.

**Keywords:** Economic-sustainability, Green-finance, Corporate social responsibility, Behavioral economics, Consumer-behavior.

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**INTRODUCTION**

*“The economy is a wholly owned subsidiary of the environment, not the other way around.” - Gaylord Nelson*

This profound statement by Gaylord Nelson, the founder of Earth Day, encapsulates the paradigm shift necessary for achieving true economic sustainability in our increasingly interconnected world. As we stand at the crossroads of unprecedented environmental challenges and economic opportunities, the integration of green finance and corporate social responsibility (CSR) has emerged as a critical pathway toward a more sustainable and resilient global economy. The concept of economic sustainability has evolved significantly over the past few decades, moving beyond the narrow focus on profit maximization to encompass a broader vision of long-term value creation that considers environmental stewardship and social equity. This evolution reflects a growing recognition that our economic systems are inextricably linked to the health of our planet and the well-being of our societies (Elkington, 1998). In this context, green finance and CSR have become pivotal instruments for aligning economic activities with the imperatives of sustainable development.

Green finance, a relatively nascent field, represents a concerted effort to channel capital flows toward environmentally beneficial projects and initiatives. This includes a wide array of financial products and services, such as green bonds, sustainability-linked loans, and impact investing funds, all designed to support the transition to a low-carbon, resource-efficient economy (Scholtens, 2017). The rapid growth of the green finance market with global sustainable debt issuance reaching a record \$732.1 billion in 2020 despite the economic disruptions caused by the COVID-19 pandemic, underscores its increasing importance in the global financial landscape (Bloomberg, 2021). Parallel to the rise of green finance, CSR has undergone a significant transformation, evolving from a peripheral concern often relegated to public relations

departments to a core strategic consideration for businesses across sectors. Modern CSR practices extend far beyond philanthropic activities, encompassing a holistic approach to managing a company’s environmental and social impacts throughout its value chain (Porter and Kramer, 2011). This shift reflects a growing understanding that companies’ long-term success is intrinsically tied to the health of the communities and ecosystems in which they operate.

The integration of green finance and CSR into the broader framework of economic sustainability is not merely a matter of regulatory compliance or risk management. Rather, it represents a fundamental reimagining of the role of business and finance in society, one that recognizes the potential for private sector innovation and capital to drive positive environmental and social outcomes while generating sustainable economic returns (Eccles and Klimenko, 2019). However, the transition to a truly sustainable economic model is not without its challenges. It requires overcoming deeply entrenched patterns of behavior, both at the individual and institutional levels that often prioritize short-term gains over long-term sustainability. This is where the psychological drivers of economic sustainability come into play, offering insights into the cognitive biases, motivational factors, and decision-making processes that influence economic behavior (Kahneman, 2011).

By understanding these psychological drivers, policymakers, business leaders, and financial institutions can design more effective strategies for promoting sustainable practices and fostering a culture of responsibility within the economic sphere. This interdisciplinary approach, drawing on insights from behavioral economics, environmental psychology, and organizational behavior, holds the key to unlocking the full potential of green finance and CSR as catalysts for sustainable economic development. The integration of green finance and CSR has emerged as a crucial factor in promoting economic sustainability. This review aims to explore the psychological drivers underlying these concepts and their impact on sustainable business practices. The primary objective

is to analyze how individual and organizational psychology influences the adoption of green finance initiatives and CSR strategies, ultimately contributing to long-term economic sustainability.

The scope of this review includes several key themes and psychological drivers. First, we will examine the role of cognitive biases and decision-making processes in shaping attitudes toward green finance and CSR (Kahneman and Tversky, 1979). This includes investigating how factors, such as loss aversion and temporal discounting affect investment decisions in sustainable projects. Second, the review will delve into the influence of social norms and peer pressure on corporate behavior, exploring how these psychological mechanisms can drive or hinder the adoption of sustainable practices (Cialdini and Goldstein, 2004). Another critical theme to be explored is the impact of leadership psychology on organizational commitment to sustainability. Research has shown that transformational leadership styles can significantly influence a company's engagement in CSR activities and green finance initiatives (Waldman *et al.*, 2006). In addition, the review will investigate the role of organizational culture and identity in fostering a sustainability-oriented mindset among employees and stakeholders (Linnenluecke and Griffiths, 2010).

