Corporate Governance and Sustainable Financing: A structured Literature Review and Future Direction

Review of Integrative Business & Economics Research

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ABSTRACT

The study examines the relationship between corporate governance and sustainable financing through structured literature review (SLR). Moreover, it aims is to identify what further research is needed. The paper uses a qualitative method to structurally review and synthesise recent findings. The SLR sample consists of 61 empirical publications in 30 journals between 2011 and 2020. This research attempts to improve our understanding and knowledge on the relationship between corporate governance and sustainable financing considering the rapidly expanding interests of different stakeholders in society. This paper comprehensively reviews the relationship between corporate governance mechanism and sustainable financing practices. Specifically, this review indicates (i) what we need to know about the relationship, (ii) what we have learned thus far, and (iii) what remains to be learned. The findings provide a valuable contribution to academic community, policy makers, and diverse stakeholders on the importance of corporate governance in advancing sustainable financing in corporate organisations.

Keywords: board attributes; corporate governance; sustainable financing; structured literature review.

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1. INTRODUCTION

Over the past few decades, stakeholders have increasingly called for organisations to be more proactive with their sustainability agendas globally (Boiral and Henri, 2017). Meanwhile, stakeholders are urging organisations to integrate sustainable financing criteria into their operational activities. Following an increased interest in sustainable investments, the past two decades have witnessed a growing demand for non-financial information about organisational environmental, social and governance (ESG) performance, including the disclosure of sustainable financing activities (Nandiwardhana *et al.*, 2020; Tolliver *et al.*, 2020). The pronouncement of the 2030 Agenda for Sustainable Development, incorporating the 17 sustainable development goals (SDGs) in 2016, increased concerns and accordingly called for further sustainable financing and investments by organisations in more sustainable projects (Falcone, 2020; Schumacher *et al.*, 2020). Responding to these concerns, governments and organisations are working to address these issues in a number of ways, by reducing economic carbonisation, tackling climate change risks and minimising the effect of greenhouse emission through sustainable financing initiatives. The KPMG Survey of Sustainability Reporting of 2020 shows that 72% of large firms globally published information relating to sustainable

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financing. Various literature have used the term 'sustainable financing' to mean 'green financing', 'carbon financing' or 'climate financing'.

Corporate organisations have been identified as being imperative to furthering the switch to a zero-carbon energy source, under Article 2.1(c) of the Paris Agreement (Whitley *et al*., 2018). Investment in sustainable projects has become essential for the global economy to achieve the United Nations 2030 Agenda for Sustainable Development. The promotion of low-carbon green infrastructure investments and initiatives to further the 2030 Agenda and the SDGs, depend heavily on sustainable financing, with effective corporate governance being critical to achieving the SDGs. The World Business Council for Sustainable Development (WBCSD) in 2020, called for corporate boards to set aside finance, to assist in accelerating the 2030 Agenda, especially in relation to financing low carbon projects. The growing importance of ESG is crucial for advancing sustainable financing aimed at reducing climate change and transitioning to a sustainable economy. One of the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations is that corporate organisations should be encouraged to invest in sustainable activities as part of their corporate social responsibility programmes.

The TCFD recommendations has increased the awareness among practitioners, regulatory agencies and businesses on the important relationship between corporate governance and sustainable financing, with some studies attempting to explore its characteristics (Jørgensen *et al*., 2022; Arvidsson, 2023; Hussain *et al*., 2018). Against a backdrop of continued interests over how organisations are governed and which corporate governance mechanisms could efficiently affect sustainable financing initiatives, and given the increasing recognition of this interface in strategies and structures, we argue that to fully understand this phenomenon, it is important to comprehensively review scientific evidence relating to the relationship between corporate governance and sustainable financing. We use a structured literature review to assess the extant discourse to understand whether there is a relationship between corporate governance and sustainable financing and to identify what further research is needed. Specifically, this review provides insights into (i) what we need to know about the relationship between these two dimensions; (ii) what has been learned thus far; and (iii) what remains to be learned. These aspects are important for practitioners, policy makers, researchers, as well as various stakeholders.

Recently, there has been much interest on research into the subject of corporate governance and sustainability-related activities, including sustainable financing. Various researchers such as (Paul and Amr, 2014; Setiany et al., 2022; Felipe, 2022; Omeir et al., 2024) have comprehensively evaluated the factors that influence sustainable financing without addressing corporate governance systems. Hahn and Kühnen (2013) reviewed 33 articles from 1999 to 2011 to determine the elements influencing sustainable financing practices. Their study however, neglected to investigate the important link between corporate governance and sustainable financing. Nor did Dienes *et al*. (2016) investigate the corporate governance function of the factors influencing sustainable financing in their study of 126 studies from 2000 to 2015. In contrast to these two studies, our analysis focuses on the relationship between corporate governance mechanisms and sustainable financing at three levels, namely individual-level, firm-level, and group-level factors. In addition, we examine the theoretical frameworks used to analyse the relationship between corporate governance and sustainable financing. In this way, we perform a thorough, structured literature review on corporate governance and sustainable financing to offer new insights and additional evidence.

