The Relationship of Environmental, Social and Corporate Governance (ESG) to Impact Investment and its impact on Economic Performance: A Statistical Overview

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Abstract:

In addition to identifying the concept of Environmental, Social, and Corporate Governance (ESG) through its three core dimensions and the main theoretical frameworks that explain it, this study also addresses the concept of Impact Investing and its key components as a modern investment approach that integrates financial returns with measurable social and environmental outcomes. The study highlights the crucial role that both ESG and Impact Investing play in advancing the objectives of Sustainable Development, particularly in terms of promoting responsible business practices, enhancing social inclusion, and supporting environmental protection. Furthermore, the study demonstrates how ESG principles positively influence economic performance by improving risk management, strengthening corporate reputation, increasing investor confidence, and enhancing long-term value creation. The findings indicate that companies and investors who integrate ESG criteria into their decision-making processes are better positioned to achieve sustainable growth and resilience in an increasingly complex and uncertain global environment.

Keywords: Environmental, Social, Governance, Impact Investment, Economic Performance.

JEL Classification Codes: Q5, Z13, G34.

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Introduction:

In an increasingly dynamic, uncertain, and complex global environment, firms are operating under conditions characterized by rapid technological change, economic volatility, regulatory pressure, and heightened societal expectations. Strategic management is no longer confined to achieving short-term financial objectives; rather, it is increasingly positioned as a mechanism for ensuring long-term sustainability, legitimacy, and resilience. In this context, corporate responsibility has become a central pillar of modern organizational strategy, requiring firms to adapt comprehensively to new market conditions within what is often described as a stakeholder-oriented and knowledge-based economy.

Despite this shift, strong pressure groups—including civil society organizations, investors, regulators, and international institutions—argue that social and environmental indicators remain insufficiently integrated into corporate reporting and decision-making. Many firms still prioritize financial disclosure over non-financial performance, leading to gaps in transparency, accountability, and comparability. This has raised critical questions about the ethical and moral dimensions of corporate behavior and the extent to which firms genuinely internalize their responsibilities toward society and the environment.

Within this debate, both Impact Investing and Environmental, Social, and Governance (ESG) frameworks have emerged as influential tools for assessing and guiding corporate conduct. A growing body of theoretical and empirical literature supports the idea that these approaches provide effective mechanisms for evaluating moral behavior in business, aligning financial objectives with broader societal goals. They represent a shift from shareholder primacy toward a more inclusive stakeholder model, in which value creation is understood in economic, social, and environmental terms.

In recent years, Impact Investing and ESG have gained remarkable momentum, supported by rising interest from both local and global investors who increasingly consider non-financial factors alongside traditional financial metrics. This trend reflects a broader transformation in capital markets, where investors seek not only risk-adjusted returns but also measurable positive contributions to sustainable development. The convergence of financial and non-financial objectives has positioned ESG and Impact Investing at the center of contemporary debates on responsible and sustainable finance.

Research problem:

It is within this context that the present study seeks to explore the conceptual and practical relationship between ESG and Impact Investing. Specifically, the research is guided by the following central problem: **What is the relationship between ESG and Impact Investing?**

To address this problem, the study seeks to answer the following sub-questions:

- **Q1:** What does ESG stand for, and what are its main dimensions?
- **Q2:** What is Impact Investing, and how does it differ from other forms of sustainable finance?
- **Q3:** How does ESG influence economic performance at the firm level?

Aims of the study:

By addressing these questions, this article aims to contribute to the academic literature on sustainable finance and corporate responsibility, while also offering practical insights for managers, investors, and policymakers seeking to align profitability with long-term societal value creation.

Firstly: Literature Review

In recent years, ESG disclosure has been the subject of substantial academic research, and it is difficult to assess corporate governance in terms of quantity or in terms of correlations between corporate governance and Impact Investing. In other words, there are still no established ways to analyze these types of correlations. which, by demonstrating the connections between ESG and impact investing, we will emphasize in our study.

1. Environmental, Social and Corporate Governance (ESG):

As time goes on, responsible investing has taken on many different shapes. Environmental, social, and governance (ESG) is a concept that has gained a lot of attention recently. We will attempt to give some background information on this issue in our article, including studies on its effects as well as arguments and useful applications.