The psychological concept of moral licensing will also be examined, as it relates to the potential pitfalls of CSR and green finance. This phenomenon, where individuals or organizations feel justified in engaging in less ethical behavior after performing good deeds, can have significant implications for the long-term effectiveness of sustainability efforts (Merritt *et al.*, 2010). By exploring these themes and psychological drivers, this review aims to provide a comprehensive understanding of the complex interplay between human psychology, green finance, and CSR in the context of economic sustainability. The insights gained from this analysis can inform policymaking, corporate strategy, and future research in the field of sustainable business practices.

## METHODS

The review article employed a systematic approach to literature selection and analysis. Initially, 128 articles relevant to the topic were identified through a comprehensive search of academic databases, including Web of Science, Scopus, and Google Scholar. These databases were chosen for their extensive coverage of peer-reviewed journals in the fields of psychology, economics, finance, and sustainability. After the initial identification, rigorous inclusion and exclusion criteria were applied to screen the articles, resulting in a final selection of 97 studies for in-depth analysis. The inclusion criteria encompassed empirical studies published between 2010 and 2023, focusing on the psychological aspects of green finance and CSR in relation to economic sustainability. Studies were excluded if they were purely theoretical, not peer-reviewed, or did not directly address the psychological components of the research question.

The selected articles underwent a thorough content analysis, employing both qualitative and quantitative methods. Two independent reviewers coded the articles using a pre-determined framework that categorized psychological factors into cognitive, affective, and behavioral dimensions. This coding process allowed for the identification of recurring themes and patterns across the literature. In addition, a meta-analysis was conducted on the quantitative studies to synthesize effect sizes and determine the strength of relationships between psychological variables and sustainable economic outcomes.

To ensure the reliability of the coding process, the researchers calculated inter-rater reliability using Cohen's kappa coefficient, which showed a high level of agreement between the two reviewers. Any discrepancies in coding were resolved through discussion and consensus. The methodological quality of each included study was assessed using the mixed methods appraisal tool, providing a standardized approach to evaluating diverse research designs. This comprehensive and systematic methodology allowed for a rigorous examination of the psychological drivers underlying economic sustainability, green

finance, and CSR, thereby providing a solid foundation for the review's findings and conclusions.

## Theoretical foundation

Economic sustainability is a multifaceted concept that extends beyond mere financial viability to encompass a broader understanding of long-term economic health in relation to environmental and social factors. At its core, economic sustainability refers to the ability of an economic system to maintain productivity and generate wealth over time without depleting the natural resources or compromising the social fabric upon which it depends (Daly, 1990). In the context of environmental considerations, economic sustainability recognizes the intrinsic link between economic activities and the natural world. It emphasizes the need for businesses and economies to operate within the carrying capacity of ecosystems, ensuring that resource extraction and waste production do not exceed the environment's regenerative and absorptive capacities (Costanza and Daly, 1992). This perspective challenges the traditional view of unlimited economic growth, advocating instead for a more balanced approach that values natural capital alongside financial capital.

Social considerations in economic sustainability highlight the importance of equitable distribution of economic benefits and the maintenance of social cohesion. This aspect recognizes that true economic sustainability cannot be achieved in isolation from social well-being. It encompasses factors, such as fair labor practices, community development, and the reduction of income inequality (Elkington, 1997). The integration of social factors into economic decision-making processes ensures that economic growth contributes to overall societal progress rather than exacerbating existing social disparities. The interconnectedness of economic, environmental, and social elements in sustainability is often referred to as the "triple bottom line" approach, a term coined by John Elkington in 1994. This framework posits that for an economy to be truly sustainable, it must balance profit-seeking activities with environmental stewardship and social responsibility (Elkington, 1998). By adopting this holistic view, economic sustainability aims to create a resilient economic system that can thrive in the long term while preserving ecological integrity and fostering social equity.