We believe that several societal stakeholders will find value in the observations of this study. For instance, this research has practical implications for regulators and policymakers, especially those presently working on reforming corporate governance systems to optimise

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results for sustainable financing operations. Several internal corporate governance mechanisms (such as board attributes), are already regulated by international standard-setters (such as the European Commission and the OECD), as functional tools to strengthen sustainable financing (Velte, 2017). Similarly, this research has implications for organisations intending to establish sustainability committees that emphasise the importance of sustainable investment in key projects, by showing that sustainable committees can improve sustainable financing activities. Besides, this research contributes to the growing body of knowledge about the phenomena being studied, by synthesising the results and research designs from a large number of scholarly papers over a 10 year period, from a wide range of disciplines around the world, by informing researchers, academics and students about the current state of knowledge about the relationship between corporate governance and sustainable financing.

This paper aims to bridge this research gap and contribute to the extant literature in several ways. First, we contribute by undertaking a structured review of the literature (Denyer and Tranfield, 2009) over 10 years, by specifically investigating the relationship between corporate governance and sustainable financing, thus, expanding and adding more nuance to prior reviews that were limited in scope and did not exclusively focus on corporate governance mechanisms (Belal and Momin, 2009; Fifka, 2013; Dienes *et al*., 2016; Ali *et al*., 2017). Second, by compiling the findings of different levels of corporate governance mechanisms on various sustainable financing activities, we contribute by summarising the literature on the relationship between corporate governance and sustainable financing. Finally, to improve our understanding of the relationship between corporate governance and sustainable financing, we contribute by outlining areas for additional research.

2. RESEARCH METHODS: STRUCTURED LITERATURE REVIEW

2.1 Methodology

To identify relevant literature, we use the structured literature review (SLR) approach (Dienes *et al*., 2016). In this study, we take Denyer and Tranfield's (2009) five SLR steps into account:

1) Research problem: This process involves selecting the research question (see Section 1).

2) Gathering of material: The second step is obtaining the materials. In this regard, selecting the databases, search terms, and time period is crucial (see Section 2.2).

3) Evaluation and selection: The focus of this stage is on the respective criteria for including and excluding relevant studies (see Section 2.3).

4) Descriptive analysis and synthesis: This step explores a variety of aspects of the selected articles. The findings of each article were logged in this study to show how closely connected the articles are, before descriptive criteria are used to evaluate the content (see Section 3).

5) Findings: This section completes the investigation and describes the relationship between corporate governance and sustainable financing (see Section 4). This paper also summarises the important findings from this review (see Section 5) and provides suggestions for additional research (see Section 6).

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2.2 Selection of databases, search terms, and time frame

To enable access to a wide variety of publications, we used the following databases: ScienceDirect, SSRN, EBSCO, Google Scholar and Web of Science. Aligned with study objectives, search terms were divided into two groups. The first group, related to the first them included 'corporate governance', as well as related words such as 'board composition', 'board independence', 'non-executive director', 'board size', 'CEO duality', 'board diversity', 'women on board', 'gender diversity', 'audit committee', 'ownership structure', 'ownership concentration', and 'CEO characteristic'. The second group, linked to the second theme, included 'sustainable financing', 'greenhouse gas financing', 'green financing', 'zero-carbon financing', 'carbon financing', 'climate financing', and 'sustainable green financing'.

Consistent with Dienes *et al*. (2016), the timeline for the study included publications covering the ten years, from 2011 to 2020. This first year of the study period was chosen for several reasons. First, the Global Reporting Initiative (GRI), the primary force behind sustainable financing (Hussain *et al*., 2018), released its initial set of sustainable financing criteria in 2011. Second, the concept of sustainable financing began to appear more regularly in the scholarly literature around 2011. Lastly, the global business world began paying more attention to sustainable financing since 2011. To ensure that the study reflected the evolution of sustainable financing research over a decade, 2020 was the final year for the study.

2.3 Screening criteria process

This investigation of the connection between corporate governance and sustainable financing, covers both theoretical and empirical studies. The screening procedure used in this study was based on two parallel reading stages, each with inclusion and exclusion criteria. The title, abstract, and key words were examined during the first reading stage, with each document being read in greater detail during the second stage.

