

The Influence of Financial Strategy, Risk Management, and Synergy Mechanisms on Corporate Sustainability

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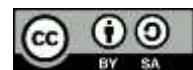
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ABSTRACT

This study is grounded in stakeholder theory and sustainability theory, which assert that corporate sustainability is determined by an organization's ability to effectively manage financial strategies, risk, and integrated synergy across organizational units. Although prior literature has examined the role of financial strategy and risk management in influencing corporate performance, studies that simultaneously investigate the combined effects of these variables while incorporating synergy mechanisms as a mediating factor in corporate sustainability remain limited. Addressing this research gap, the present study aims to analyze the influence of financial strategy and risk management on corporate sustainability with synergy mechanisms serving as a mediator. The findings indicate that both financial strategy and risk management have a positive and significant effect on corporate sustainability and play a critical role in strengthening organizational synergy mechanisms. Furthermore, synergy mechanisms are shown to contribute positively and significantly to corporate sustainability and effectively mediate the relationships between financial strategy and corporate sustainability, as well as between risk management and corporate sustainability. These findings underscore the importance of an integrated and collaborative strategic approach in promoting long-term corporate sustainability.

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1. INTRODUCTION

In an increasingly competitive and uncertain business environment, financial strategy and risk management are two key elements that companies must prioritize. The synergy between the two is crucial for achieving long-term success. Good financial management can help companies achieve stability and sustainability [1], while risk management ensures that companies are prepared for uncertainties and potential losses that can arise from various risks [2], be they

operational, financial, or market. Risk management is a crucial practice in companies, particularly in the finance and insurance sectors, which are exposed to significant risks related to market volatility, credit, liquidity, and operational stability. Risk management disclosure reflects the transparency and accountability of the company in identifying, evaluating, and managing such risks [3]. Effective disclosure can increase investor confidence, ensure financial stability, and protect the interests of stakeholders. Good financial management is

essential for the long-term success of a company (yazid et al., 2024). Effective and efficient financial management can help companies achieve their financial goals and maximize the company's value [5]. The goal of financial management is to maximize the value of the company by generating positive cash flow and minimizing financial costs. In carrying out these goals, financial management must consider factors such as time, risk, and capital costs. The importance of financial management for companies can be seen from several aspects. First of all, good financial management can help a company better manage its budget.

Financial management can be interpreted as all activities related to planning, finding, and allocating funds to maximize the efficiency of the company's operations [6]. Financial management is a field of knowledge that is quite enjoyable, as well as challenging because those who are happy in the field of financial management will get wider opportunities to get jobs such as corporate finance managers, banking, real estate, insurance companies, and even other government sectors, so that their careers will develop [7]. Financial management in its application is very closely related to other disciplines, such as production management, marketing management, human resource management, microeconomics and macroeconomics, quantitative methods, and accounting [8]. Financial management also involves risk management. Risk is the possibility of loss or failure in achieving financial goals. Companies must be able to manage risks carefully to minimize their negative impact on the company's value. Risk management includes identifying risks, evaluating their impacts, and developing strategies to reduce or eliminate those risks [9], [10]. By carefully managing risk, companies can improve their ability to generate stable cash flow and minimize financial costs. Financial management also involves conducting a good financial analysis [11]. Financial analysis can help companies identify opportunities to increase cash flow and maximize company value. Financial analysis can include financial ratio analysis,

cost-volume-profit analysis, and cash flow analysis. By conducting good financial analysis, companies can make smarter financial decisions and maximize the use of available financial resources.

By managing the budget carefully, companies can ensure that their spending is on track and does not exceed the available financial resources [12]. This can help companies avoid unpaid debts and increase investor confidence in the company's ability to generate stable cash flow. Additionally, good financial management can help companies identify available financial resources [13]. The company must be able to identify available financial resources, including internal resources such as retained earnings and cash, as well as external resources such as loans. Companies must be able to manage risks carefully to minimize their negative impact on the value of the company. Risk management includes identifying risks, evaluating their impact, and developing strategies to reduce or eliminate these risks [14]. By making these strategies, companies can increase their ability to generate stable cash flow and minimize financial costs. Financial management also involves implementing good financial analysis [15]. Financial analysis can help companies identify opportunities to increase cash flow and maximize the value of the company [16].

Risk management has become an important dimension of firms facing operational, financial, and environmental uncertainties [17]. [18] Show that firms with a strong risk management framework are more resilient and demonstrate higher sustainability metrics during periods of crisis. Emphasize that organizational synergy enables knowledge sharing, resource optimization, and systemic innovation, all of which are essential for embedding sustainability into core operations. Despite these insights, empirical validation of how synergistic strategies enhance the financial, risk, and sustainability nexus is scarce. The literature emphasizes the integration of financial strategy with environmental, social, and governance (ESG) principles as a catalyst for sustainable performance [19].

Companies that are able to synergistically integrate financial strategies and risk management will be better able to overcome challenges in a dynamic business environment [20]. This study will examine the synergy mechanism between corporate financial strategy and risk management, as well as its influence on company performance. The gap in this study lies in the lack of studies that link financial strategy and risk management simultaneously and the lack of research highlighting the interaction between independent commissioners and audit committees in influencing risk disclosure. The literature on the importance of corporate governance in enhancing risk management disclosure is growing [21], [22], most previous studies only examine governance mechanisms such as independent commissioners and audit committees separately. In the context of Chinese companies operating in Indonesia, the dynamics of governance are more complex due to significant institutional, cultural, and regulatory differences, which may affect the effectiveness of the oversight structure.

Empirically analyzed how enterprise risk management performance (ERMP) interacts with green innovation in Jordanian firms but did not incorporate synergistic coordination across departments within the firm, leaving unexplored how synergy mechanisms mediate strategic and risk-related impacts on sustainability [23]. Similarly, [24] conducted a systematic review on sustainability-oriented financial risk management strategies, highlighting general benefits but failing to integrate financial strategy or inter-unit synergy mechanisms. [25] Evaluated the effectiveness of financial risk management practices in corporate contexts but noted limited integration with ESG-related strategic coordination, undermining a holistic view of sustainability. Many recent empirical studies are geographically limited or industry-specific, and predominantly focus either on ASEAN markets or emerging economies, but rarely test integrative models across multiple contexts. For instance, [26] examined ERM's role in financial resilience within ASEAN food

and beverage firms, reporting that ERM did not moderate the sustainability financial resilience link indicating insufficient synergy and strategic alignment. Likewise, [27] studied ESG disclosure and corporate governance in Indonesian firms, observing weak relationships among sustainability reporting, governance, and financial performance, again with limited inclusion of financial strategic planning or inter-departmental synergy. These single-country or single-sector designs restrict generalizability and leave unanswered how integrated mechanisms operate across diverse settings.

The study responds directly to these limitations by crafting a comprehensive structural model that simultaneously assesses financial strategy, enterprise risk management, and active synergy mechanisms and their combined influence on corporate sustainability. Drawing on empirical insights from [23] regarding the mediating role of green innovation in ERM-performance dynamics, and the systematic perspectives of [24] about sustainable financial risk practices this research embeds synergy mechanisms as critical moderators. Data will be collected from Chinese companies operating in Indonesia. This integrative study is justified by the persistent fragmentation in existing literature and the urgency of aligning financial strategy, risk management, and synergy mechanisms in driving sustainable corporate outcomes. Unlike prior research which isolates these constructs, your model brings them together, enabling identification of synergy pathways and interaction effects that existing frameworks overlook.