1.1. Theoretical Perspective of ESG:

Several theories offer a robust foundation for substantiating ESG disclosures. Such as Stakeholder theory, political economy theory, legitimacy theory, and social-political theory. Legitimacy Theory, on the other hand, is the most often referenced theoretical viewpoint in the literature on ESG accounting when describing corporate incentives for

reporting. A broad notion that an entity's acts are right, suitable, or appropriate within a socially built framework of definitions, norms, values, and beliefs is known as legitimacy. The core tenet of legitimacy theory is value systems. It states that when an organization's and society's value systems coincide, legitimacy occurs at the organizational level. This study is directed by legitimacy theory, a system-oriented theory that perspectives companies as features of a more extensive system within which they operate. Organizational Legitimacy Theory recommends that a firm might be in one of four stages about its legitimacy. These stages are establishing, maintaining, extending, and defending legitimacy. Establishing legitimacy addresses the beginning phases of a company's development and revolves around competence issues. Maintaining legitimacy is the stage that most firms would generally expect to be operating in, where their exercises incorporate continuous performance and symbolic assurances that everything is great, and attempts to expect and prevent potential challenges to legitimacy. Extending legitimacy is where an association enters new business sectors or impacts how it connects with its ongoing business sector. Defending legitimacy might be undermined by an incident (internal or external), and consequently require a defense. In conclusion, the theoretical terms recommend that a political economy theory of ecological, social, and governance are both viable and may participate toward our understanding of noticed improvements in national reporting practices. (Umoren, Udo, & George, 2015, p. 228)

1.2. The concept of ESG:

The term "ESG," which lacks a universal definition, is used in various corporate contexts to refer to a set of pertinent environmental, social, and governance-related elements that enable the assessment of an investment's long-term sustainability through the coordination of traditional economic-financial metrics. It is important to emphasize that "Environmental, Social, and Governance variables" in the United Nations Standards for Dependable Investment refer to three distinct but related categories within "social awareness". The first field has to do with the environment and covers things like deforestation, waste, pollution, abuse of resources, and greenhouse gas emissions. The second area of discussion is diversity, relationships with employees, health and safety, and the working environment. The third area of study covers corporate governance processes, such as audit procedures, management pay, and the ethical, legal, and code of conduct compliance of senior and corporate executives. Generally, transparency is suggested to be best in governance and lowest in the environment. (Taliento, Favino, & Netti,

2019, p. 3)

ESG is the abbreviation for Environmental, Social, and Governance, the three general classifications, or regions, of interest for what is named "socially responsible investors." They are investors who consider it vital to integrate their values and concerns into their chosen of investments rather than just simply considering the potential profitability and/or risk introduced by an investment opportunity. (CFI, 2021)

Investors can learn more about a company's ethical practices—or lack thereof—by looking at its ESG criteria. This is how the three components are defined: (NOLAN, 2021)

a. **Environmental:** The environmental impact of a corporation and its capacity to reduce several risks that could negatively affect the environment. This could include an organization's carbon footprint in addition to its track record of energy efficiency, waste management, water and other resource conservation, and animal care.
b. **Social:** evaluates a company's philanthropic efforts, partnerships with other companies, reputation in the community, dedication to diversity and inclusion among its staff and board of directors, and recognition for its health and safety-promoting employee practices.
c. **Corporate Governance:** evaluates an organization's internal procedures, including open accounting practices, executive pay, and the makeup of the board, in addition to its interactions with stakeholders and workers. It might also contain internal policies intended to stop unethical behavior and conflicts of interest.

Nobody has a thorough overview. As Table 1 shows, ESG issues are often interconnected, making it difficult to categorize them as either environmental, social, or governance challenges.

Table N°01: Examples of ESG Issues

Environmental Issues	Social Issues	Governance Issues
– Climate change and emissions of carbon – Pollution of the air and water – Waste management – Energy efficiency – Deforestation – Biodiversity – Water scarcity	– Employee engagement – Gender and diversity – Human rights – Customer satisfaction – Community relations – Data protection and privacy – Labor standards	– Lobbying – Whistleblower schemes Board composition – Bribery and corruption – Audit committee structure – Executive compensation – Political contributions

source: (CFA1, 2015, p. 4)

The integration of ESG aspects as the main dimension of sustainability development into corporate strategy theoretically provides benefits in terms of reputation, client trust and loyalty, cost investment funds admittance to capital, HR management, innovation capacity, and risk management. Data on ESG performance can be obtained from annual reports, official website, and professional rating agencies. ESG performance measurements that are most widely used in previous studies are reputable indexes and content analysis. (Yawika & Handayani, 2019, p. 114)

1.3. Previous Research Studies on ESG:

The survey of previous research and studies is one of the methodological stages in scientific research, with the aim of identifying previous contributions regarding the study issue. A number of studies have been reviewed about the research topic, and we will present the most important and latest available studies.