The inclusion and exclusion criteria include the following. First, like other sustainable financing research, our analysis is restricted to peer-reviewed articles published in English-speaking journals (Zaman *et al*., 2020). This strategy provides the review with greater homogeneity while improving transparency and reproducibility (Denyer and Tranfield, 2009). Second, unlike certain literature studies, our study focuses on different regions and continent (Belal and Momin, 2009; Gunawan and SeTin, 2019). Third, this study adopts a larger viewpoint by taking into account the connection between multi-level corporate governance processes and sustainable financing. This study maintains its transparency, inclusivity and neutrality by providing a detailed description of how the databases, search keywords, time period, and screening criteria were chosen (Denyer and Tranfield, 2009). After the SLR, 61 studies were consequently identified for inclusion.

3. DESCRIPTIVE ANALYSIS

3.1 General and methodological analysis

Figures 1 to 4 and Table 1 show the selected article distributions by publication outlets, period, country, and sector affiliation. This SLR's papers were drawn from 30 publication outlets. Only five publications, namely Journal of Sustainable Finance and Investment (n=8), Corporate Governance: The International Journal of Business in Society (n=5), Journal of Business Ethics (n=4), Corporate Social Responsibility and Environmental Management (n=4), and Sustainability (n=4), published four or more papers. While two publications were released during 2011, the number of publications gradually increased to ten by 2020.

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When analysing the studies by country, 38 studies (62%) were found to focus on developing nations, 18 studies (30%) on developed nations, with five studies (8%), including both developed and developing nations. Similarly, when examining the geographical distribution of articles by continents, Asia was found to contribute more related articles than any other continent (n=27, or 44%), followed by Europe (n=13, or 21%), Australia (n=8, or 13%), and Africa (n=4, or 7. Of these articles, 38 (62%) focused on the financial sector, 18 (30%) examined the non-financial sector, and 5 (8%) looked at both sectors.

Figure 1: Publication outlets

Table 1: Journal list and number of articles from each journal

	Journals	No of articles
1	Accounting Research Journal	1
2	Asian Journal of Business and Accounting	1
3	Asian Accounting Review	2
4	Australian Accounting Review	1
5	Business Strategy and the Environment	2
6	Corporate Governance: The International Journal of Business in Society	5
7	Corporate Social Responsibility and Environment Management	4
8	International Journal of Social Economics	1
9	International Journal of Health Care Finance and Economics	2
10	Journal of African Economies	1
11	Journal of Business Ethics	4
12	Journal of Behavioral Finance	2
13	Journal of Emerging Market Finance	1
14	Journal of East European Management Studies	1
15	Journal of Financial Reporting and Accounting	1
16	Journal of Islamic Accounting and Business Research	1
17	Journal of Management and Governance	1
18	Journal of Sustainable Finance and Investment	8
19	Meditari Accountancy Research	2
20	Project Management Journal	1
21	Public Administration and Development	2
22	Public Performance and Management Review	2
23	Quality and Quantity	1
24	Review of Managerial Science	1
25	Social Responsibility Journal	3
26	Socio-Economic Review	1
27	Society and Business Review	1
28	Sustainability	4

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29	Sustainable Development	2
30	World Development	2
Total		**61**

