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**Article**

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# Advancing Strategic Management through Sustainable Finance

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**Abstract:** In a VUCA world dominated by volatility, uncertainty, complexity, and ambiguity as it is the case today, strategic management is redefined by the necessity to acquire strong organizational capabilities of agility and resilience, simultaneously with a prominent orientation toward adoption of measures destined to meet climate change and social challenges. The environmental, social, and governance (ESG) criteria are the new must when designing corporate programs, starting to be adopted by small and medium enterprises (SMEs) as well, but with different success rates. High-profile ESG programs tend to be launched and developed mainly by organizations that integrate them into evolving business models and strategies, thus translating gradually to sustainable strategic management frameworks. Nevertheless, to adopt sustainability in business requires concomitantly acquiring financial performance and having access to disposable financial capital. The paper explores the current challenges of sustainable strategic management in parallel with the academic discussions on shareholders' value creation, investigating the relation with available sustainable investments' practices. The long-term and short-term financial performance of sustainable business practices are investigated, as well as the orientation of professional investors regarding ESG programs, as presented in recent literature. The authors discuss the importance of knowledge in adopting sustainability in business, the organizational maturity in adopting sustainability in day-to-day activities, as well as the impact of regulatory stimulus and of financial performance on investing in ESG programs. Finally, the paper tackles the necessity to make available more financial resources alongside a gradual transformation of managerial mentalities oriented toward measurable and well-defined planned sustainable strategic management.

**Keywords:** sustainable finance; sustainable investments; ESG; sustainable strategic management; agility; resilience.

## Introduction

After the COVID-19 pandemic, strategic management can be defined through three major concepts: resilience, agility, and sustainability. Until the sudden disruptive impact of the pandemic on markets and business models, in some cases these concepts used to be associated with corporate buzzwords, or to academic discussions with limited impact in practice. However, the COVID-19 pandemic has proved the necessity for all organizations, regardless of the market or industry, to be able to cope with major, unthinkable disruptions. If there is a lesson to be learned today in the business world, as well as in academia studying management, it is one of the best examples of resilient organizations, able to be operationally agile, and with a clear vision of the future. One of the mandatory elements to be considered in any future strategy is the one of sustainability as defined through environmental, social, and governance (ESG) criteria already marking many business mindsets. However, for such an approach, there is a pre-requisite that must be considered: the access to financial capital and, consequently, the necessity for more sustainable finance.

In this paper, the authors present an empirical perspective on the importance of sustainable finance in the redesign of strategic management's current perspectives of

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value creation, agility, and resilience. Through a narrative literature review of selected academic papers, and data from international organizations and consultancy firms, a manifesto for sustainable finance to advance strategic management today is proposed, considering the current leadership challenges of global competition and digital transformation, as well. The concepts of sustainable strategic management, sustainable finance, and the associated challenges are discussed below, in an integrative framework that tackles the following elements: reasons to incorporate sustainability in business and limits of such approaches; best practices of organizations that create value through sustainability; differences in adopting sustainability in organizations depending on their size and/or activity type; organizational configurations of sustainable strategic management approaches; sustainable investments practice; types of sustainable finance; the relation between sustainable strategic management practice and sustainable investments of professional investors.

## Sustainable strategic management: from nice to have, to organizational maturity

To meet both the imperatives of competitiveness in an increasingly complex context and of sustainability as a way to improve environmental and social conditions is neither an easy task nor a subject to debate on. Even if there are some who authors consider that "theory delivering a sustainable competitive business remains inconsistent" (Hamilton, 2020), more often sustainable strategic management is described as "a veritable tool for improving the competitiveness, performance levels and structural development of organizations" (Momanyi, 2020). Sustainability in business with a structured vision of the future: this could be a brief definition of sustainable strategic management, which is not a purely altruistic or idealistic choice, even if could seem so. In fact, envisioning sustainability in business strategies can boost organizational performance beyond the general consideration of the so-called "three Ps", people, planet, and profit, as it allows management to reach some important benefits: protection of the corporate brand and risks mitigation; a new competitive advantage triggered by the fact of being purpose-driven; the opportunities of the new growing markets for sustainable goods; positive changes driven by cooperation (Chladek, 2019). Whelan & Fink (2016) tackle similar benefits (Table 1).