The study by (Brighi, Della Bina, & Venturelli, 2025) investigates the impact of ESG controversies on firm risk and value using a comprehensive global panel dataset from LSEG covering 42 countries and 10,212 firms over the period 2002–2021. The findings indicate that ESG disputes significantly increase risk and sharply reduce corporate value. However, firms with strong ESG scores exhibit a moderating effect, as they are less severely affected by such controversies, particularly in terms of risk exposure. This suggests that proactive ESG performance can protect firms from adverse shocks related to sustainability issues.

Similarly, (Akpınar & Topak, 2024) analyze sixteen firms listed in the BIST Industrial Index between 2018 and 2022 and find a positive relationship between ESG scores and both profitability (ROA) and market valuation (Tobin’s Q). Their results demonstrate that improvements in ESG performance contribute not only to higher accounting returns but also to better stock market performance, highlighting ESG as a strategic lever for enhancing firm competitiveness and investor confidence.

At the macroeconomic level, (Alharbi, 2024) examines the role of ESG reforms in fostering economic growth in GCC countries using annual data from 2000 to 2022. The study reveals that ESG-related issues have a significant and positive impact on economic growth, and that this relationship is further strengthened by financial development. The findings suggest that aligning ESG standards with financial sector development can help GCC countries build a more robust and sustainable growth model.

Focusing on firm-level mechanisms, (Seok, Kim, & Oh, 2024) analyze an unbalanced panel dataset of 168 firms over a five-year period. Their empirical results show that ESG performance enhances firm value directly and indirectly through customer satisfaction, which acts as a positive mediating variable. Moreover, the relationship is particularly pronounced in environmentally sensitive industries. By concentrating specifically on ESG rather than broader CSR concepts, the study underscores the distinct strategic importance of ESG in value creation.

Finally, (Elamer & Boulhaga, 2024) investigate ESG controversies and firm performance in a sample of 536 European non-financial listed firms from 2012 to 2021 using the Datastream ASSET4 ESG database. The results reveal a significant negative relationship between ESG controversies and firm performance. However, the authors also find that well-defined corporate governance frameworks and internal ESG strategies mitigate these adverse effects and can even transform controversies into opportunities for growth and reputation enhancement.

Previous studies show a clear scientific consensus on the increasing importance of environmental, social, and governance (ESG) standards in interpreting institutional performance, market value, and the growth of national economies. Most studies have confirmed a positive relationship between ESG performance and both corporate value, profitability, and economic growth, whether at the company level (Brighi, Della Bina, & Venturelli, 2025) (Akpınar & Topak, 2024) (Seok, Kim, & Oh, 2024) or at the country level (Alharbi, 2024).

These studies also highlighted that the impact of ESG is not only direct but is also influenced by intermediary and moderating factors such as customer satisfaction, governance quality, financial development, and the nature of the sector. However, it is noted that most research has focused on European, Gulf, or advanced financial market contexts, while developing or transitional environments, such as some Arab and African countries, still suffer from a lack of applied studies on ESG and its impact on institutional performance.

Accordingly, the research gap becomes evident in the limited number of empirical studies that examine ESG not only as a corporate performance indicator, but also as a strategic driver of impact investment and capital allocation. Most existing studies focus on measuring the outcomes of ESG on firm or economic performance, while paying insufficient attention to how ESG practices are operationalized within institutions to attract impact-oriented investors. Moreover, there is a lack of field-based and context-specific evidence on how ESG-aligned impact

investments translate into measurable economic performance. Therefore, the importance of the present study lies in its attempt to bridge this gap by analyzing the role of ESG governance in shaping impact investment and, in turn, its effect on economic performance within a distinct institutional and regional context. By doing so, the study seeks to enrich the literature with applied insights and provide practical implications for policymakers, investors, and corporate decision-makers.