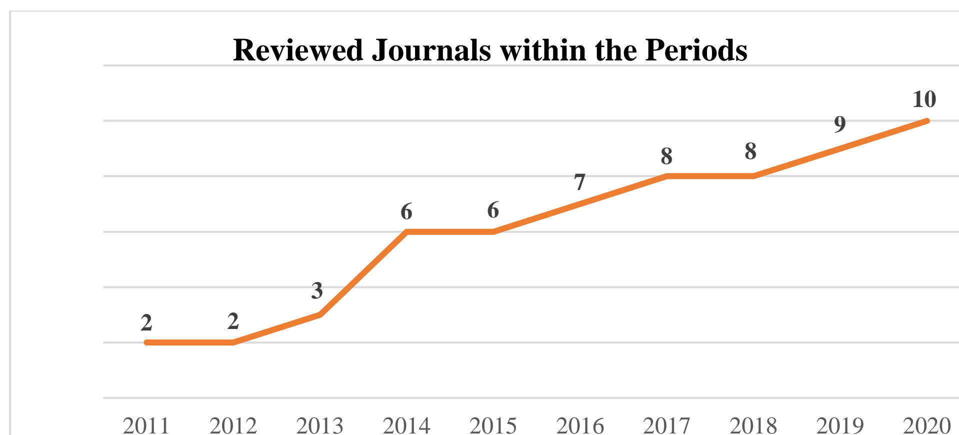

Figure 2: Time frame of reviewed sample

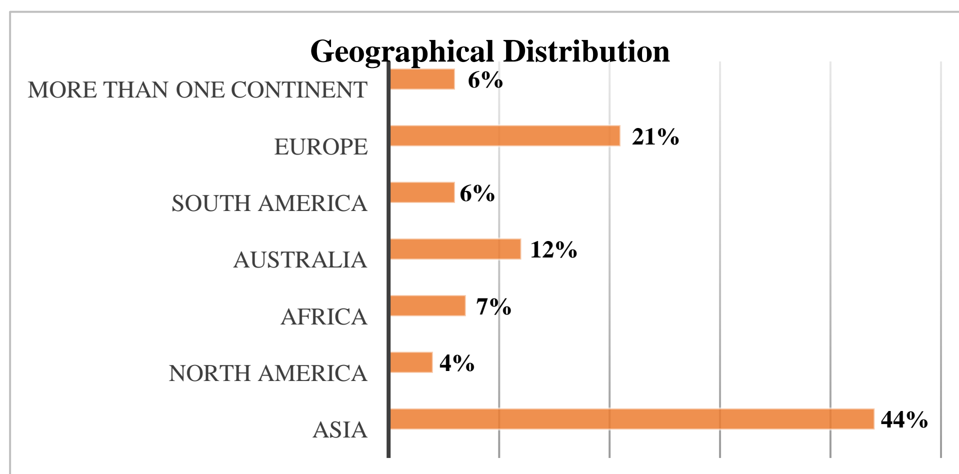

Figure 3: Geographical Distribution by Continents

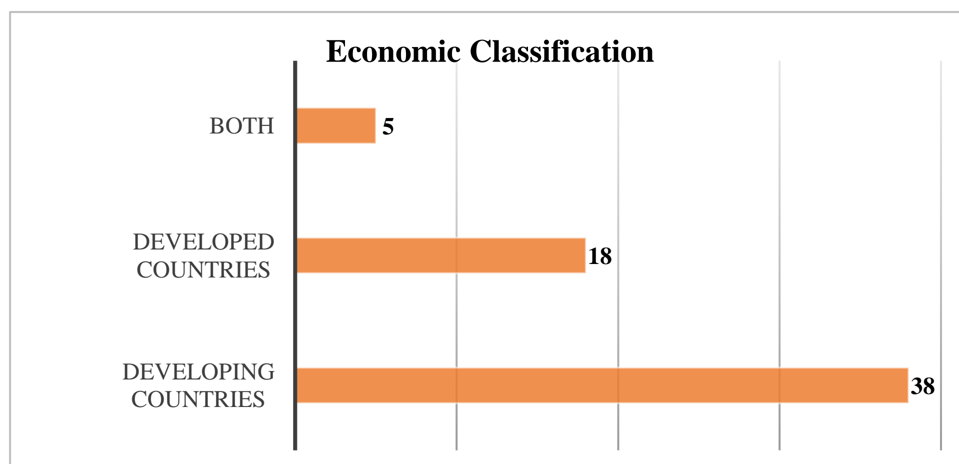

Figure 4: Economic Classification

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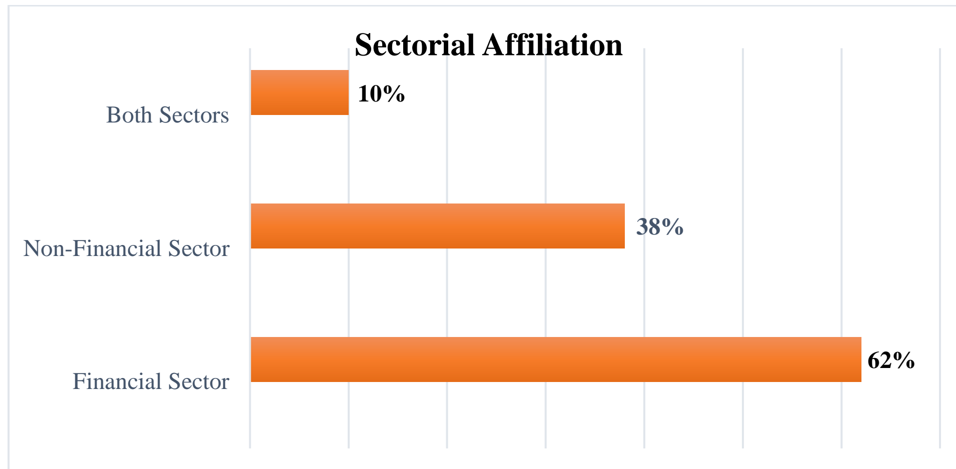

Figure 5: Sectorial Affiliation

3.2 Theoretical Analysis

The distribution of the theories used and the frequency of their use, are shown in Figures 6 and 7. In this review, a study is considered to have applied a theoretical framework, if it explicitly uses a theory to explain either (i) the driving force underlying sustainable financing, or (ii) the connection between corporate governance and sustainable financing. Ten different theoretical frameworks are used in the 61 studies, with 21 applying only one theory, 30 using more than one theory, and 10 not specifically referring to any theory at all. Not unexpectedly, agency theory was the most prevalent theoretical perspective employed in the literature under consideration (n=16), followed by stakeholder theory (n=13), legitimacy theory (n=10) and institutional theory (n=6 times).