Theoretical advancement, by developing an integrated sustainability model that captures dynamic interactions among strategic finance, ERM, and synergy mechanisms [28], [29]. Empirical generalization, through multi-country, multi-sector data using structural equation modeling to substantiate relationships across diverse institutional contexts. Managerial insights, informing executives on how to synchronize financial planning [30], risk governance [31], and internal collaboration to

enhance ESG performance and long-term corporate resilience [32]. By filling these critical gaps, the study advances scholarly understanding and offers actionable guidance for firms aspiring to embed sustainability into their core strategy.

In an increasingly volatile and complex global business environment, strategic decisions related to capital structure, asset allocation, cost efficiency, and long-term investment are critical in maintaining financial stability and sustainable growth [33], [34]. The lack of integration between financial strategy and sustainability principles often leads to a disconnect between economic goals and environmental or social responsibilities [35], [36]. Therefore, this study highlights the urgency of developing adaptive and sustainable financial strategies aligned with ESG (Environmental, Social, and Governance) values to enhance corporate resilience and long-term value creation.

This study fills an important gap in the literature by examining how the interaction between independent commissioners and audit committees affects the level and quality of risk management disclosure in such a cross-border corporate environment. This study makes a theoretical contribution by offering a deeper understanding of how a hybrid governance system is formed from the intersection of Chinese ownership and local Indonesian regulations. The effectiveness of governance in risk disclosure is not only determined by the formal structure but also by the functional synergy between these elements under specific contextual pressures. Practically, the findings of this study can serve as a reference for Indonesian regulators, multinational stakeholders, and Chinese investors to adapt a governance framework that is in line with local norms without neglecting global standards in risk management transparency.

2. METHODS

The research method used quantitative. This research used Chinese companies operating in Indonesia as the research object, with population of 225 companies. The sample criteria for the study population were companies that have been operating for more than 5 years and Chinese companies that are not in the banking sector, so the researcher could determine a sample size of 100 companies. Research data was obtained through the distribution of Likert-scale questionnaires using Google Forms sent to Chinese companies operating in Indonesia. Data analysis used SEM-PLS assisted by Smart-PLS. This study uses the Partial Least Square–Structural Equation Modeling (PLS-SEM) technique, a variance-based SEM approach oriented toward prediction and designed to test complex causal relationships among latent constructs. The estimation of weights for constructing latent variable scores is determined by the specification of the internal model (relationships among latent constructs) and the external model (relationships between indicators and constructs), with the aim of minimizing residual variance in the endogenous variables. This method was chosen because it can handle multidimensional variables such as financial strategy, risk management, synergy mechanisms, and corporate sustainability; supports both reflective and formative indicators; and enables an integrated assessment of the structural and measurement models, thereby providing a more comprehensive understanding of the relationships among variables in the context of corporate sustainability. In this research, 7 hypotheses were development. The following is a picture of the development of the research hypotheses:

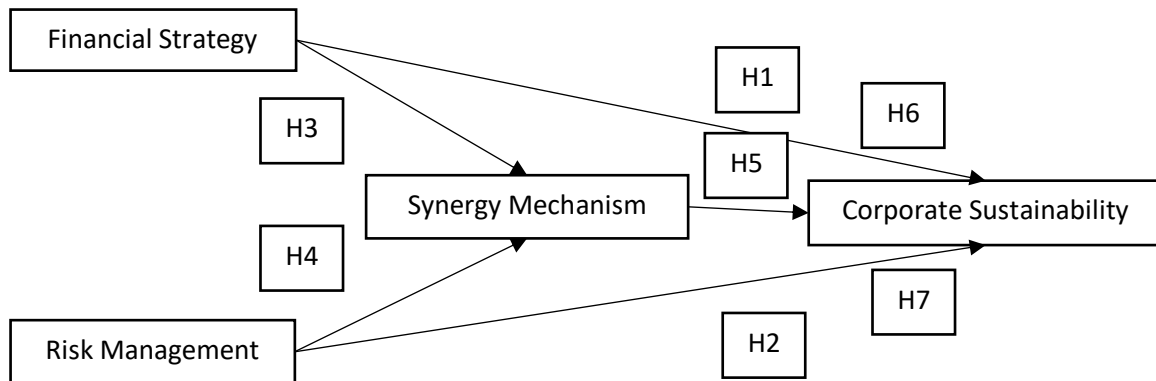


Figure 1. Proposed Research Model

Based on the diagram provided, here is the hypothetical relationship seen between the elements in the figure. First hypothesis: financial to corporate sustainability. A proper financial strategy ensures adequate allocation of funds for sustainability initiatives, such as investments in green technologies, responsible business practices, and efficient management of resources. Next is the hypothesis that risk management is related to corporate sustainability: effective risk management supports corporate sustainability by reducing potential losses, improving operational stability, and ensuring business continuity amid external and internal challenges. Then, financial strategy to synergy mechanism: financial strategy influences synergy mechanisms by providing optimal financial resources and allocation to support integration between units or divisions. Good financial management creates synergies that increase the efficiency and effectiveness of the organization. Next is the hypothesis that risk management contributes to synergy mechanisms. Risk management contributes to synergy mechanisms by identifying and managing potential risks that can hinder collaboration between units. By reducing uncertainty, companies can focus more on building strong synergies. The next hypothesis is the synergy mechanism for

corporate sustainability. The synergy mechanism reflects the process of collaboration and integration between different units, resources, and stakeholders to create shared added value. Through synergy, companies are able to optimize operational efficiency, strengthen innovation, and balance economic, social, and environmental interests. This demonstrates that synergy is not only a tool for internal coordination but also a key strategy that enables companies to survive, adapt, and grow sustainably in the face of global challenges and dynamics.

3. RESULT AND DISCUSSION

This study uses quantitative data analysis techniques analyzed through inferential statistical analysis. Inferential statistical analysis aims to test hypotheses. Before conducting statistical analysis, the researcher described the characteristics of the respondents in the study. The description of the characteristics of respondents in this study includes gender, position, and the Company Since. The sample used in this study was 100 Chinese companies operating in Indonesia. The number of respondent characteristics can be seen in the following table:

Table 1. Respondent Data Description

No.	Gender		Position			Joined the Company Since	
	Female	Male	Deputy General Manager	Finance Manager	Risk Control Manager	1-5 years	6-10 years
1,	43	57	30	30	60	25	75
Tot.	100		100			100	
Perc.	100%		100%			100%	

Source: Respondents' Answers

Table 1 shows that the respondents in the study who participated the most were men with a total of 57 respondents, followed by women with 43. In terms of position, those who filled out the research questionnaire consisted of Deputy General Managers, finance managers, and risk control managers. Most of the respondents who filled out the

questionnaire were in the risk control manager position, with a total of 60 respondents. Then, respondents who filled out the questionnaire had joined the company for a maximum of 6-10 years, with a total of 75 respondents. Presents a summary of data regarding respondents' answers to financial strategy variables:

Table 2. Financial Strategy Variable Response

No.	Statement	Likert Scale					Total Score	Average
		1	2	3	4	5		
1.	The company consistently maximizes net profit relative to total shareholders' equity.	0	3	16	47	34	412	4,1
2.	The company's financial strategy focuses on improving capital efficiency to enhance shareholders' equity value.	0	2	16	31	51	431	4,3
3.	The company manages its debt-to-equity ratio carefully to maintain financial stability.	0	1	14	38	47	431	4,3
4.	The company's financing decisions always consider the balance between equity and debt.	0	3	11	41	45	428	4,3
5.	The company uses NPV calculations to ensure investments provide long-term profitability.	0	2	12	30	56	440	4,4
6.	Project evaluations always consider the IRR to ensure returns exceed the cost of capital.	0	3	10	34	53	437	4,4
7.	The company's financial strategy aims to create economic value added for shareholders.	0	1	14	28	57	441	4,4
8.	The company evaluates its performance based on the ability to generate profit after accounting for the cost of capital.	0	4	19	63	114	446	4,5
9.	The company applies the financial perspective of the Balanced Scorecard to measure strategic success comprehensively.	0	3	8	34	55	441	4,4
10.	Financial indicators within the Balanced Scorecard help management make strategic decisions focused on long-term value creation.	0	3	11	25	61	444	4,4
Dimension Average Score								4,35