2. Impact Investing:

Impact investing is ethical investing that aims to directly benefit both people and the environment. To move beyond ESG integration by merely assessing firms for ESG compliance, institutions are increasingly investing in initiatives that directly influence the social and environmental sphere. Impact investment looks ahead, predicting the needs of the earth and how best to address them. Investments that meet ESG standards and advance the Sustainable Development Goals (SDGs) are in greater demand than ever before. (Earth Capital, 2018, p. 2)

Impact investing goes a step further by investing in companies, organizations, and funds with the express goal of having a beneficial social or environmental impact. effect investing strategies provide equal weight to investment profits and positive social and financial effect as the primary goals of the investment, whereas ESG investing analyzes sustainability aspects to determine their effect on investment returns. Impact investing is a proactive approach that seeks to discover companies and institutions engaged in purpose-driven endeavors that address unmet demands in the global economy through the provision of goods and services. (hermes, 2018, p. 5)

Elements of impact investing: The following components further describe impact investing as a practice: (giin, 2021)

a. **Intentionality:** Investors in impact investing must intend for their investments to have a positive influence on society or the environment.
b. **Investment with return expectations:** Impact investments are expected to provide a financial return on investment or, in the very least, a return on capital.
c. **Range of return expectations and asset classes:** The goal of impact investments, which can be made in a range of asset classes including fixed income, venture capital, private equity, and cash equivalents, is to produce returns on investment that lie between below market and risk-adjusted market rates.
d. **Impact measurement:** Impact investing is characterised by the measurement and reporting of the social and environmental

performance as well as the progress of underlying investments. This establishes responsibility and openness, molds the industry, and influences impact investing methods.

3. The Relationship between Impact Investing and ESG:

Value of an investment increasingly includes more than just returns. A growing number of investors are also demanding that the money they invest benefit society and the global community. A plethora of funds and investment techniques that incorporate ethical considerations into the process are emerging in tandem with the expanding demand. Impact investing and ESG are terms used in the sector that are frequently used interchangeably by professionals and clients alike, with the understanding that their definitions and methods are similar. However, there are clear distinctions that will influence whether investments are appropriate for achieving social impact goals and how client portfolios should be put together. (ZHOU, 2019)

More elaboration of key terms can aid in outlining advancements in this significant area as sustainable investment has continued to evolve and sparked increased interest in the private markets. Despite the importance and popularity of investing in this field, adoption has been hampered by ambiguity surrounding nomenclature. ESG risk factors and impact investment are two major areas that fall within the larger category of sustainable investing. Each has unique properties and uses. (Sinha, 2020)

Figure N°01: Correlation between actions taken by impact investing and ESG strategies at each stage of the standard investment process



source: (Gregory & Hornberger, 2020)

Notwithstanding these similarities and the fact that many advisors lump impact and ESG strategies together into a broader category of "sustainable" investments, investors need to be certain of three things to be certain that their investments are impact and not ESG: (Gregory & Hornberger, 2020)

- The deliberate choice of impact-oriented assets.
- an enhancement of the investee firm's influence.
- An impartial assessment of such influence.

The word "ESG" has gained popularity recently and is now sometimes used interchangeably with "sustainable investment." However, ESG is not a stand-alone investment strategy; rather, it is a framework for evaluating companies. While ESG variables are a component of an investment assessment process, impact refers to the kind of investments a manager is aiming to make. Moreover, Quantifying the positive social and environmental benefits of the investments a fund manager makes is the goal of impact investing. whereas ESG is a method for identifying non-financial risks that could materially affect the value of an asset. (pitchbook, 2020)

It's crucial to remember that ESG investment involves publicly listed assets, whereas impact investing relates to private funds. Impact investing may appeal to investors more than ESG if they are looking for clarity regarding the precise methods their money is being used for a given cause. It can be difficult to ascertain the immediate impact of investing money in a mutual fund with a wide range of diversities. (Maguire, 2020)

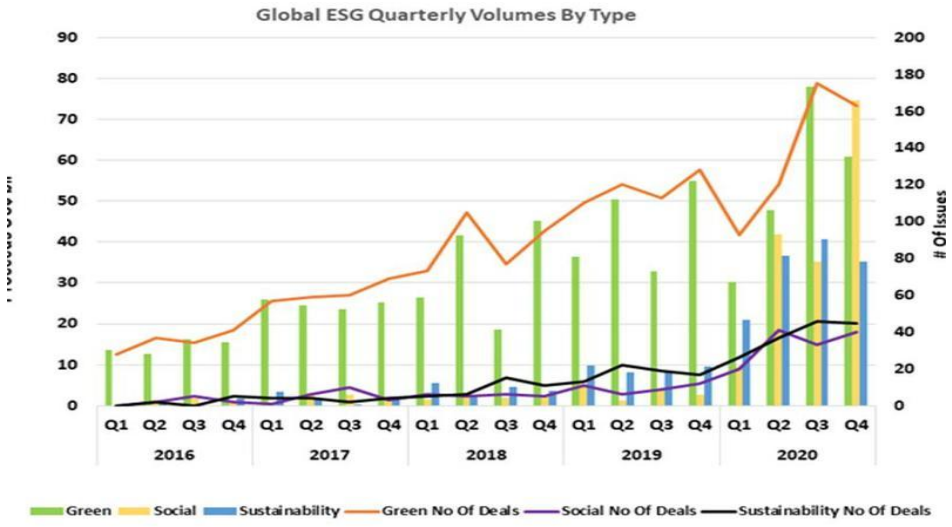
Secondly: The growth of ESG and impact investments