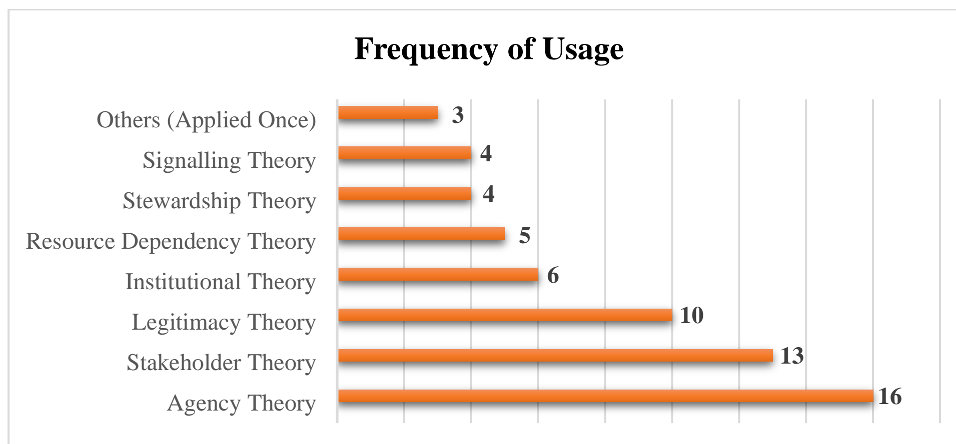

Figure 6: Frequency of Usage (Times)

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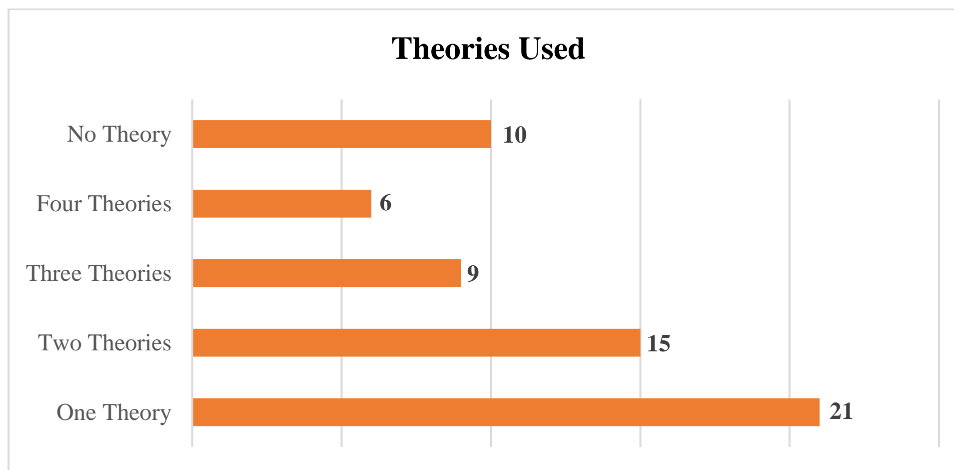

Figure 7: Single or multiple theories

4. STUDY OBSERVATIONS

The findings of the association between multi-level corporate governance mechanisms and sustainable financing are shown in this part. These governance mechanisms include attributes at a group-level (i.e. board and audit), firm-level (i.e. ownership), and individual-level (i.e. CEO). Studies that examined how corporate governance and sustainable financing interact under unique conditions are provided individually.

4.1 Board Attributes

Board independence, which is explored in 30 studies, is the corporate governance variable that has been analysed the most, with most research indicating a strong and favourable relationship in this regard (Gnanaweera, Kunori, and Ntim, 2018). While some research, such as by Olojede and Erin (2020), claim a significant but adverse influence, others, like Orlitzky and Swanson (2012) and Manetti and Toccafondi (2012), report no significant link. Similarly, board size is a frequent corporate governance variable that has been mentioned in 25 studies especially in studies like Shamil *et al*. (2014), Hussain, Rigoni, and Orij (2018).

The results are mixed for some of the other board variables such as board diversity, board age, board ethnicity, board tenure, and board educational background. For instance, a number of studies find a significant and positive relationship between board age (Yekini *et al*., 2015), board tenure (Zhuang *et al*., 2018), board educational level (Arumona *et al*., 2019) and sustainable financing practices. In contrast, other studies report a significant and negative influence of board age (Al-Shaer and Zaman, 2016), board tenure (Bakar, Ghazali and Ahmad, 2019) and board educational level (Beske *et al*., 2020), on sustainable financing.

Other board attributes that emerged in the review include (i) board political connections (Boiral and Henri, 2017), which show a significant and positive relationship with sustainable financing; (ii) with board members (Dienes and Velte, 2016), the number of board committees (Mahmood and Orazalin, 2017), governance committees (Barakat *et al*., 2015), and risk management committee (Aliyu, 2019) showing insignificant relationships; with (iii) board incentives (Hu and Loh, 2018) and remuneration committees (Alotaibi and Hussainey, 2016) revealing with mixed results.