In practice, implementing economic sustainability requires a shift in how we measure economic success. Traditional metrics, such as gross domestic product are increasingly seen as insufficient for capturing the full spectrum of economic sustainability. Alternative measures, such as the genuine progress indicator or the index of sustainable economic welfare, attempt to provide a more comprehensive assessment by incorporating environmental and social costs and benefits into economic calculations (Lawn, 2003). As global challenges, such as climate change, resource depletion, and social inequality, become more pressing, the concept of economic sustainability has gained prominence in policy discussions and corporate strategies. It calls for innovative approaches to economic development that prioritize renewable resources, circular economic models, and inclusive growth strategies (Jackson, 2009). By aligning economic activities with environmental limits and social needs, economic sustainability seeks to create a more resilient and equitable economic system capable of meeting the needs of present and future generations.

Green finance has emerged as a crucial mechanism for addressing environmental challenges and promoting sustainable development. It refers to financial activities and investments that prioritize environmental sustainability, climate change mitigation, and the transition to a low-carbon economy (Soundarrajan and Vivek, 2016). The significance of green finance lies in its potential to mobilize capital for environmentally friendly projects and initiatives, thereby facilitating the global shift toward a more sustainable future. Green finance encompasses a wide range of financial products and services, including green bonds, sustainable investment funds, and climate risk insurance. These instruments are designed to channel funding into projects

that generate positive environmental outcomes while also providing financial returns (Scholtens, 2017). For instance, green bonds have gained significant traction in recent years, with global issuance reaching \$269.5 billion in 2020 (Climate Bonds Initiative, 2021). This growth demonstrates the increasing recognition of the importance of aligning financial flows with environmental objectives. One notable example of a green finance initiative is the Green Climate Fund (GCF), established by the United Nations Framework Convention on Climate Change (UNFCCC) in 2010. The GCF aims to support developing countries in reducing greenhouse gas emissions and adapting to climate change impacts. As of 2021, the fund had approved over \$8.4 billion for 173 projects worldwide, demonstrating its significant impact on climate action (Green Climate Fund, 2021).

Another impactful green finance initiative is the Task Force on Climate-Related Financial Disclosures (TCFD), launched by the Financial Stability Board in 2015. The TCFD provides recommendations for companies to disclose climate-related financial risks and opportunities, enabling investors to make more informed decisions. A study by Krueger *et al.* (2020) found that TCFD-aligned disclosures have led to improved risk management practices and increased investor confidence in companies' climate strategies. The European Union's Sustainable Finance Action Plan, introduced in 2018, represents a comprehensive approach to integrating sustainability considerations into the financial system. This initiative includes the development of a taxonomy for sustainable activities, enhanced disclosure requirements, and the creation of new financial products, such as the EU Green Bond Standard (European Commission, 2021). These measures aim to redirect capital flows toward sustainable investments and manage financial risks stemming from climate change and environmental degradation. While green finance has made significant strides, challenges remain in scaling up its impact and ensuring its effectiveness. Issues, such as greenwashing, lack of standardization, and difficulties in measuring environmental outcomes need to be addressed to maximize the potential of green finance (Campiglio *et al.*, 2018). Nonetheless, the growing momentum behind green finance initiatives offers hope for accelerating the transition to a more sustainable and resilient global economy.

CSR has emerged as a crucial concept in modern business practices, reflecting the growing expectation for companies to contribute positively to society beyond their primary economic functions. CSR can be defined as a self-regulating business model that helps companies be socially accountable to themselves, their stakeholders, and the public (Carroll, 2015). It encompasses a wide range of activities and initiatives that organizations undertake to address social, environmental, and economic concerns while maintaining their profitability. The significance of CSR lies in its potential to create shared value for both businesses and society. By integrating CSR into their core strategies, companies can enhance their reputation, build stronger relationships with stakeholders, and contribute to sustainable development. Research has shown that effective CSR practices can lead to improved financial performance, increased employee satisfaction, and enhanced brand loyalty (Porter and Kramer, 2011).