Several variables, including customer demand, effects on risk and return, and regulatory action, are driving the expansion of responsible investing. Investors are primarily driven to take into account ESG elements by two expectations: first, that society expects them to do so, and second, that they can increase investment returns and lower risk. Impact investors are driven primarily by two factors: first, they see impact investing as essential to their commitment as ethical investors, and second, they are on a mission to pursue effect through their investments. (Norrestad, 2021)

1. Statistical overview about ESG:

ESG movement in financial services and capital markets reached maturity in 2020. The numbers tell it like it is. Consider ESG bond volumes, which hit a new high of nearly US$489 billion this year, based on the most recent Refinitiv statistics. According to research conducted by investment management Fidelity International, equities with higher ESG ratings performed better in each of the first three quarters of 2020, with the exception of April. (Umunna, 2020) as Figure 2 shows.

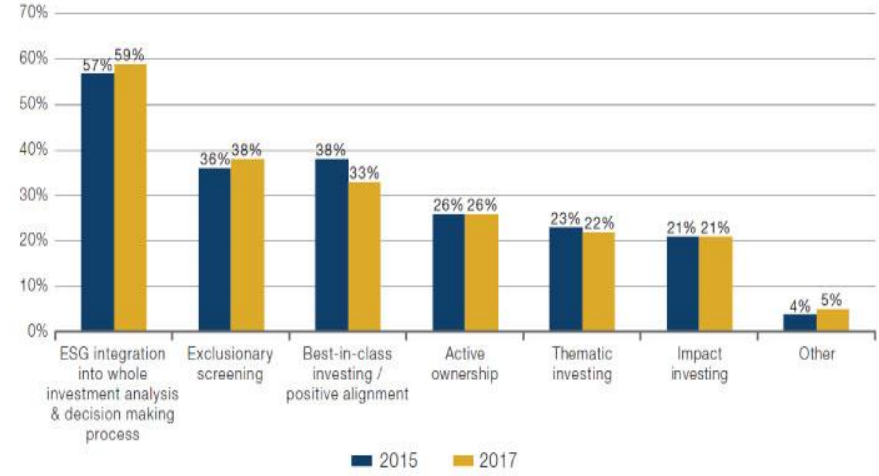
Figure N°02: Global ESG Quarterly Volumes by Type



source: (Umunna, 2020)

The importance of ESG factors has increased over time. According to numerous surveys, investors favor funds that take these factors into account and are even prepared to forgo financial gains in order to have a positive social and environmental impact. Investment managers developed products that take these factors into account in response to this demand. (Piu, 2020)

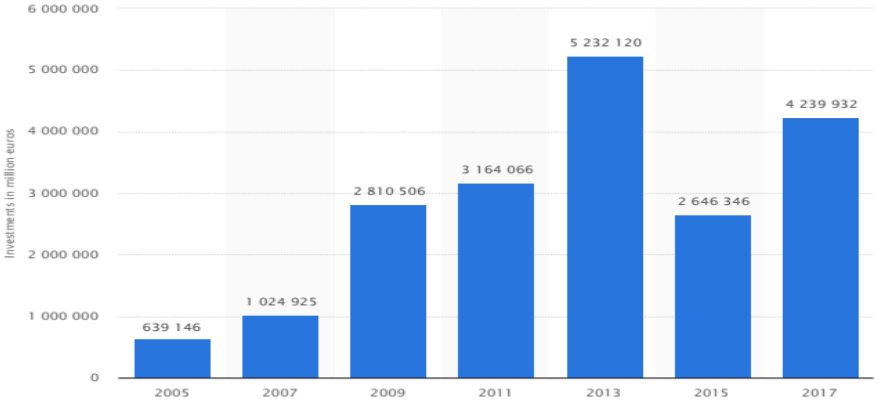
Figure N°03: Percentage of Respondents Integrating ESG Factors into the Investment Process Through a Particular Approach



source: (CFA2, 2017, p. 10)

The 2017 ESG survey conducted by the CFA Institute is the first report we examine. This offers information on how its members primarily incorporate environmental, social, and governance (ESG) factors into their investment process. The survey's results are displayed in Figure 4 along with a comparison to those from 2015. The most popular strategy in both years was ESG integration, which was followed by best-in-class investing and exclusionary screening.