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4.2 Audit Attributes

Regarding the audit attributes, seven studies examined audit committee independence. The studies of Said *et al*. (2009) and Al-shaer (2020), reveal positive relationships, studies by Kent and Monem (2008) and Musallam (2018), observe no significant relationships, with other studies documenting mixed results. The study of Ashfaq and Rui (2019) identifies a positive and significant relationship between audit committee independence and sustainable financing, while Appuhami and Tashakor (2017) find insignificant relationships. Similarly, the audit committee size variable, which is tested in five studies, yields mixed results, either showing significant (Supriyono *et al*., 2015; Dizar *et al*., 2019) or insignificant relationships (Al-Shaer and Zaman, 2016; Gnanaweera *et al*., 2018).

4.3 Ownership attributes

Six studies examined ownership concentration in terms of ownership qualities, with inconsistent findings. While some studies document inconclusive relationships (Haji, 2015; Jian *et al*., 2017), Mehran *et al*. (2018) found a significant but negative relationship, whereas Mion and Adaui (2020) document a significant and positive relationship. This contrasts to the findings of Vitolla *et al*. (2018) and Wang (2017), who found that most studies identified an insignificant relationship between ownership attributes and sustainable financing. Similarly, conflicting findings emerged in the ten studies that utilised inside ownership and government ownership as variables. In summary, literature on ownership attributes and sustainable financing have documented mixed evidence.

4.4 CEO attributes

In the earlier studies, sustainable financing practices were investigated using only four CEO qualities. For example, Iwiyisi and Anita (2019) explore two characteristics – CEO tenure and compensation – but make no mention of how these two characteristics relate to sustainable financing. In their study on CEO tenure, Alazzani *et al*. (2019) found a significant and favourable association while the Zulkiflee (2016) found that CEO ownership shows an insignificant relationship with sustainable financing practices.

5. DISCUSSION OF FINDINGS

The descriptive analysis used in this study demonstrates that, between 2014 and 2020, the relationship between corporate governance and sustainable financing began attracting the attention of researchers, as evidenced by the growth in related studies over the study period, culminating in ten related publications by 2020, suggesting that academic scholars, industry, as well as standard-setters are becoming increasingly aware of this particular relationship. The adoption of the SDGs by 193 nations at the end of 2015, aimed at improving sustainable financing in corporate organisations is proffered as a possible explanation for this growth. In addition, the analysis of the literature in this study suggests that the majority of the literature is now produced in developing nations. One reason for this could be the fact that many studies focused on emerging nations under the justification that developing countries need to pay more attention to the issue of sustainability. For instance, the study of Zhuang *et al*. (2018) asserted that most of the studies on corporate governance and sustainable financing focused on less developed countries. However, the results of this study do support this claim. Our findings reveal that 44% of studies on corporate governance and sustainable financing are concentrated in Asian countries. Thus, we argue that the claim that 'the majority of studies have been conducted in developed countries' is either unsupported by data or misused. The findings also indicate that most studies focused on the financial sector. For example, financial

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sector firms may be required to provide additional information and may be governed by additional laws and regulations (Haniffa and Cooke, 2005).

The results reveal that previous studies applied 10 theories were used to describe the connection between corporate governance and sustainable finance, with agency theory being the most frequently used theoretical framework. This is hardly unexpected given that agency theory serves as the primary theoretical pillar of the corporate governance literature and is commonly used to explain the connection between corporate governance and corporate reporting (Rao and Tilt, 2016). Most studies support the adoption of several theories, as pointed out by Kilian and Hennigs (2014) who observed that the complexity of sustainability reporting needs a multi-theoretical approach, since a singular theoretical approach is considered inadequate to meaningfully address inherent phenomenological nuances. However, the observation that much of the studies relied on the application a single theory, rather than multiple theories suggests that the extant literature failed to consider the integration of various theoretical viewpoints. These findings allude to the question of whether the adoption of a single theoretical framework or the integration of several frameworks more effectively explain the phenomena being studied, is still a subject of debate.

Our findings also reveal that most of the literature has examined some aspects related to board variables. Again, this was expected, since the board of directors is arguably the most important component of internal corporate governance procedures and represents those charged with effective organisational governance that influences strategic sustainability decisions. According to agency theory, the board represents the interests of several stakeholders, acts as a control mechanism for management, and lessens the likeliwood of information asymmetry and agency conflicts. Yet, extant studies revealed that a few corporate governance factors such as board size, board financial qualifications, and board gender diversity, received significant attention, whereas other board characteristics received little attention. The inability to measure, or gather data relating to other board features, such as tenure, ethnicity and age) may account for lack of empirical studies into these aspects (Mallin *et al*., 2013).