Source: Respondents' Answers

Based on Table 2, the respondents' average assessment of the financial strategy variable falls into the very high category, with a mean score of 4,35. The statement "The company consistently maximizes net profit relative to total shareholders' equity" received

a high category rating, with an average score of 4,10. Meanwhile, the statement "The company's financial strategy focuses on improving capital efficiency to enhance shareholders' equity value" was classified as very high, with a mean score of 4,30. Similarly,

the statement "The company manages its debt-to-equity ratio carefully to maintain financial stability" obtained a very high category rating, with an average score of 4,30, Furthermore, the statement "The company's financing decisions always consider the balance between equity and debt" was rated in the very high category, with a mean score of 4,30, The use of investment appraisal techniques is also strongly reflected, as the statement "The company uses NPV calculations to ensure investments provide long-term profitability" achieved a very high rating with a mean score of 4,40, Likewise, the statement "Project evaluations always consider the IRR to ensure returns exceed the cost of capital" was categorized as very high, with an average score of 4,40, In addition, the statement "The company's financial strategy aims to create economic value added for shareholders" also received a very high rating, with a mean score of 4,40.

The highest assessment was found in the statement "The company evaluates its performance based on the ability to generate profit after accounting for the cost of capital," which obtained a very high category rating with a mean score of 4,50, Moreover, the statement "The company applies the financial perspective of the Balanced Scorecard to measure strategic success comprehensively" was rated very high, with an average score of 4,40, Finally, the statement "Financial indicators within the Balanced Scorecard help management make strategic decisions focused on long-term value creation" also fell into the very high category, with a mean score of 4,40, Based on the respondents' perceptions of the Financial Strategy variable measured through the representativeness bias dimension, an average score of 4,35 was obtained, which obtained a very high category rating. This high mean value indicates that respondents perceive the company's financial strategy as highly effective. Overall, the result reflects that financial management has been implemented optimally to support organizational performance, while ensuring that financial policies align with principles of efficiency and sustainability. This finding suggests that the company has been able to

develop a representative and comprehensive financial strategy that accurately reflects its economic conditions and long-term objectives.

The indicators Return on Equity (ROE) and Debt-to-Equity Ratio (DER) demonstrate that respondents consider the company's capital management to be well-executed through improved capital efficiency and prudent financing structure control. A high ROE signifies the company's success in maximizing net profit relative to shareholders' equity, while a balanced DER indicates cautious use of external funding sources. These two indicators form the foundation for assessing financial strategy effectiveness, as they are directly linked to the company's profitability and stability. The high average score shows that the company has successfully maintained an equilibrium between risk and return, thereby supporting sustainable financial performance. Furthermore, the Net Present Value (NPV) and Internal Rate of Return (IRR) indicators reveal that the company thoroughly considers investment feasibility in its decision-making process. Respondents believe that each investment decision has been evaluated based on potential returns and associated capital costs. The accurate application of NPV and IRR enhances investment decision quality while reducing the likelihood of bias in long-term benefit estimation. Consequently, the company is able to prioritize investments that yield strategic value and optimal returns, ensuring the efficiency and profitability of its financial portfolio.

Economic Value Added (EVA) and Balanced Scorecard indicators, particularly the financial perspective, reflect the company's strategic orientation toward creating sustainable economic value. A positive EVA demonstrates the company's ability to generate profits after accounting for capital costs, while the Balanced Scorecard ensures that financial performance is assessed holistically alongside non-financial dimensions. Respondents expressed strong agreement with the implementation of these approaches, recognizing their role in enhancing transparency, accountability, and

long-term strategic financial alignment. Overall, the average score of 4,35 reinforces the conclusion that the company's financial strategy has been effectively implemented and has succeeded in minimizing the

influence of representativeness bias in financial decision-making. Presents a summary of data regarding respondents' answers to risk management variables:

Table 3. Risk Management Variable Response

No.	Statement	Likert Scale					Total Score	Average
		1	2	3	4	5		
1.	Our company conducts regular assessments to identify potential business risks.	0	3	15	16	66	445	4,5
2.	Risks are systematically documented and categorized for appropriate follow-up actions.	0	2	11	33	54	439	4,4
3.	We have clear procedures in place to prevent and minimize financial losses.	0	2	12	24	62	446	4,5
4.	Financial risks are closely monitored to avoid unexpected loss impacts.	0	1	14	32	53	437	4,4
5.	The company takes proactive steps to protect its reputation from potential risks.	0	1	15	26	58	441	4,4
6.	Reputational risk is a key factor in our overall risk management strategy.	0	2	12	27	59	443	4,4
7.	We implement timely and appropriate responses to identified risks.	0	2	13	31	54	437	4,4
8.	Risk mitigation plans are integrated into our operational strategies.	0	3	10	29	58	442	4,4
9.	The company evaluates and manages residual risks that remain after mitigation efforts.	0	3	11	23	63	446	4,5
10.	Residual risks are considered in decision-making and strategic planning.	0	2	15	21	62	443	4,4
Dimension Average Score								4,42

Source: Respondents' Answers

Based on Table 3, the respondents' average assessment of the risk management variable falls into the very high category, with a mean score of 4,2 which obtained a very high category rating. The statement "Our company conducts regular assessments to identify potential business risks" received very high category rating, with an average score of 4,5. Meanwhile, the statement "Risks are systematically documented and categorized for appropriate follow-up actions" was classified as very high, with a mean score of 4,4. Similarly, the statement "We have clear procedures in place to prevent and minimize financial losses" obtained a very high category rating, with an average score of 4,5. The statement "Financial risks are closely monitored to avoid unexpected loss impacts" was rated in the very high category, with a mean score of 4,4. The use of investment appraisal techniques is also strongly reflected,

as the statement "The company takes proactive steps to protect its reputation from potential risks" achieved a very high rating with a mean score of 4,4. Likewise, the statement "Reputational risk is a key factor in our overall risk management strategy" was categorized as very high, with an average score of 4,4. In addition, the statement "We implement timely and appropriate responses to identified risks" also received a very high rating, with a mean score of 4,4.

The highest assessment was found in the statement "Risk mitigation plans are integrated into our operational strategies" which obtained a very high category rating with a mean score of 4,4. Moreover, the statement "The company evaluates and manages residual risks that remain after mitigation efforts" was rated very high, with an average score of 4,5. Finally, the statement "Residual risks are considered in decision-

making and strategic planning.” also fell into the very high category, with a mean score of 4,4. This value indicates that most respondents highly agree with the effectiveness of the company’s implemented risk management practices. The score reflects that the company has established a mature and structured risk management system to anticipate various potential uncertainties. It also demonstrates a high level of managerial awareness in integrating risk mitigation policies into broader business strategies, thereby minimizing adverse impacts on operational stability and financial performance.

The Risk Identification indicator shows that the company has effectively identified potential risks systematically, both internal and external. Respondents assessed that the risk identification process is comprehensive and involves multiple organizational functions to ensure all potential threats are properly anticipated. This process is a fundamental stage in risk management since errors in identification can lead to biased and inaccurate decision-making. With a high mean score, it can be concluded that the company possesses strong representational capacity in categorizing risks according to their characteristics and levels of urgency, which allows for the development of more effective mitigation strategies.