***Table 1. Taking advantage of sustainability in business***

| Sustainability impact | Discussion |
|---|---|
| Driving competitive advantage through stakeholder engagement | Sustainability creates create value for all stakeholders and not only for shareholders: "Much of the strategic value of sustainability comes from the need to continually talk with and learn from key stakeholders" (Whelan & Fink, 2016). |
| Improving risk management | Sustainable strategic management requires carefully selected long-term investments in resources sometimes heavily impacted by climate change and/or social transformations, involving partners from all the supply chain. The concrete implementation of sustainable strategies in supply chains involves managers examining "inbound and outbound logistics activities across the primary activities of the value chain" (Carter & Rogers, 2008, p. 378), as well as collaboration in mitigating risks associated with secondary activities of partners. |
| Fostering innovation | Adopting sustainability in organizations leads to new ways of doing business, sometimes with very concrete innovative outputs. "In sum, sustainability puts a normative demand on innovation to become more environmentally and socially benign and, at the same, provides a new source of innovations and competitive advantage." (Hansen et al, 2009, p. 685). |
| Improving financial performance | If done properly, sustainability practices can boost or at least impact positively financial performance: "corporate social performance affects financial performance facilitating firms' access to funds and lowering their cost, but only for firms with efficient operations and use of their assets" (Lassala et al., 2017). |

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| | |
|---|---|
| Building customer loyalty | Customers support companies that lead sustainable practices, but they pay attention to authenticity and tend to be more skeptical about possible "corporate social responsibility washing", a term that designates false sustainability claims done by companies to easily gain trust from stakeholders and possibly to manipulate clients (Raza et al., 2020). "Today's consumers expect more transparency, honesty, and tangible global impact from companies." (Wheland & Fink, 2016). |
| Attracting and engaging employees | Employees appreciate positively companies that practice sustainability on a day-to-day basis if their personal needs are also met at the workplace. "For some employees, if their perception of the consumer or environmental factors of CSR is low, their job satisfaction and retention intention will also be low, regardless of the presence of other factors" (Lee & Chen, 2018). |

Source: adapted from Whelan & Fink (2016); Carter & Rogers (2008); Hansen et al. (2009); Lassala et al. (2017); Raza et al. (2020); Lee & Chen (2018)..

Considered a "push toward operational excellence" (EY, 2018), sustainability's integration is by definition a characteristic of strategic leaders with vision. Sustainable organizations are considered to expand the term of "performance" to meet not only the competition requirements but also one of the ESG criteria, at the same time with financial indicators (Worley & Jules, 2020). Therefore, they are more ambitious and more environmentally and socially responsible and they tend to share similar best practices such as public leadership and promotion of organization's sustainability practices; inclusion of sustainability in programmatic planning; periodic meetings with all stakeholders and regular feedback; state-of-the-art transparency and dissemination of information on the organization's performance; clearly defined processes and roles designed for achieving performance; continuous investments in ESG programs; periodic reports on the organization's sustainability performance and a consequent continuous search to achieve specific recognition; mixes of products and services which lead to achieving sustainability on the long term (Meza-Ruiz et al., 2017). Successful sustainable management depends on leadership support, careful planning, and efficient operations, as well as on very clear, concrete sustainability objectives, translated into indicators that match both sustainable goals and financial aspects. Defining such objectives implicates pragmatic thinking for all involved business functions and continuous attention paid to possibilities to take advantage of sustainable solutions in meeting challenges of costs reductions and business opportunities.