According to Alotaibi and Hussainey (2016), a number of studies have identified the reputation of the auditor as one of the most important audit attributes for enhancing the credibility of an organisation's overall reporting processes. Furthermore, according to Musallam (2018), a number of scholars contend that the audit committee is an important monitoring measurement or instrument for sustainable financing. Yet, our findings reveal a paucity of research on these aspects in the literature. The data also show that, despite the integrity and commercial acumen of the top management arguably constituting a crucial component of corporate governance, little attention has been paid to the relationship between CEO characteristics and sustainable financing practices (Jain and Jamali, 2016). By focusing on the corporate governance processes, the SLR used in our study provides further and fresh data about the relationship between corporate governance and sustainable financing.

6. ADDITIONAL ANALYSIS-META ANALYSIS

Tables 2 and 3 provide additional insights into the relationship between corporate governance and sustainable financing. Table 2 shows the distribution of studies conducted from different continents. It highlights the number of studies published in different journals from 2011 to 2020. It reveals the progression over the years, starting from 2011, two studies were conducted while in 2020, ten studies were conducted. This is an evidence that the subject of corporate governance and sustainable financing is getting more attention. This could be as a result of

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recent issues on sustainability, SDGs and ESG concerns by corporate organisations. Table 3 shows the empirical results on the relationship between corporate governance and sustainable financing. Most of the board variables show a positive and significant relationship with sustainable financing while only two of those variables reveal a negative relationship. Similarly, two audit variables show a positive and significant relationship with sustainable financing. In the same vein, two out of the three ownership variables have a positive relationship with sustainable financing. Lastly, there is a mixed results regarding CEO variables with sustainable financing. In overall, most of the corporate governance variables show a positive and significant relationship with sustainable financing. This implies that corporate governance factors have the potential to strengthen and influence sustainable financing which will invariably help to actualise sustainable development goals (SDGs) initiatives.

7. CONCLUSION AND SUGGESTIONS FOR FURTHER DIRECTION

Our study used a structured literature review approach to examine extant studies on corporate governance and sustainable financing. The major topics highlighted by the literature review, show a growing demand for corporate governance and sustainable financing research and practice. Based on four sets of inclusion and exclusion criteria, a detailed and structured analysis was conducted using two sets of keywords (i.e. corporate governance and sustainable financing) in multiple database over the last 10 years (2011-2020). Accordingly, 61 relevant articles were identified to include in this study. This comprehensive review is timely given the increasing importance of the complex relationship between corporate governance and sustainable financing, especially after growing calls for more research into the relationship between corporate governance and sustainability-related activities which include sustainable financing (Jain and Jamali, 2016).

Our study acknowledges that the broad scope of our SLR may leave readers with more open questions than answers, especially since the provision of a clear-cut comparative assessment of the current literature has been a challenge due to the variety of methodological and theoretical frameworks applied, the implementation of several corporate governance mechanisms at various levels, and the different dimensions and mediums of sustainable financing practices. However, we believe that our study reveals that the current knowledge in this field outlines a comprehensive agenda for future studies. We affirm that the results are crucial for various stakeholder groups and we call for more studies to better advance our understanding on the relationship between corporate governance and sustainable financing.

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Table 2: Distribution of Studies and Continents

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
No of Journals	1	1	2	3	3	3	3	4	4	6	30
No of Studies	2	2	3	6	6	7	8	8	9	10	61
% of estimates											
Asia	0.50	0.50	0.33	0.18	0.36	0.30	0.40	0.40	0.32	0.30	0.44
North America	0.00	0.00	0.00	0.00	0.16	0.00	0.12	0.12	0.00	0.00	0.04
Africa	0.00	0.50	0.33	0.16	0.16	0.14	0.12	0.12	0.08	0.15	0.07
Europe	0.50	0.00	0.33	0.16	0.00	0.14	0.20	0.20	0.20	0.15	0.21
South America	0.00	0.00	0.00	0.16	0.00	0.14	0.12	0.12	0.16	0.10	0.06
Australia	0.00	0.00	0.00	0.16	0.16	0.14	0.12	0.12	0.08	0.20	0.12
More than one continent	0.00	0.00	0.00	0.16	0.16	0.14	0.12	0.12	0.16	0.10	0.06

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Table 3: Empirical Results of Corporate Governance and Sustainable Financing