The Financial Loss and Reputational Damage indicators reflect the company’s effectiveness in controlling the impacts of risks on financial stability and corporate image. Respondents believe that the company

has implemented strict financial oversight systems to prevent material losses caused by operational errors or strategic misjudgements. Furthermore, the company demonstrates a strong commitment to maintaining its reputation by upholding stakeholder trust through transparency and adherence to good corporate governance principles. The integration of these two indicators shows that the company’s risk management does not solely focus on financial outcomes but also considers social and psychological consequences that may influence public perception.

Risk Response and Residual Risk indicators reveal that the company has responsive capabilities in addressing emerging risks and managing residual risks that cannot be fully eliminated. Respondents perceive that each form of threat has been managed through strategic and measurable corrective actions. The company also maintains follow-up monitoring mechanisms to ensure residual risks do not disrupt business continuity. The average score of 4,42 reinforces that risk management has been implemented effectively and adaptively in response to dynamic business environments. Therefore, it can be concluded that the implementation of Risk Management has successfully minimized the influence of representativeness bias in decision-making processes while strengthening the company’s resilience in facing future uncertainties. Presents a summary of data regarding respondents' answers to Synergy Mechanisms variables:

Table 4. Synergy Mechanisms Variable Response

No.	Statement	Likert Scale					Total Score	Average
		1	2	3	4	5		
1.	Communication between departments is clear and consistent across all levels.	0	0	9	33	58	449	4,5
2.	The company promotes open and transparent communication to support teamwork.	0	0	9	33	58	449	4,5
3.	Teams in our company collaborate effectively to achieve shared goals.	0	0	9	30	61	452	4,5
4.	Cross-functional coordination is well-managed to enhance workflow efficiency.	0	0	11	24	65	454	4,5
5.	The company encourages joint innovation efforts across different teams or units.	0	0	9	23	68	459	4,6

No.	Statement	Likert Scale					Total Score	Average
		1	2	3	4	5		
6.	Collaborative innovation is a key part of how we develop new products or solutions.	0	0	8	30	62	454	4,5
7.	Synergy mechanisms contribute directly to improving our overall organizational performance.	0	0	7	27	66	459	4,6
8.	There is a visible impact of internal collaboration on business outcomes and results.	0	0	10	27	63	453	4,5
9.	Problems are resolved more quickly through coordinated teamwork and shared knowledge.	0	0	10	23	67	457	4,6
10.	Synergy across teams helps in identifying and addressing issues more efficiently.	0	0	6	31	63	457	4,6
Dimension Average Score								4,54

Source: Respondents' Answers

Based on respondents' perceptions of the Synergy Mechanisms variable measured through the representativeness bias dimension, the average indicator score obtained was 4,54 which obtained a very high category rating. The statement "Communication between departments is clear and consistent across all levels" received a very high category rating, with an average score of 4,5. Meanwhile, the statement "The company promotes open and transparent communication to support teamwork." was classified as very high, with a mean score of 4,5. Similarly, the statement "Teams in our company collaborate effectively to achieve shared goals" obtained a very high category rating, with an average score of 4,5. Furthermore, the statement "Cross-functional coordination is well-managed to enhance workflow efficiency" was rated in the very high category, with a mean score of 4,5. The use of investment appraisal techniques is also strongly reflected, as the statement "The company encourages joint innovation efforts across different teams or units" achieved a very high rating with a mean score of 4,6. Likewise, the statement "Collaborative innovation is a key part of how we develop new products or solutions" was categorized as very high, with an average score of 4,5. In addition, the statement "Synergy mechanisms contribute directly to improving our overall organizational performance" also received a very high rating, with a mean score of 4,6. The highest assessment was found in the statement "There is a visible impact of internal collaboration on business outcomes and

results" which obtained a very high category rating with a mean score of 4,5. Moreover, the statement "Problems are resolved more quickly through coordinated teamwork and shared knowledge" was rated very high, with an average score of 4,6. Finally, the statement "Synergy across teams helps in identifying and addressing issues more efficiently" also fell into the very high category, with a mean score of 4,6. This high value indicates that respondents strongly agree with the effectiveness of synergy mechanisms implemented within the organization. The result reflects that the company has successfully established a collaborative work culture emphasizing effective communication, cross-department coordination, and joint innovation. The strong implementation of synergy mechanisms signifies the alignment of vision, mission, and strategic objectives across organizational units, thereby enhancing competitiveness and overall organizational performance. The Effective Communication indicator shows that respondents perceive communication among employees and departments to be well-established. Transparent and open information exchange contributes to reducing misunderstandings and accelerating decision-making processes. In the context of representativeness bias, effective communication plays a crucial role in minimizing misperceptions about organizational situations or individual performance, as all parties receive clear and verified information. Thus, effective communication serves as the fundamental

basis for building sustainable and collaborative synergy within the organization.

The Collaboration and Coordination indicator highlights that cross-functional teamwork and structured coordination have become an integral part of the organizational culture. Respondents agree that collaboration is not limited to formal cooperation but is also driven by shared commitment and collective responsibility. Good coordination ensures that all parts of the organization work harmoniously to achieve common strategic goals. This aligns with the concept of synergy in strategic management, which emphasizes the integration of human resources, processes, and technology to achieve optimal efficiency and effectiveness. The indicators Co-Innovation and Organizational Performance Improvement demonstrate that synergy mechanisms have positively contributed to enhancing creativity and overall organizational performance. Respondents believe that the company encourages joint innovation among units to create new solutions relevant to market needs. Co-innovation plays a vital role in strengthening

organizational adaptability to dynamic business environments. Additionally, improved organizational performance represents a tangible outcome of productive synergy, where collaboratively generated innovations enhance operational efficiency, product quality, and customer satisfaction.

The faster Problem Resolution indicator shows that the organization possesses the capability to address issues quickly and effectively. Respondents indicate that synergy mechanisms facilitate more coordinated decision-making processes, allowing challenges to be resolved efficiently. This also reflects the organization's ability to reduce representativeness bias by adopting evidence-based and data-driven approaches in problem-solving. The average score of 4,54 reinforces that the established synergy within the organization not only accelerates problem resolution but also strengthens responsiveness, resilience, and long-term sustainability in facing future strategic challenges. Presents a summary of data regarding respondents' answers to Corporate Sustainability variables:

Table 5. Corporate Sustainability Variable Response

No.	Statement	Likert Scale					Total Score	Average
		1	2	3	4	5		
1.	The company actively implements environmentally friendly practices in its operations.	0	0	9	26	65	456	4,6
2.	We continuously seek to reduce our environmental footprint through waste management and energy efficiency.	0	0	11	22	67	456	4,6
3.	The company supports community development and promotes social responsibility initiatives.	0	0	22	22	69	460	4,6
4.	Employee welfare, diversity, and equality are prioritized as part of our social sustainability efforts.	0	0	8	28	64	456	4,6
5.	The company follows ethical practices and ensures transparency in all business activities.	0	0	10	21	69	459	4,6
6.	Corporate governance policies are in place to support accountability and responsible decision-making.	0	0	7	24	69	462	4,6
Dimension Average Score								4,6

Source: Respondents' Answers

Based on respondents' perceptions of the Corporate Sustainability variable measured through the representativeness bias dimension, the average indicator score obtained was 4,6 which obtained very high category rating. The statement "The company actively implements environmentally friendly

practices in its operations" received very high category rating, with an average score of 4,6. Meanwhile, the statement "We continuously seek to reduce our environmental footprint through waste management and energy efficiency" was classified as very high, with mean score of 4,6. Similarly, the statement

“The company supports community development and promotes social responsibility initiatives” obtained a very high category rating, with an average score of 4,6. Furthermore, the statement “Employee welfare, diversity, and equality are prioritized as part of our social sustainability efforts” was rated in the very high category, with a mean score of 4,6. The use of investment appraisal techniques is also strongly reflected, as the statement “The company follows ethical practices and ensures transparency in all business activities” achieved a very high rating with a mean score of 4,6. Finally, the statement “Corporate governance policies are in place to support accountability and responsible decision-making” also fell into the very high category, with a mean score of 4,6. This result indicates a very high level of respondent agreement regarding the company’s commitment to implementing sustainability principles. It reflects that the company has successfully integrated sustainability values into its core business strategy, encompassing the Environmental, Social, and Governance (ESG) dimensions. Therefore, it can be concluded that the implementation of corporate sustainability is not merely symbolic but has become an inherent part of the organizational culture, emphasizing long-term responsibility toward the environment and society.