Sustainable strategic management is possible in a myriad of contexts defined by a variety of factors. The recent literature discusses sustainable strategic management and ESG criteria mostly in terms of corporations and governmental policies, and therefore we can see a gradual shift from the exclusive competitive framework to ESG indicators and a new consequent organizational mindset. However, things prove to be more nuanced in the case of small and medium enterprises (SME). Inserting sustainability into SMEs' activities "in a holistic, feasible, and controllable manner, resulting in competitive advantage" (Barbosa et al., 2020) is possible with proper knowledge of well-established theoretical instruments, constant attention paid to the challenges of the external and internal evolutions. Some previous theoretical background can be useful in this respect, as models of measuring business sustainability, proper for both larger organizations and SMEs. For instance, the model of Gond et al. (2012) theorizes the roles and uses of management control systems (MCSs) and sustainability control systems (SCSs) in the integration of sustainability within strategy in the case of both large and smaller organizations, even for family firms (Caputo et al., 2017). Eight levels of maturity for integrating sustainability in business can be detected in organizations, varying from sustainability and business strategy managed in parallel, to integrated approach (Table 2).

***Table 2. The eight organizational configurations***

| **Organizational configuration** | | | **Integration** |
|---|---|---|---|
| Type | **Label** | **Main characteristics** | **Level of integration of MCSs and SCSs** |
| A | Dormant decoupled strategy | Parallel systems of control for management and sustainability | Low |
| B | Strategy emergence through sustainability | MCSs and SCSs are not integrated but SCSs are used by top managers to deploy a sustainability strategy | Low |
| C | Compliance driven sustainability strategy | One of the MCSs is activated for strategy development. Sustainability issues are managed by a system parallel to MCSs | Low |
| D | Schizoid sustainability strategy | Contradictory sustainability strategies and traditional strategies are deployed through parallel MCSs and SCSs | Low |
| E | Dormant integrated strategy | Similar to A, but it is more probable to move towards integrating sustainability for the potential interactive engagement with one of the two systems | High |
| F | Sustainability-driven organizational strategy | MCS is not used interactively. The sustainability-driven strategy the process is driven by the interactive use of SCSs | High |
| G | Peripheral sustainability integration | MCSs are used interactively, while SCSs are used as diagnostic tools | High |
| H | Integrated sustainability strategy | Sustainability strategy is deployed and renewed though the use of coherently integrated MCSs and SCSs | High |

Source: Caputo et al., 2017, p. 6.

Some sustainability practices are more likely to generate positive financial impact and this where companies searching to adopt sustainable strategic management practices should look (McKinsey, 2021a). The organizational winners of sustainability (i.e., companies creating value through sustainable strategic management practices) tend to consider that the main reason for being sustainable is one of their vision and mission, alongside the purpose to make a positive and tangible impact on an issue. In the case of other organizations that are not considered high-value creators through sustainability, other factors are considered in adopting such practice: customers' expectations, attracting and retaining employees, industry's norms, expectations of business partners, responding to the competitive pressure, etc. Non-high level value creators through sustainability have two main reasons to adopt it in a larger proportion: complying with regulations to build, maintain or improve corporate reputation (Figure 1).