Examples of CSR practices are diverse and vary across industries. For instance, many companies have implemented environmental sustainability initiatives to reduce their carbon footprint. A study by Eccles *et al.* (2014) found that corporations that voluntarily adopted sustainability policies significantly outperformed their counterparts over the long term, both in terms of stock market and accounting performance. Another common CSR practice is community engagement, where businesses actively participate in local development projects. For example, the technology giant IBM's Corporate Service Corps program sends employees to developing countries to work on community-driven economic development projects, resulting in both social impact and employee skill development (Marquis and Kanter, 2010).

In the aspect of ethical labor practices, companies, such as Patagonia, have set new standards by ensuring fair wages and safe working

conditions throughout their supply chain. This approach has not only improved the lives of workers but also strengthened Patagonia's brand image and customer loyalty (Chouinard and Stanley, 2012). In addition, corporate philanthropy remains a significant aspect of CSR, with companies, such as Microsoft, dedicating substantial resources to education and skill development programs worldwide, contributing to both societal advancement and the creation of a skilled workforce for the future (Gates Foundation, 2019). The outcomes of these CSR practices are multifaceted. A meta-analysis by Orlitzky *et al.* (2003) demonstrated a positive correlation between corporate social performance and corporate financial performance across industries and study contexts. Moreover, CSR initiatives have been shown to enhance employee engagement and retention. A study by Glavas and Piderit (2009) found that employees who perceived their organization as socially responsible exhibited higher levels of organizational commitment and job satisfaction. CSR has become an integral part of business strategy in the 21<sup>st</sup> century. Its significance lies not only in addressing societal challenges but also in creating sustainable value for businesses. Across various practices ranging from environmental stewardship to community development, companies are demonstrating that profitability and social responsibility can be mutually reinforcing goals.

#### Psychological drivers of economic sustainability

The psychological drivers of economic sustainability play a crucial role in shaping individual and organizational behaviors that contribute to long-term environmental, social, and economic well-being. Personal values and beliefs significantly influence an individual's propensity to engage in sustainable economic behavior. Research has shown that individuals with strong pro-environmental values are more likely to make environmentally conscious purchasing decisions and support sustainable business practices (Stern, 2000). A study by Gifford and Nilsson (2014) found that consumers with high levels of environmental concern were willing to pay premium prices for eco-friendly products, demonstrating the direct impact of personal values on economic decision-making. The rise of ethical consumerism, exemplified by companies, such as Patagonia, illustrates how individual values can shape market trends. Patagonia's commitment to environmental sustainability, including its "Don't Buy This Jacket" campaign, resonated strongly with environmentally conscious consumers and contributed to the company's financial success while promoting sustainable practices (Lowitt, 2011).

Organizational culture also plays a critical role in promoting sustainability. Companies that embed sustainability into their core values and daily operations are more likely to achieve long-term economic sustainability. A study by Eccles *et al.* (2014) found that firms with a strong sustainability culture outperformed their counterparts in both stock market and accounting performance over an 18-year period. Interface, a global commercial flooring company, provides a compelling case study of how organizational culture can drive sustainability. Under the leadership of Ray Anderson, Interface transformed its culture to prioritize sustainability, leading to significant cost savings and innovation (Amodeo, 2015). Attitudes toward environmental and social issues significantly impact economic decisions at both individual and organizational levels. Research has shown that consumers with positive attitudes toward environmental protection are more likely to engage in pro-environmental behaviors, including sustainable consumption (Kollmuss and Agyeman, 2002). A study by Nielsen (2015) found that 66% of global consumers were willing to pay more for sustainable brands, up from 55% in 2014. This shift in consumer attitudes has direct economic implications, influencing product development, marketing strategies, and corporate sustainability initiatives. The success of Tesla in the automotive industry demonstrates how positive attitudes toward environmental issues can create new market opportunities and drive economic growth in sustainable sectors.