The environmental indicator shows that the company has systematically and sustainably managed the environmental impacts of its operations. Respondents assessed that the company implements eco-friendly policies through energy efficiency, waste management, and carbon emission

reduction. These efforts demonstrate a high level of awareness of the importance of ecosystem sustainability and the balance between economic growth and environmental preservation. The strong implementation of environmental practices also indicates that the company minimizes representativeness bias in strategic decision-making by relying on objective data and environmental impact analysis as the basis for its policies. Social and Governance indicators highlight the company’s strong commitment to community welfare and the implementation of transparent and accountable corporate governance. Respondents observed that the company actively engages in social initiatives such as community empowerment, employee welfare improvement, and the protection of labor rights. From a governance perspective, the company consistently upholds integrity, business ethics, and compliance with applicable regulations. The synergy between social and governance aspects enhances public trust and creates long-term value for stakeholders. With an average score of 4,6, it can be concluded that the company’s corporate sustainability has been implemented optimally and serves as a key factor in strengthening competitiveness and ensuring business continuity in the era of sustainable development.

Research hypothesis testing was conducted using a bootstrapping-assisted inner model in the Smart-PLS 4.0 application. This directly tests the effect of the independent variable on the dependent variable. The hypothesis testing values in this study are presented in Table 6:

Table 6. Path Coefficient Test & Significance of Influence

Variable	Original sample	Sample mean	Standard deviation	STDEV	P values	Results
Financial Strategy -> Corporate Sustainability	0,237	0,230	0,099	2.403	0,016	Accepted
Risk Management -> Corporate Sustainability	0,262	0,250	0,107	2.455	0,014	Accepted
Financial Strategy -> Synergy Mechanism	0,362	0,366	0,095	3.809	0,000	Accepted
Risk Management -> Synergy Mechanism	0,355	0,355	0,102	3.472	0,001	Accepted

Variable	Original sample	Sample mean	Standard deviation	STDEV	P values	Results
Synergy Mechanism -> Corporate Sustainability	0,520	0,525	0,145	3.597	0,000	Accepted

Source: Smart-PLS Data Processing

Based on the results in Table 6, Hypothesis 1 (H1) states that financial Strategy has a positive effect on Corporate Sustainability, with a coefficient value (Original Sample column) of 0,237 and a significant effect (t-statistic = 2.403 > 1,96 and P-value = 0,016 < 0,05) (Hypothesis Accepted). Financial strategy has a significant influence on the corporate sustainability of Chinese companies operating in Indonesia. From the perspective of Stakeholder Theory, financial strategy is understood not only as an effort to maximize profits. It is also a means to create long-term value. A financial strategy that considers the risk of conflict and regulatory pressures supports operational stability and long-term performance. Financial strategy positively influences a company's corporate sustainability because it maintains a balance between economic performance, social responsibility, and environmental sustainability.

Hypothesis 2 (H2) states that Risk Management has a positive effect on Corporate Sustainability, with a coefficient value (Original Sample column) of 0,262 and a significant effect, with a t-statistic of 2.455 > 1,96 and a P-value of 0,014 < 0,05 (Hypothesis Accepted). Risk management has a significant influence on the corporate sustainability of Chinese companies operating in Indonesia. From a stakeholder management theory perspective, risk is viewed as a strategic instrument to protect and create value for all company stakeholders. Comprehensive risk management minimizes potential losses. When companies proactively identify, assess, and mitigate risks, their level of trust is increased. This strengthens the company's stability and resilience in the face of adverse weather conditions, resulting in risk management that positively impacts company sustainability by improving long-term, economically balanced performance.

Hypothesis 3 (H3) states that Financial Strategy has a positive effect on Synergy Mechanism, with a coefficient value (Original Sample column) of 0,362 and a significant effect (t-statistic = 3.809 > 1,96 and P-value = 0,000 < 0,05) (Hypothesis Accepted). Financial strategy has a significant influence on the synergy mechanism of Chinese companies operating in Indonesia. The influence of financial strategy on a company's synergy mechanisms can be explained through the Resource-Based View (RBV) perspective and synergy theory in corporate strategy. Strategic management of financial resources allows companies to coordinate, integrate, and utilize assets across business units to create greater added value than if those units operated independently. Coordinated decisions on capital allocation, funding structure, and cash flow management can strengthen synergy mechanisms. Financial strategy plays a key role in enabling the formation of effective synergy mechanisms, as it provides incentives, funding structures, and aligns the objectives of business units towards creating overall corporate value.

Hypothesis 4 (H4) states that Risk Management has a positive effect on Synergy Mechanism, with coefficient value (Original Sample column) of 0,355 and a significant effect, with t-statistic of 3.472 > 1,96 and a P-value of 0,001 < 0,05 (Hypothesis Accepted). Risk management has significant influence on synergy mechanism of Chinese companies operating in Indonesia. The influence of risk management on corporate synergy mechanisms can explained through the perspective of Enterprise Risk Management (ERM). Integrated corporate risk management strategies encourage collaboration across business units in identifying, generating, and mitigating risks. Structured and integrated risk management strengthens corporate synergy mechanisms creating alignment of

goals, increasing trust between divisions, reducing impact coordination costs, and accelerating organizational learning in addressing shared risk.

Hypothesis 5 (H) states that Synergy Mechanism has a positive effect on Corporate Sustainability, coefficient value (Original Sample column) = 0,520, and is significant, with t-statistics = 3.597 > 1,96 and P-Values = 0,000 < 0,05 (Hypothesis Accepted) synergy mechanisms has significant influence on corporate sustainability of Chinese companies operating in Indonesia. Synergy mechanisms influence corporate sustainability, explained from the Resource-Based View (RBV) perspective. Collaboration across business

units enables companies to combine resources, capabilities, and knowledge to create long-term value that difficult for competitors to imitate. Synergy mechanisms such as resource sharing, process integration, knowledge transfer, and strategic coordination between divisions improve operational efficiency. With synergy, companies can reduce cost duplication, accelerate organizational learning, and respond to economic risks. Therefore, synergy mechanisms play a crucial role in corporate sustainability because they help companies build sustainable competitive advantage through strategic integration of resources and capabilities.