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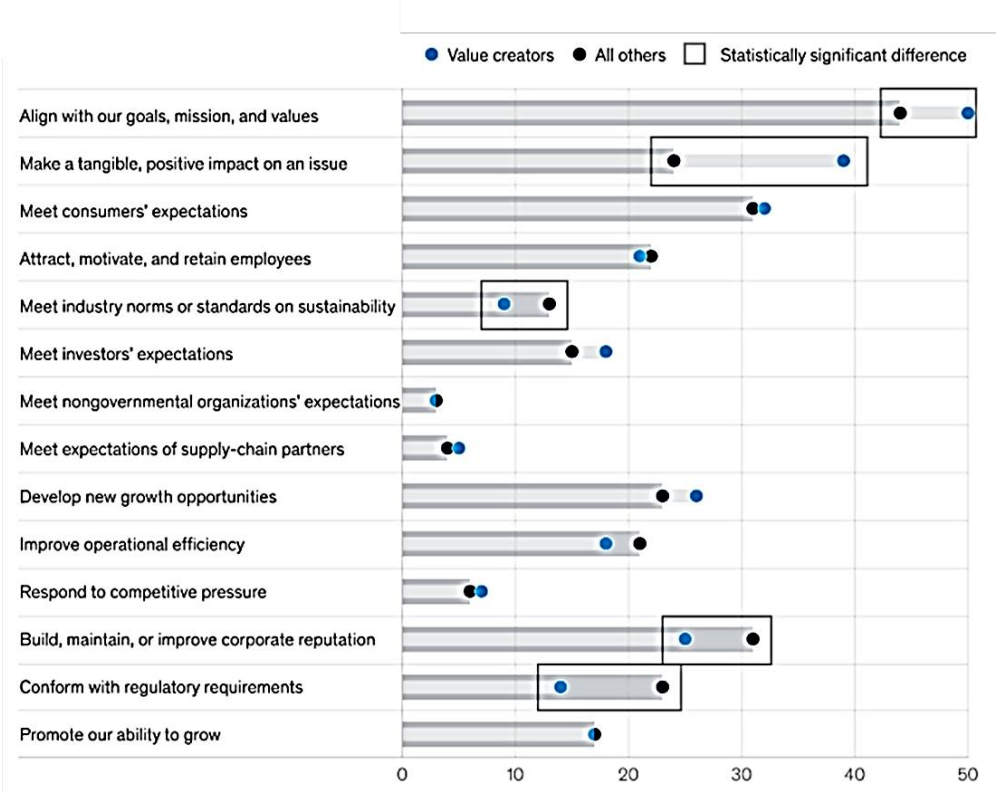


***Figure 1. Organizations' reasons for addressing sustainability topics***
*(McKinsey, 2021)*

Five ways integrating ESG in business strategies can create value (Henisz et al., 2019): top-line growth; costs reductions; reduced regulatory and legal interventions; employee productivity uplift; investment and asset optimization. Companies with a better public image as a direct effect of being perceived as being socially and/or environmentally involved tend to have an easier go on extracting resources if it is the case, with lesser barriers and delays and without extensive planning (Henisz et al., 2014). 44% of companies state that an important factor driving their sustainability actions derives from concrete business and growth opportunities, taking advantage of new consumption trends such as, for example, the one of organic clothes (Berg et al., 2015). In many cases, sustainability is simultaneous to the aim of reducing operational costs by diminishing resource consumption: it was the case in 2014 for more than 90% of surveyed companies (Berg et al., 2015) when asked about energy efficiency, reducing waste, and saving water in day-to-day operations. Mitigating risks is another reason for adopting sustainability, especially in sectors heavily affected by resources penury, such as, for example, the one of cocoa: in such cases, chocolate manufacturers are directly involved in educating farmers and other partners in the supply chain on sustainable practices of farming, harvesting, and traceability in transport (Berg et al., 2015; Mota et al., 2019; Carodenuto & Buluran, 2021).

Among the factors that limit the benefits of sustainability programs, some barriers can be considered: lack of incentives tied to performance on sustainability practices; pressure on short-term earnings; lack of, or wrong usage of sustainability key performance indicators; insufficient resources for sustainability initiatives; organizational structures not supporting accountability for sustainability activities; insufficient data or information to implement initiatives; sustainability not integrated into performance management systems; leadership's low priority on sustainability; lack of adequate organizational capabilities; disconnection of the sustainability department from the rest of the organization; too little influence of the sustainability department inside the organization (Bonini & Gorner, 2011).

## Sustainable finance and value creation

Sustainable finance is undoubtedly the next big thing in business. The attention paid by professional investors to the topic is clear: 82% of them worldwide intend to increase their ESG investments (Statista 2021a), as a direct result of the will of clients, as declared by 37% of investors (Statista 2021b). In 2020, the adoption of the ESG criteria worldwide was mainly a characteristic of banks, 62% of them having a wide-firm policy on responsible investments (Statista 2021c). However, the awareness of the concept itself of responsible investments is still limited, as revealed by the fact the 68% of French adults, for instance, declare to have not heard of such instruments (Statista 2021d).