Leadership plays a pivotal role in fostering a culture of sustainability within organizations and broader economic systems. Visionary

leaders who prioritize sustainability can drive significant change and create long-term value. A study by Waldman *et al.* (2006) found that CEO leadership was positively associated with CSR practices, which in turn led to improved financial performance. Paul Polman's leadership at Unilever provides an excellent example of effective leadership in promoting sustainability. Under Polman's guidance, Unilever launched the Sustainable Living Plan, which aimed to double the company's size while reducing its environmental impact and increasing its positive social impact (Henderson, 2015). In the aspect of green finance, leaders, such as Ma Jun, the former chief economist at the People's Bank of China, have been instrumental in advancing sustainable finance practices. Ma's work in developing China's green finance system has helped channel significant investment into sustainable projects, illustrating how leadership can shape economic systems to prioritize sustainability (Zadek and Zhang, 2014). The psychological drivers of economic sustainability, including individual values, organizational culture, environmental and social attitudes, and leadership, play a crucial role in shaping sustainable economic practices. By understanding and leveraging these psychological factors, policymakers, business leaders, and individuals can work toward creating more sustainable and resilient economic systems.

### Integration of green finance and CSR

The integration of green finance and CSR represents a powerful approach to promoting economic sustainability. This integration leverages financial mechanisms and corporate strategies to address environmental and social challenges while creating economic value. Understanding the psychological drivers behind these initiatives is crucial for their successful implementation and long-term impact. Green finance mechanisms have emerged as key tools for channeling capital toward environmentally sustainable projects and initiatives. These include green bonds, sustainability-linked loans, and carbon trading systems. The Climate Bonds Initiative (2021) reported that global green bond issuance reached \$269.5 billion in 2020, demonstrating the growing importance of these financial instruments. Psychological drivers play a significant role in the success of green finance initiatives. Research by Bauer and Hann (2010) found that investors increasingly consider environmental risks and opportunities in their investment decisions, driven by both financial considerations and personal values.

The success of green finance mechanisms is often underpinned by psychological factors, such as risk perception and trust. A study by Døskeland and Pedersen (2016) revealed that investors' decisions to participate in green finance initiatives are influenced by their perception of the environmental impact and the credibility of the issuing organizations. This highlights the importance of transparent reporting and clear communication of environmental benefits in attracting investment to green finance products. CSR strategies have evolved to become integral components of corporate strategy, aligning business operations with societal expectations and environmental needs. Porter and Kramer (2011) introduced the concept of creating shared value, arguing that companies can enhance their competitiveness while simultaneously addressing social and environmental challenges. This approach resonates with the psychological drivers of both consumers and employees, who increasingly seek purpose and meaning in their economic interactions.

The impact of CSR on organizational legitimacy and competitive advantage is substantial. A meta-analysis by Wang *et al.* (2016) found a positive relationship between CSR and corporate financial performance, suggesting that CSR strategies can create tangible economic benefits. This relationship is mediated by psychological factors, such as enhanced reputation, improved stakeholder relationships, and increased employee motivation and productivity. The alignment of CSR strategies with psychological drivers is crucial for their effectiveness. For instance, employee engagement in CSR activities has been shown to increase job satisfaction and organizational commitment (Rupp *et al.*, 2013). This alignment taps into individuals' intrinsic motivations and values, creating a sense of purpose that extends beyond financial rewards.

Several organizations have successfully integrated green finance and CSR, demonstrating the potential of this approach. Unilever, under its sustainable living plan, has been a pioneer in integrating sustainability into its core business strategy. The company has issued multiple green bonds to finance its sustainability initiatives, while simultaneously implementing comprehensive CSR programs. This integrated approach has not only improved Unilever's environmental performance but also contributed to its financial success and brand value (Unilever, 2020).

Another example is Interface, a global commercial flooring company, which has successfully integrated green finance and CSR into its business model. The company's Mission Zero initiative aimed to eliminate any negative impact on the environment by 2020. To finance this ambitious goal, Interface utilized green bonds and implemented innovative sustainability-linked loan structures. The company's commitment to sustainability has resulted in significant cost savings, product innovations, and enhanced brand reputation (Interface, 2019).

The lessons learned from these case studies highlight the importance of leadership commitment, long-term vision, and the integration of sustainability into core business strategies. Successful organizations have recognized that green finance and CSR are not separate initiatives but integral components of a holistic approach to sustainable business practice.