Association	Findings	Significance level	Inference drawn from:
Board Variables			
Board Independence	Positive	0.003*	Boiral & Henri (2017)
Board Size	Positive	0.032**	Shamil et al. (2014)
Board Diversity	Negative	-0.236**	Yekini et al. (2015)
Board Age	Positive	0.012**	Manetti & Toccafondi (2012)
Board Ethnicity	Negative	-0.532	Al-Shaer & Zaman (2016)
Board Tenure	Positive	0.045*	Zhuang et al. (2018)
Board Education	Positive	0.011***	Arumona et al. (2019)
Audit Variables			
Audit Committee Size	Positive	0.034*	Ashfaq & Rui (2019)
Audit Committee Independence	Positive	0.027**	Dizar et al. (2019)
Ownership Variables			
Foreign Ownership	Positive	0.019*	Jian et al. (2017)
Institutional Ownership	Negative	-0.285	Mion & Adaui (2020)
Inside Ownership	Positive	0.025**	Wang (2017)
CEO Variables			
CEO Tenure	Positive	0.034*	Iwiyisi & Anita (2019)
CEO Compensation	Negative	-0.642*	Zulkiflee (2016)

*** $p<0.01$, ** $p<0.05$, * $p<0.1$

Also, there are few limitations related to the dependability of our SLR. For instance, the review is limited to empirical and theoretical studies published in English-language journals that have undergone peer review. As a result, some crucial information may have been omitted from non-English publications, conference and working papers, theoretical papers, and books. Therefore, future studies should consult these publications to provide a thorough understanding of the link between corporate governance and sustainable financing. Moreover, the process of classifying the sampled articles into particular criteria can be elusive in nature. Similarly, categorising articles that could fall under multiple subjects to certain areas remains challenging and may sometimes be questioned. However, we argue that the level of risk related to the reliability and validity of SLR is within an acceptable range as these limitations are innately common in systematic reviews (Denyer and Tranfield, 2009) and since we consciously adopted a structured method, all the recommended steps were followed, as much as it was possible, to perform a reliable and valid review.

Although our study examines literature that featured both the financial and non-financial sectors, this represents another topic that warrants further discussion in future studies. Even though the reviewed sample contains a sizable number of papers, the majority of earlier studies excluded the non-financial sector in favour of the financial sector, so very little is known about the relationship between the corporate governance and sustainable financing nexus in this sector. The basis for this justification, according to Yamak and Süer (2005), is that corporate governance issues in the financial industry differ from those in the non-financial industry.

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According to agency theory, one technique to lessen agency issues is via decreasing knowledge asymmetry (Healy and Palepu, 2001). According to Laeven (2013), the unique characteristics of the financial sector with respect to agency costs are perhaps more noticeable than that of non-financial sector. Information asymmetry is more noticeable in the financial sector than in non-financial sectors because of the complexity and multidimensionality of the structure of information asymmetry in the financial sector due to large number of stakeholders (Branco and Rodrigues, 2008).

There has not been prior comparative studies between the developed and developing countries on the relationship between corporate governance and sustainable financing. Therefore, future studies could contribute to this paucity in the emerging academic literature by first establishing the extent to which sustainable financing practices vary between developed and developing countries before empirically determining whether there are notable variations in how corporate governance and sustainable financing relate to one another. The institutional framework that firms adhere to is one factor that may account for the variations in sustainable financing activities among nations (Odriozola and Baraibar-Diez, 2017). In other words, a corporate organisation could create, modify and adapt its strategic goals in light of the institutional framework it operates in (Gjølberg, 2009). Another justification stems from the idea that stakeholders have varied demands and expectations when it comes to how businesses should fund sustainable projects (Hbek and Wolniak, 2016). This idea is supported by the stakeholder theory. Also, there are two potential explanations for the findings of corporate governance and sustainable financing in the literature. First, corporate governance mechanisms in developing countries are less effective than those in the developing countries because of ineffective corporate standards, corruption, and high level of concentrated ownership. (Katmon *et al.*, 2019). According to agency theory, firms with weaker corporate governance structures experience more agency issues with management reaping more personal rewards (Core *et al.*, 1999). Second, according to a number of studies, the prevalence of sustainable financing in developing nations is far higher than of the developed nations (Shamil *et al.*, 2014).

Future research may look at other understudied corporate governance variables, like board diversity, audit committee characteristics and CEO traits, in order to fill significant gap in the literature. The structured review in this study makes it evident that there are not many studies that have examined corporate governance traits and sustainable financing activities, and those that do look at them do not always take a broad perspective of these attributes in relation to the three dimensions of corporate governance. Due to the enormous effects that the corporate governance characteristics may have on sustainable financing, it is important to examine them. According to Katmon *et al.* (2019), sustainable financing is the outcome of the board's judgments, which are mostly based on their professional exposure, especially as it relates to board diversity attributes. The diversity in the boardroom, according to Gul *et al.* (2011), plays a crucial role in corporate governance by providing an efficient control mechanism, which would enhance board debates and reinforce the firm's corporate governance quality. Diverse boards can supply firms with important resources, which enables them to play a crucial role and strengthen company policies and practices regarding sustainable financing based on resource-based view theoretical approach (Habek and Wolniak, 2016). In addition, further research could examine how corporate governance and sustainable financing aligns with specific SDGs which could offer some interesting insights given that in recent times corporate organisations have shown commitment to SDGs practices.

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