Sustainable investments are developed under the influence of both regulations' stimulus and transformations of leadership mindsets. Their orientation varies from country to country. For instance, in the case of France, the green stimulus for the ecological transition was allocated in 2020 mostly toward green technologies, green mobility, and structure, heating renovation, cohesion, biodiversity, decarbonization of the industry, and agricultural transition (Statista 2021e). One of the most visible regulatory stimuli in developing sustainable finance (understood as investments oriented toward positively sustaining climate, environment, social and employee matters, and respect for human rights) is the ambitious sustainable finance package of the European Union. In this sense, it is expected to have a European unique set of sustainability reporting standards by 2022, while the non-financial reporting Directive (2014/95/EU) already requires large public interest entities (listed companies, banks, and insurance companies) with over 500 employees to disclose certain non-financial information associated to ESG criteria (European Commission, 2021).

Despite state stimulus, a major factor impacting investors' decisions on companies when considering ESG criteria still remains the one of the financial performance of companies, as declared in 2017 by 44% of Italian investors (Statista 2021f), a finding consistent with the one of Dortfleiner et al. (2020) in the case of small-term investors. Sustainable strategic management is adopted by companies' purpose-driven and is stated as such, even if 40% of organizations that have adopted sustainability in their business model expect to have modest or significant value in the next five years from specific programs (McKinsey, 2021a).

One of the most notable impacts of high ESG performance comes from the financial factors, being directly related to shareholders' value desiderates (Zumente & Bistrova, 2021). Companies applying ESG programs need capital to develop, and that financial capital is oriented toward companies with strategic vision, a better public image, and mitigated risks – all possible positive effects of performant ESG programs. "Top ESG companies also have better chances of capital attraction and are more efficient at the allocation process, implying a lower cost of equity and debt and thus positively influencing the long-term value for the shareholder" (Zumente & Bistrova, 2021). In this respect, Sassen et al. (2016) have previously argued "that responsible investing should generally reduce stock performance risk". Citing Dhaliwal et al. (2011), Sassen et al. (2016) mention that "disclosure on ESG factors offers relevant information for (potential) investors and is thereby able to lower costs of capital" and, therefore, they plead for increased disclosure information regulated by national and/or transnational policymakers – a solution to provide potential investors with relevant and reliable information.

The discussion regarding the relation between ESG and CFP (corporate financial performance) has an almost 50 years history, the large majority of them reporting positive findings, with ESG outperformance opportunities existing in many areas (Friede et al., 2015). Despite previous literature with contradictory findings (Krüger, 2015; Hong & Kacperczyk, 2009), recent studies highlighted that "there is no statistical difference in the risk-adjusted returns of a portfolio consisting of either high ESG-rated or low ESG-rated firms" (Auer & Schuhmacher, 2016, cited in Dortfleiner et al., 2020). Recent

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studies confirm that higher ESG companies that are also financially performant are considered to have better management in the long-term - definitely a strategic one, and thus are expected to have future higher growth prospects (Zumente & Bistrova, 2021). A virtuous evolution is catalyzed by the adoption of ESG criteria concomitantly with strong financial performance: "higher management quality, long-term strategic orientation, and transparency" (Zumente & Bistrova, 2021) are developed and potentiated (Table 3).

***Table 3. The evaluation of ESG by C-level executives - respondents in the 2019 McKinsey Global Survey on valuing ESG programs***

| Aspect | % of C-level executives from B2B companies | % of C-level executives from B2C companies | All C-level respondents |
|---|---|---|---|
| Complying with regulations and meeting accepted industry expectations for performance, transparency, and/or accountability | 48% | 47% | 46% |
| Making long-term strategic investments to address ESG issues that have bearing on the organization | 14% | 23% | 17% |
| Creating new revenue streams by using ESG objectives to identify new products, customers, and/or geographic markets | 16% | 9% | 13% |
| Changing business processes to incorporate good ESG practices | 13% | 10% | 13% |
| Contributing to ESG issues important to the larger community | 8% | 11% | 10% |

Source: McKinsey, 2020.