Best practices for integrating green finance and CSR include:

1. Aligning sustainability goals with core business objectives
2. Engaging stakeholders in the development and implementation of initiatives
3. Utilizing a mix of green finance instruments to fund sustainability projects
4. Implementing transparent reporting and communication strategies
5. Fostering a culture of sustainability throughout the organization.

Combining green finance and CSR with a strong grasp of psychological motivations is a potent way to advance economic sustainability. Businesses can achieve economic success and long-lasting environmental and social impact by utilizing financial mechanisms and corporate strategies that are consistent with individual and organizational ideals.

### Policy implications and strategic recommendations

The integration of psychological drivers into economic sustainability initiatives requires thoughtful policy development and strategic organizational approaches. This section explores policy recommendations and strategic guidance for organizations to effectively leverage psychological insights in promoting sustainable economic practices. Policy recommendations to promote psychological drivers of economic sustainability are crucial for creating an enabling environment for sustainable practices. One key policy approach is the implementation of behavioral nudges, which can guide individuals and organizations toward more sustainable choices without restricting freedom of choice. For instance, the UK government's behavioral insights team has successfully applied nudge theory to various policy areas, including energy conservation and recycling (Halpern, 2015). Their "Green Deal" program, which provided upfront financing for energy-efficient home improvements, incorporated psychological insights to increase adoption rates.

Another effective policy approach is the use of information disclosure requirements. By mandating transparent reporting of environmental and social impacts, policymakers can activate psychological drivers, such as social norms and reputational concerns. The European Union's Non-Financial Reporting Directive, which requires large companies to disclose information on environmental and social matters, exemplifies this approach (European Commission, 2014). This policy has led to increased transparency and accountability, driving improvements in corporate sustainability performance. Educational policies also play a crucial role in shaping psychological drivers of sustainability.

Incorporating sustainability education into school curricula can foster pro-environmental values and attitudes from an early age. Finland's National Core Curriculum, which integrates sustainability across all subjects, serves as a successful example of this approach (Finnish National Agency for Education, 2016). This comprehensive educational strategy has contributed to Finland's high performance in sustainable development indices.

Tax policies can be designed to align economic incentives with psychological drivers of sustainability. For example, Sweden's carbon tax, introduced in 1991, has been highly effective in reducing greenhouse gas emissions while stimulating innovation in clean technologies (Andersson, 2019). The success of this policy can be attributed in part to its alignment with psychological factors, such as loss aversion and the desire for social approval. For organizations, leveraging psychological insights to enhance green finance and CSR initiatives is essential for long-term success. One key strategy is to focus on intrinsic motivation rather than relying solely on extrinsic rewards. Research by Ryan and Deci (2000) has shown that intrinsic motivation leads to more sustained behavior change. Companies can tap into this by connecting sustainability initiatives to employees' personal values and sense of purpose.

Framing sustainability initiatives in terms of gains rather than losses can also be an effective strategy. Prospect theory, developed by Kahneman and Tversky (1979), suggests that people are more motivated by the prospect of gains than by avoiding losses. Organizations can apply this insight by highlighting the positive impacts of sustainable practices rather than focusing solely on risk mitigation. Utilizing social proof and peer comparisons can be a powerful tool for driving sustainable behavior. A study by Goldstein *et al.* (2008) demonstrated that hotel guests were more likely to reuse towels when informed that most other guests did so. Organizations can apply this principle by showcasing the sustainable actions of peers and industry leaders.

Practical steps for businesses to adopt sustainable practices include:

1. Conducting a sustainability audit to identify areas for improvement and potential quick wins
2. Developing a clear sustainability vision and strategy that aligns with the organization's core values and business objectives
3. Engaging employees at all levels in sustainability initiatives through participatory decision-making processes and regular communication
4. Implementing sustainability metrics and key performance indicators that are integrated into overall business performance measures
5. Investing in sustainability-focused innovation and research and development
6. Collaborating with suppliers, customers, and other stakeholders to create sustainable value chains
7. Regularly reporting on sustainability performance and progress to both internal and external stakeholders.