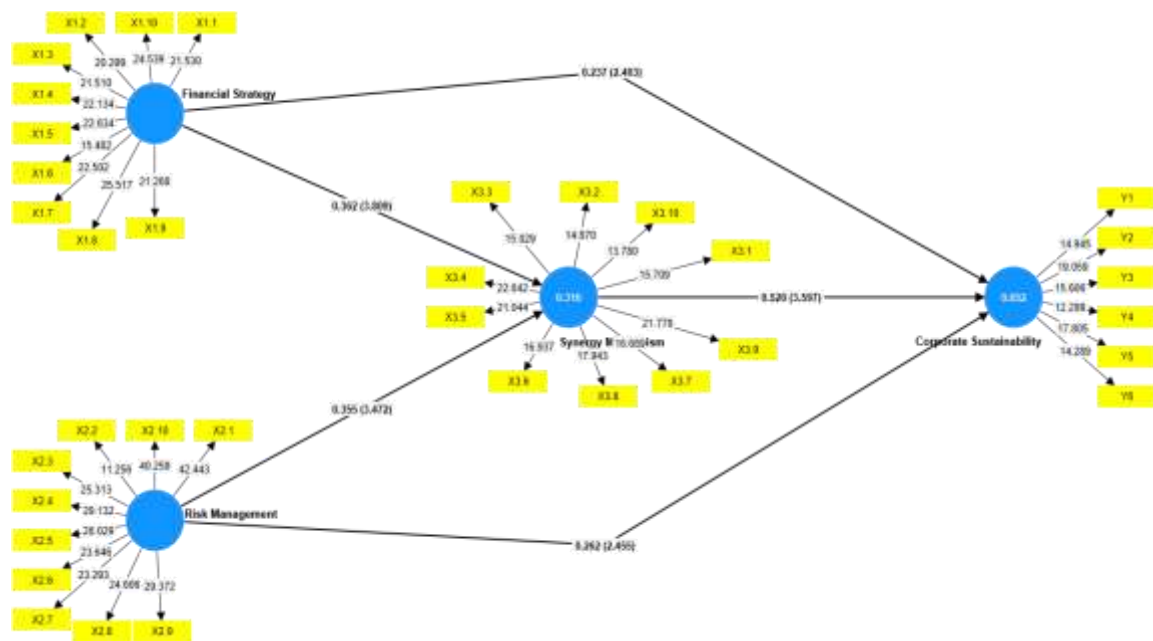


Figure 2. Output Display

Based on the bootstrapping results presented in Figure 2 (Output Display), all structural paths in the model exhibit t-statistic values exceeding the critical threshold of 1,96, indicating statistically significant relationships at the 95% confidence level. The first and second exogenous variables demonstrate positive and significant effects on the intervening variable, with path coefficients of 0,362 (t = 3.809) and 0,355 (t = 3.472), respectively. In addition, other direct effects with coefficients of 0,237 (t = 2.403) and 0,262 (t = 2.455) are also statistically significant. These findings suggest that improvements in the exogenous constructs

contribute meaningfully to changes in both the intervening and endogenous variables within the proposed structural model.

The R-square (R²) value for the intervening variable is 0,316, indicating that 31,6% of its variance is explained by the exogenous variables included in the model, while the remaining variance is influenced by factors outside the model. Meanwhile, the endogenous variable achieves an R² value of 0,652, suggesting that the model explains 65,2% of the variance and demonstrates strong predictive power. The effect of the intervening variable on the endogenous variable is also found to be positive and

significant, with a path coefficient of 0,520 ($t = 3.597$), underscoring its critical mediating role in strengthening the relationship between the exogenous and endogenous constructs. Overall, the bootstrapping results confirm that the structural model satisfies statistical significance criteria and exhibits substantial explanatory capability. Structural Equation Modeling (SEM) analysis is a comprehensive statistical approach used to examine complex causal relationships among multiple variables, including direct, indirect, and total effects within a theoretical framework. In the context of mediation analysis, SEM enables researchers to test how and to what extent a

mediating variable transmits the effect of an independent variable on a dependent variable. This analytical technique integrates both measurement and structural models, allowing simultaneous estimation of latent constructs and their interrelationships, thus providing more robust and valid conclusions compared to traditional regression methods. By applying SEM to analyze mediation effects, researchers can empirically validate theoretical mechanisms, identify pathways through which variables influence one another, and gain deeper insights into the underlying structure of behavioral, organizational, or economic phenomena.

Table 7. Mediation Testing

Variable	O	M	STDEV	T statistics	P values	Results
Financial Strategy -> Synergy Mechanism -> Corporate Sustainability	0,188	0,197	0,087	2.174	0,030	Accepted
Risk Management -> Synergy Mechanism -> Corporate Sustainability	0,185	0,194	0,093	1,992	0,046	Accepted

Source: Smart-PLS Data Processing

Based on results of mediation test in Table 7 hypotheses 6 (H6) states that synergy Mechanism significantly mediates the relationship between Financial Strategy and Corporate Sustainability, with t -statistics = 2.174 > 1,96 and P -Values = 0,030 < 0,05 (Mediation Hypothesis Accepted). Synergy mechanisms able to mediate financial strategy towards corporate sustainability of Chinese companies operating in Indonesia. The Resource-Based View (RBV) perspective emphasizes that effective synergy mechanisms strengthen the impact of financial strategy on corporate sustainability because cross-unit collaboration improves operational efficiency and continuous innovation. Through the integration of resources and knowledge, companies are able to reduce costs, accelerate organizational learning, and collectively respond to sustainability demands. Economic performance can go hand in hand with social responsibility and environmental sustainability. Thus, synergy mechanisms act as mediating variables in financial strategy to create long-term value and corporate

sustainability, as financial strategy will have an optimal impact on corporate sustainability when implemented through strong synergy mechanisms at the corporate level.

Hypotheses 7 (H7) states that Synergy Mechanism significantly mediates the relationship between Risk Management and Corporate Sustainability, with t -statistics = 1,992 > 1,96 and P -Values = 0,046 < 0,05 (Mediation Hypothesis Accepted). Synergy mechanisms able to mediate risk management towards corporate sustainability of Chinese companies operating in Indonesia. Enterprise Risk Management (ERM) and Resource-Based View (RBV) perspectives synergy mechanism formed from integrated risk management strengthens the impact of risk management on corporate sustainability because cross-unit collaboration improves organizational resilience, operational efficiency, and adaptability to economic risks. Integration of knowledge and best practices between divisions enables companies to respond to risks more quickly and consistently, lowering the cost of failure, and maintaining the company's reputation and social legitimacy.

The synergy mechanism acts as a mediating variable that bridges the implementation of risk management towards achieving corporate sustainability, because risk management will have a stronger impact on long-term desires when facilitated by a synergy mechanism that encourages coordination and collective utilization of resources.

Discussion

Financial Strategy to Corporate Sustainability

The results of the hypothesis (H1) test indicate that the financial strategy variable has a significant influence on the corporate sustainability of Chinese companies operating in Indonesia, with a coefficient value (Original Sample column) of 0.237 and a significant effect (t -statistic = 2.403 > 1.96 and P -value = 0.016 < 0.05). The P -value, well below the 0.05 level, indicates that financial strategy plays a significant and important role in improving corporate sustainability in Chinese companies operating in Indonesia. This finding indicates that the more optimal the implementation of financial strategy in a company, the greater the potential for improving corporate sustainability. This finding is consistent with prior empirical studies [37], [38] confirm that proactive financial instruments support improved environmental performance, [39], [40] results show co-integration relationship between corporate financial performance metrics and corporate sustainability performance scores. Chinese companies operating in Indonesia are increasingly directing their financial strategies toward long-term, sustainability-based investments. Capital expenditure allocations are no longer solely focused on production expansion, but also on energy efficiency, industrial waste management, and carbon emission reduction. This strategy has a direct impact on corporate sustainability by helping companies reduce long-term operating costs, improve compliance with Indonesian environmental regulations, and strengthen the company's social legitimacy in the eyes of the government and communities surrounding their operations.