More than half of C-level executives (57percent) surveyed by McKinsey (2020) declared in 2019 that ESG programs create shareholder value, with an increased positive perception in the case of consumer-focused companies that in B2B companies (66 percent versus 56 percent). Long-term value perceived in the case of environmental programs is almost unanimous among respondents valuing positively ESG programs' effects in the long term, while short-term value is recognized by two-thirds of respondents for social programs, and the existence of good ESG programs generally is perceived by executives as a "proxy for good management" (McKinsey, 2020). This could explain why "executive and investment professionals indicate that they commonly consider ESG issues when making strategic and operational decisions. More than seven in ten respondents say they - or, in the case of executives, their organizations - somewhat or fully consider ESG issues in their assessments of a company's competitors and its supply chain. And nearly eight in ten say they at least somewhat consider ESG issues in their assessments of potential capital projects" (McKinsey, 2020).

The 2020 report of the CFA Institute on the future of finance on the views of more than 7,000 industry participants presents a real potential of sustainable finance. Even if only "only 19% of institutional investors and 10% of retail investors currently invest in products that incorporate ESG factors, 76% of institutional investors and 69% of retail investors have interest in ESG investing" (CFA Institute, 2020). The CFA Institute signals that "various approaches to sustainable investing and the increase in investor interest have led to a proliferation of products and confusion in the marketplace" (CFA Institute, 2020). There is no surprise that lately sustainable investing seems to have moved into the mainstream: for instance, 68% of asset owners globally who are taking ESG into account (or want to), are not signed up to initiatives such as the UN-supported Principles

for Responsible Investment (UBS, 2019). Among the factors that make sustainable investments popular for professional investors, a report of the Institute of Sustainability and Morgan Stanley (2019) identifies "constituent demand, the perceived potential for attractive financial performance and evolving regulations that are driving greater disclosure on environmental, social, and governance (ESG) factors" (The Institute of Sustainability & Morgan Stanley, 2019). Therefore, "95% of asset owners already integrate or consider integrating sustainable investing in all or part of their portfolios, and 57% envision a time when they will only allocate to managers with a formal ESG approach" (The Institute of Sustainability & Morgan Stanley, 2019). Such numbers highlight a fast adoption of sustainable investing, as the same report shows an increase of adoption from 70% in 2017 to more than 80% in 2019. However, sustainable investing remains relatively new for most asset owners, 21% of them practicing it for less than a year, 24% having 1-2 years of experience, 34% - a 3-4 years of experience, and 26% have invested previously in sustainable programs and products for more than 5 years (The Institute of Sustainability & Morgan Stanley, 2019). Thematic or impact investment approaches are employed by half of the investors, with an increased orientation toward climate change, water solutions, plastic waste, and circular economy (Table 4).

***Table 4. Choices for thematic and impact investors***

| Theme of interest for investors in sustainability | Yes | No, but under consideration |
|---|---|---|
| Climate change | 72% | 23% |
| Water solutions | 57% | 23% |
| Plastic waste reduction | 36% | 34% |
| Circular economy | 47% | 23% |
| Gender diversity | 44% | 23% |
| Education | 43% | 24% |
| Health and nutrition | 41% | 25% |
| Community development | 46% | 19% |
| Multicultural diversity | 25% | 29% |
| Faith-based values | 15% | 19% |

Source: The Institute of Sustainability & Morgan Stanley, 2019.

The attention of asset owners when making decisions on sustainable investing is oriented mainly toward asset classes considered to have quality sustainable investing strategies, such as public equities, and fixed income. "Almost half (45%) of asset owners allocating to fixed income reported investing in green or sustainability bonds or bond funds, reflecting the exponential growth of the market. A further 31% are considering these fixed-income investment opportunities" (The Institute of Sustainability & Morgan Stanley, 2019).