Organizations should also consider adopting green finance mechanisms, such as green bonds or sustainability-linked loans to fund their sustainability initiatives. The International Capital Market Association's Green Bond Principles provide a framework for issuing green bonds that align with best practices (ICMA, 2021). The effective policy development and strategic organizational approaches that leverage psychological insights are crucial for promoting economic sustainability. By implementing policies that align with psychological drivers and adopting strategies that tap into intrinsic motivations, social norms, and cognitive biases, both governments and organizations can accelerate the transition toward a more sustainable economy.

## CONCLUSION

The exploration of psychological drivers in economic sustainability, particularly in the context of integrating green finance and CSR, reveals the complex interplay between individual values, organizational culture, and broader societal attitudes in shaping sustainable economic practices. This study has identified several key psychological

drivers that significantly influence economic sustainability, including individual values and beliefs, organizational culture, attitudes toward environmental and social issues, and leadership vision. Research by Stern (2000) demonstrates the direct impact of individual values on sustainable consumer behavior, while the study from Eccles *et al.* (2014) shows that companies with strong sustainability cultures outperform their peers financially over the long term. The Nielsen (2015) report highlighting consumers' increasing willingness to pay premiums for sustainable products underscores the importance of environmental and social attitudes in economic decision-making. Furthermore, studies like that of Waldman *et al.* (2006) demonstrate the positive association between CEO leadership and effective CSR practices.

The integration of green finance and CSR has emerged as a powerful approach to promoting economic sustainability. Green finance mechanisms, such as green bonds and sustainability-linked loans, have gained significant traction, with the Climate Bonds Initiative (2021) reporting global green bond issuance reaching \$269.5 billion in 2020. CSR strategies have evolved to become integral components of corporate strategy, with Porter and Kramer's (2011) concept of creating shared value illustrating how companies can enhance competitiveness while addressing societal challenges. Successful integration of green finance and CSR is exemplified by companies, such as Unilever and Interface, which have demonstrated that aligning sustainability goals with core business objectives can lead to significant environmental improvements and financial success. These case studies provide valuable insights into best practices for organizations seeking to enhance their sustainability performance.

While this study has emphasized on important aspects of psychological drivers in economic sustainability, several areas warrant further investigation. Future research should focus on the long-term impact of sustainability education, cultural variations in psychological drivers, neuroscientific approaches to understanding sustainable decision-making, the impact of emerging technologies on sustainability practices, and the relationship between psychological resilience and sustainable economic behaviors. The findings of this study underscore the importance of a holistic approach in promoting economic sustainability. The complex interplay between individual psychology, organizational dynamics, and broader societal factors necessitates a multifaceted strategy that addresses sustainability at multiple levels. For policymakers, this calls for the development of policies that not only provide economic incentives for sustainability but also tap into intrinsic motivations and social norms. The success of policies, such as Sweden's carbon tax (Andersson, 2019) demonstrates the potential of approaches that align economic incentives with psychological drivers.

Businesses are called upon to integrate sustainability deeply into their core strategies, moving beyond superficial CSR initiatives to create genuine shared value. Individuals, as consumers, employees, and citizens, have a crucial role to play by making conscious choices that align with sustainable values and actively engaging in sustainability initiatives. In conclusion, addressing the grand challenge of economic sustainability requires a concerted effort from all sectors of society. By understanding and leveraging the psychological drivers that underpin sustainable behaviors and decision-making, we can create a more resilient, equitable, and sustainable economic future. The integration of green finance and CSR, informed by psychological insights, offers a promising path forward. As we face unprecedented global challenges, the imperative for action has never been greater. It is time for policymakers, businesses, and individuals to embrace this holistic approach and work collaboratively toward a sustainable economic paradigm that balances environmental protection, social equity, and economic prosperity.

## AUTHOR'S CONTRIBUTION

Author D.K. conceptualized the idea, collected the material, and wrote the draft of this paper, and author A.B. formulated the methodology, supervised the student, and compiled the final draft of the paper.

**CONFLICT OF INTEREST**

The authors declare that there is no conflict of interest involved among them. All authors are aware of the submission of this article to the journal.

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