Sustainability-based financial risk management has become crucial strategy for Chinese companies in Indonesia. Integrating environmental and social risks into financial planning for environmental rehabilitation and corporate social responsibility programs, companies can maintain cash flow stability and minimize the potential for long-term financial losses due to legal sanctions or operational disruptions. Chinese companies operating in Indonesia are also beginning to utilize green financing strategies to support clean energy projects, factory energy efficiency, and sustainable infrastructure development. Companies gain access to long-term financing sources at a relatively lower cost of capital. This financing scheme encourages companies to set measurable sustainability performance targets, ensuring that financial strategies serve more than just business expansion. Ensuring corporate sustainability through balance between profitability, regulatory compliance, and environmental and social responsibility.

Risk Management to Corporate Sustainability

The results of the hypothesis (H2) test indicate that the risk management variable has a significant effect on the corporate sustainability of Chinese companies operating in Indonesia, with a coefficient value (Original Sample column) of 0.262 and a significant effect, with a t -statistic of 2.455 > 1.96 and a P -value of 0.014 < 0.05. The P -value, well below the 0.05 level, indicates that risk management plays a significant and important role in improving corporate sustainability in Chinese companies operating in Indonesia. This finding indicates that the more optimal the implementation of risk management in a company, the greater the potential for improving corporate sustainability.

This finding is consistent with prior studies showing that the integration of ESG risks into risk management enhances corporate resilience and sustainability performance. [41] Demonstrate that firms that systematically incorporate ESG risks into their risk management frameworks are better positioned to achieve sustainable outcomes.

[42] Also report that aligning risk management with sustainability strategies contributes to improved long-term financial performance, particularly in environmentally and socially sensitive sectors. Evidence from the ASEAN region further indicates that combining Enterprise Risk Management (ERM) with strong ESG performance leads to a greater positive impact on firm value, underscoring the importance of strategic alignment between risk management and sustainability objectives [43]. Find that reducing systemic risk improves ESG performance through enhanced financial performance, although the effect varies across industries and regulatory contexts [44]. Reinforces this perspective by showing that high environmental and social risks can undermine financial stability and increase bankruptcy risk, highlighting the material nature of sustainability risks [45]. The results support stakeholder theory by demonstrating that comprehensive risk management practices addressing ESG risks help firms fulfill stakeholder expectations while maintaining long-term viability. From a risk-based and sustainability-oriented perspective, the integration of ESG considerations into risk management frameworks strengthens organizational resilience and reinforces the link between risk mitigation and sustainable value creation. The findings also contribute to the growing literature that positions sustainability risks as financially material factors rather than merely reputational concerns.

Financial Strategy to Synergy Mechanisms

The results of the hypothesis test (H3) indicate that financial strategy has a significant effect on synergy mechanisms in Chinese companies operating in Indonesia, with a coefficient value (Original Sample column) of 0.362 and a significant effect (t -statistic = 3.809 > 1.96 and P -value = 0.000 < 0.05). The P -value, well below the 0.05 level, indicates that financial strategy plays a significant and important role in enhancing synergy mechanisms in Chinese companies operating in Indonesia. This finding indicates

that the more optimal the implementation of financial strategy in a company, the greater the potential for enhancing synergy mechanisms.

This finding is consistent with prior empirical studies demonstrating that the integration of green finance instruments with reliable ESG disclosure improves environmental outcomes without undermining financial performance [46]. also emphasize that well-designed sustainability-linked financial instruments enhance trust between firms and investors, thereby strengthening synergy mechanisms. At the macro level, research highlights the role of digital finance and green finance integration in accelerating capital flows to sustainable projects through fintech platforms and public-private de-risking mechanisms [47]. Furthermore, [48] show that coordination among financial institutions, governments, and market instruments amplifies green investment scale and reduces transition risks, illustrating the importance of systemic synergy mechanisms driven by integrated financial strategies. Financial-sustainability synergy mechanisms also require adaptations in internal governance structures [49]. Corporate culture and leadership play a critical role in implementing this strategy; without strong leadership commitment and appropriate incentive systems, synergy may remain merely rhetorical rather than being effectively realized [50]. Proactive and well-coordinated financial strategies can create a synergistic cycle between financial performance and sustainability outcomes; however, their effectiveness is highly dependent on policy design, institutional capacity, and the quality of governance [51].

The results contribute to the literature on financial strategy and sustainability by reinforcing the concept of synergy mechanisms as a bridge between financial and non-financial performance. From a resource-based and systems theory perspective, financial strategy serves as an orchestrating capability that aligns internal resources with external institutional arrangements to create shared value. The findings extend sustainability finance theory by

demonstrating that synergy mechanisms are not incidental outcomes but deliberate strategic constructs that require measurable valuation, governance alignment, and institutional coordination. For corporate managers, the findings highlight the importance of embedding synergy valuation into due diligence and capital budgeting processes to balance short-term financial trade-offs with long-term sustainability benefits. Practical actions include aligning financial and ESG key performance indicators, strengthening treasury capabilities in managing green financial instruments, and linking executive remuneration to the achievement of synergy outcomes. Leadership commitment and supportive corporate culture are essential to translate strategic intentions into measurable synergies. For policymakers and regulators, the results suggest the need to promote standardized synergy assessment metrics, encourage the development of sustainability-linked financial instruments, and support public-private de-risking mechanisms. For Chinese companies operating in Indonesia, coordinated financial strategies aligned with local regulatory frameworks can enhance synergy mechanisms, strengthen stakeholder trust, and support sustainable long-term performance.

Risk Management to Synergy Mechanisms

The results of the hypothesis test (H4) indicate that risk management significantly influences synergy mechanisms in Chinese companies operating in Indonesia, with a coefficient value (Original Sample column) of 0.355 and a significant effect, with a t-statistic of $3.472 > 1.96$ and a P-value of $0.001 < 0.05$. The P-value, well below the 0.05 level, indicates that risk management plays a significant and important role in enhancing synergy mechanisms in Chinese companies operating in Indonesia. This finding indicates that the more optimal the implementation of risk management in a company, the greater the potential for enhancing synergy mechanisms. Effective risk management serves as a fundamental mechanism for

building synergy by expanding the scope of risk assessment from traditional financial and operational risks to environmental, social, and governance (ESG) risks.

These findings are consistent with previous studies emphasizing the role of risk management in driving synergy mechanisms. [42]. Highlight that comprehensive risk management systems act as a starting point for building synergies that enhance corporate sustainability. [41]. Further demonstrate that integrating ESG risks into enterprise risk management promotes coordinated workflows across departments and generates sustainable synergies. Additionally, prior research shows that standardized and independently audited sustainability reporting reduces information asymmetry and improves access to green financing, reinforcing a synergistic loop between risk mitigation and sustainable investment [52]. At the systemic level, studies [53] and [54] confirm that the alignment of risk management with green finance policies and public-private de-risking mechanisms amplifies synergy effects across the broader financial ecosystem. Risk culture and leadership play a critical role in realizing desired synergies [55], [56]. Developing quantitative metrics to assess the “synergistic value” arising from risk mitigation measures, as well as longitudinal evaluation of the effectiveness of these mechanisms across industries, is crucial [57].

The results reinforce the Resource-Based View (RBV) theory by demonstrating that risk management functions as a strategic capability that enables firms to create and sustain competitive advantage through cross-functional integration and synergy. Beyond minimizing uncertainty, an effective risk management system facilitates coordination among business units, supports resource optimization, and strengthens organizational resilience. The findings contribute to the theoretical understanding of synergy mechanisms positioning risk management of internal integration and collaborative value creation rather than merely defensive control function.