The growing interest in sustainable financing is obvious: the number of investment organizations signing the UN Principles for Responsible Investment (PRI) is in constant ascension: "in the first half of 2020 alone, the number increased by 28% to more than 3,000 entities, and the assets under management (AUM) of these entities grew 20%, to more than US$100 trillion, boosted by demand as well as strong relative performance" (CFA Institute, 2020, p. 13). Even if such an evolution is impressive, from the scarce reality of the 70s and 80s when data about the possibility to invest in sustainable programs were rare to the current situation previously mentioned, ESG analysis necessary to investors is still complex and requires a system-view approach. Therefore, it becomes evident that to meet the trend of sustainable investing, one must think not only in terms of long-term vs. medium and short-term, but also in a larger perspective, that involves different categories of actors, actions, and interactions. Among the actors involved, we can see asset owners (pension funds, sovereign wealth funds, foundations, and endowments), asset managers, and intermediaries (advisers, investment bankers, traders, sell-side analysts). They interact with organizations that are both the source and the beneficiaries of sustainable investing, hopefully with a positive impact on the environment and society (Figure 2).

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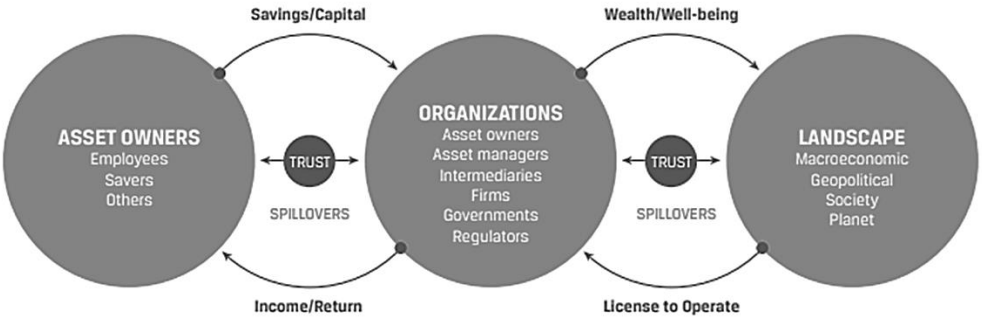


***Figure 2. ESG analysis as a systems-level view***
*(CFA Institute, 2020, p. 16)*

One of the most popular instruments in implementing sustainable finance remains one of the green bonds, corporate bonds issued by companies to finance or to refinance their activities, but with additional requirements "specific to meeting certain sustainability and environmental performance standards with the projects or the investments that are tied to it" (Opiah, 2021). The evolution of the worldwide market of green bonds is spectacular: $42 billion in 2015, $87 billion in 2016, $123 billion in 2017 (Opiah, 2021), and $290 billion in 2020 (Jones, 2021), while the cumulative size of sustainable bonds (green bonds, social bonds, and sustainability bonds – the last ones, financing or re-financing a combination of green and social projects or activities) is much bigger (Table 5).

***Table 5. The size of worldwide sustainable bonds in 2020***

| | **Green bonds** | **Sustainability bonds** | **Social bonds** |
|---|---|---|---|
| Total size of the market | USD 1.1tn | USD 316.8 bn | USD 315.6 bn |
| Number of issuers | 1428 | 178 | 601 |
| Number of instruments | 7716 | 885 | 1230 |
| Number of countries | 71 | 30 | 36 |
| Number of currencies | 42 | 33 | 25 |

Source: Jones, 2021.

In terms of geographical distribution, the impact of regulatory measures and governmental stimuli on the development of the sustainable bonds' market is obvious, as stated by the data released by the Climate Bonds Initiative (Jones, 2021): Europe was in 2020 the largest source of green debt (48%). However, the biggest growth of sustainability bonds' issuance was observed in the US (an increase of 164% in one year, compared to a 43% growth in the case of the EU). The third major player of the sustainability bonds' issuance regions, China, made the largest contribution to the issuance volume of social bonds (USD 68 bn), but with issued 70% of the 2019 total of USD 31.4 bn of green bonds.