Synergy Mechanism to Corporate Sustainability

The results of the hypothesis test (H5) indicate that the synergy mechanisms variable has a significant effect on the corporate sustainability of Chinese companies operating in Indonesia, with a coefficient value (Original Sample column) of 0.520, and is significant, with a t-statistic of $3.597 > 1.96$ and a P-value of $0.000 < 0.05$. The P-value, well below the 0.05 level, indicates that synergy mechanisms play a significant and important role in improving corporate sustainability in Chinese companies operating in Indonesia. This finding indicates that the more optimal the implementation of synergy mechanisms in a company, the greater the potential for improving corporate sustainability.

These findings are consistent with previous studies emphasizing the role of synergy mechanisms in driving corporate sustainability outcomes. The transformation of synergy mechanisms begins with governance structures and decision-making processes that enable cross-functional collaboration [58]. Risk and materiality prioritization methods help direct resources to initiatives with the potential to generate the greatest co-benefits, such as energy efficiency projects that also reduce emissions and operational costs [59]. The role of collaborative mechanisms in the supply chain is also crucial for creating sustainability synergies [60]. The success of synergy mechanisms requires reliable data, reporting, and accountability [61], [62]. Transparency of ESG indicators and third-party audits reduces information asymmetry and strengthens. When sustainability metrics are standardized and published, market participants can identify project opportunities that simultaneously reduce emissions and increase productivity and align financing and incentives accordingly. Reporting and data management systems is a crucial part of an effective synergy mechanism. Challenges to implementing synergy mechanisms include divergent interests among actors, uneven institutional capacity, and the complexity of measuring co-benefits [63]. Synergy mechanisms are designed to systemically link

internal processes, supply chains, and financial ecosystems, companies are better able to achieve sustainability goals with more efficient costs and more manageable risks [64].

The results showing a positive influence of synergy mechanisms on corporate sustainability strength both Stakeholder Theory and Sustainability Theory, which highlight the need to balance economic, social, and environmental goals. Conceptually, synergy among business units and stakeholders allows for more efficient resource allocation and the creation of sustainability-oriented innovations. Hence, synergy mechanisms become a crucial factor in bridging strategic collaboration to achieve the triple bottom line of profit, people, and planet. In practical terms, this finding suggests that companies should develop cross-departmental coordination systems and external partnerships with a focus on sustainability. For instance, synergy between production, finance, and environmental departments can enhance energy efficiency and waste reduction. Similarly, synergy with external partners such as suppliers and local communities can strengthen reputation and expand social value. In other words, developing synergy mechanisms is not only an internal management strategy but also a key instrument for enhancing corporate social responsibility (CSR) and environmental sustainability.

Synergy Mechanism Mediate Financial Strategy and Risk Management to Corporate Sustainability

The results of the hypothesis test (H6 and H7) show that the synergy mechanisms variable is able to mediate financial strategy and risk management towards corporate sustainability of Chinese companies operating in Indonesia with Synergy Mechanism significantly mediates the relationship between Financial Strategy and Corporate Sustainability, with t-statistics = $2.174 > 1.96$ and P-Values = $0.030 < 0.05$ and Synergy Mechanism significantly mediates the relationship between Risk Management and Corporate Sustainability, with t-statistics = $1.992 > 1.96$ and P-Values = $0.046 < 0.05$. With

a P value far below the 0.05 level, it shows that synergy mechanisms have an important and significant role in mediating financial strategy and risk management towards corporate sustainability in Chinese companies operating in Indonesia. This finding indicates that the implementation of synergy mechanisms in the company is increasingly optimal.

Financial strategy plays a fundamental role in shaping corporate sustainability outcomes, particularly when it is aligned with synergistic organizational mechanisms. Prior studies indicate that firms adopting sustainability-oriented financial strategies such as optimized capital structures, long-term investment planning, and ESG-aligned financing tend to demonstrate superior sustainability performance and firm value [65]. The integration of financial strategy with sustainability objectives enables firms to allocate resources more efficiently toward environmentally and socially responsible initiatives, thereby creating strategic synergies across financial and non-financial dimensions [66]. Risk management acts as a critical enabler of synergy mechanisms by integrating financial risk controls with sustainability-related risk considerations. Enterprise risk management (ERM) frameworks that incorporate ESG risks significantly enhance corporate sustainability performance, particularly when mediated by financial performance and operational resilience [44]. By systematically identifying, assessing, and mitigating both financial and non-financial risks, firms can reduce uncertainty and stabilize long-term value creation processes [42]. Moreover, sustainability-oriented risk management strengthens internal synergies by aligning strategic planning, financial controls, and sustainability reporting, thereby reinforcing organizational coherence and accountability [38]. These findings support the argument that risk management functions as a dynamic mediator that transforms financial strategy into sustainable outcomes through synergistic coordination mechanisms.

The synergy mechanism emerges as a pivotal mediating construct that integrates

financial strategy and risk management into a unified pathway toward corporate sustainability. Empirical and review-based studies consistently demonstrate that synergy manifested through ESG performance, sustainable financial performance, and governance integration strengthens the indirect effects of financial strategy and risk management on sustainability outcomes [67]. Firms that successfully institutionalize synergistic processes, such as cross-departmental collaboration, sustainability-linked incentives, and integrated reporting systems, exhibit higher resilience and long-term competitiveness [38]. Furthermore, evidence from both global and emerging-market contexts confirms that synergy mechanisms mediate the relationship between strategic financial decisions and sustainability by converting risk mitigation efforts into sustainable value creation [68]. Thus, synergy mechanisms serve not merely as supporting tools but as strategic mediators that align financial rationality with sustainability imperatives in contemporary corporate environments.

4. CONCLUSION

Corporate sustainability has emerged as a critical strategic objective for organizations seeking long-term value creation and competitive advantage. Achieving sustainability requires not only a strong commitment to environmental and social responsibility but also the integration of sound financial strategy, effective risk management, and well-coordinated synergy mechanisms across organizational functions. Financial strategy provides the foundation for efficient resource allocation and sustainable growth, while risk management enables firms to anticipate and mitigate uncertainties that may threaten organizational resilience. At the same time, synergy mechanisms play a pivotal role in aligning strategic objectives, facilitating cross-functional collaboration, and translating managerial decisions into sustainable organizational outcomes. Based on the analysis and discussion, the conclusions of this study are as follows:

- a. Financial strategy has a positive effect on corporate sustainability. This finding indicates that an effective financial strategy can enhance the corporate sustainability of Chinese companies operating in Indonesia.
- b. Risk management has a positive effect on corporate sustainability. This result demonstrates that the implementation of effective risk management practices is able to improve the corporate sustainability of Chinese companies operating in Indonesia.
- c. Synergy mechanisms have a positive and significant effect on corporate sustainability. This suggests that companies are capable of implementing synergy mechanisms that contribute to corporate sustainability in Chinese companies operating in Indonesia.
- d. Financial strategy has a positive effect on synergy mechanisms. This indicates that the financial strategies adopted by Chinese companies operating in Indonesia are able to promote the effectiveness of corporate synergy mechanisms.
- e. Risk management has a positive effect on synergy mechanisms. This finding shows that risk management practices implemented by Chinese companies operating in Indonesia can drive the successful implementation of corporate synergy mechanisms.
- f. Synergy mechanisms are able to mediate the effects of financial strategy on corporate sustainability. Well-managed financial strategies supported by strong synergy mechanisms contribute to enhancing the corporate sustainability of Chinese companies operating in Indonesia.
- g. Synergy mechanisms are able to mediate the effects of risk management on corporate sustainability. Well-managed risk management supported by strong synergy mechanisms contributes to enhancing the corporate sustainability of Chinese companies operating in Indonesia.

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