The potential of sustainable finance is no longer just a potential, but rather a reality, as seen above. Discussions on specific future products and solutions emerge every day, discussing alternatives such as index tracking and quant funds, ESG thematic products, multi-assets products, climate transition strategies associated with new financial instruments, etc. (CFA Institute, 2020, p. 35). Current debates on the topic highlight repetitively two major elements: the necessity for long-term engagement, and a systemic vision based on better benchmarking, and reliable data, eventually released by specialized sustainability datacenters. The rise of sustainable finance poses new challenges to managers and, in some cases, pushes the development of a new form of strategic management characterized not only by long-term development of competitive advantages but also on ESG criteria.

## Conclusions and further discussions

Despite initial fears, the Covid-19 pandemic proved to be a catalyzer for sustainable finance. During the pandemic, companies almost reinvented themselves, finding sources of newfound agility capabilities that supported them in being even more resilient. Agility integrated business strategies more than ever, alongside bigger attention paid to sustainability issues. Responding fast is a key element of organizational agility, but not the only one, as highlighted by the Covid-19 pandemic. Among the most important prerequisites of agility is the existence of relevant information necessary for decision-making, the easy access to data, as well as the collaboration between functions, recently made easier by a variety of digital instruments. With methods originally designed for small teams or reduced size organizations (Dikert et al., 2016), agile management is currently challenged by the necessity to harmonize inter-team coordination, as the difficulty to adopt agile methods increases with the organization size (Dybå and Dingsøyr, 2008) – lesser in terms of instruments with the rise of the digital technology and more in terms of procedures and processes. Previously associated with sports, supply chain management, and software development, agility passed from some perceived limited applicability (Conboy, 2009) to a mandatory condition of resilient organizations that prove to develop performant strategic management practice. Moreover, organizational agility became a factor influencing the adoption of sustainable practices and investments.

It appears that the Covid-19 pandemic has accelerated further the debates on sustainable finance, "but the challenge of balancing short-term and long-term needs has never been starker (…), having made obvious the necessity of systemic thinking and having shown the personal consequences of our interconnectedness" (CFA Institute, 2020, p. 17). Seen as a wake-up call, the Covid-19 pandemic proved beneficial for almost all issuers of sustainability bonds, for example, excepting China for green bonds (Jones, 2021). The early evidence of the pandemic proved that "well-rated ESG companies performed better and were more resilient, indicating that the higher quality embedded in many highly rated companies had paid off" (CFA Institute, 2020, p. 17).

It could seem premature, but the existing data support the idea that companies that are most performant in terms of ESG criteria are not only sustainability winners but also players with efficient strategies and practice that helped in adopting the necessary agility for resisting the unexpected effects of the Covid-19 pandemic. Future research could be developed in analyzing the relationship between high performance in ESG criteria and strategic management through the lenses of sustainable finance. Until then, empirical evidence presented in this paper allows a preliminary conclusion that sustainability grows when is financed and that sustainable finance increases both ESG and financial performance of organizations. As sustainability in general and sustainable investing, in particular, require both long-term thinking and systemic perspective, one could consider that adopting sustainable investments, done properly, could enhance the framework and practice of strategic management.

New challenges will arise, such as the almost-here fintech disruption or the emergence of the so-called "purposeful capitalism" (CFA Institute, 2020), but sustainable finance is here to stay, impacting investing models and, indirectly, business models and strategies. Proper managerial knowledge and skills will be therefore necessary, along with, in some cases, new business, adapted mindsets, as active ownership and/or engagement of investors interested in sustainability matters could become evident in the future. Last but not least, strategic management will be defined for all categories of actors involved in the system, as sustainable investing could lead, in the end, to the sustainability of investing.

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