Figure N°04: ESG investment strategy development in Europe to be conducted every two years between 2005 and 2017



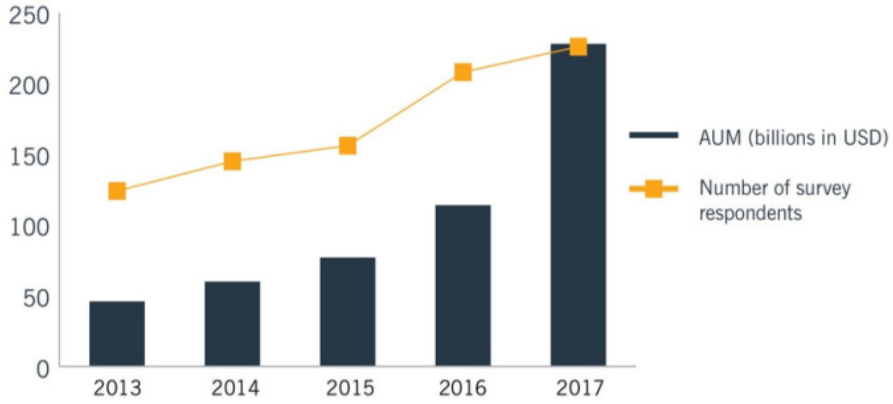
source: (Norrestad, 2021)

The statistic shows the value of assets subject to ESG (environmental, social, governance criteria) integration strategy in Europe between 2005 and 2017. This investment strategy grew in its importance throughout the period. In 2013, ESG integration investments amounted to approximately 5.23 trillion euros in assets allocated. It decreased to 2.6 trillion euros in 2015, before reaching a value of 4.2 trillion euros as of 2017. (Norrestad, 2021)

2. Statistical overview about impact investing:

The market for impact investing is expanding quickly. From $46 billion in 2013 to $228 billion in 2017, the amount of assets under management was reported, and the number of reporting firms rose from 125 to 229 (Figure 5). Over the previous five years, annual financing commitments have more than tripled to $35.5 billion, and the number of investments has more than doubled to 11,000 dollars. (Earth Capital, 2018, p. 7)

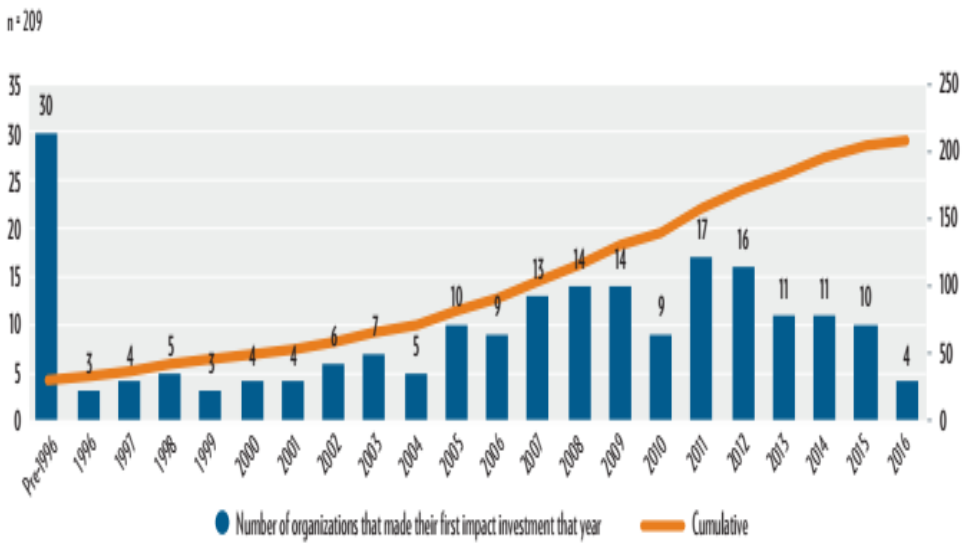
Figure N°05: impact investing is growing rapidly



source: (Earth Capital, 2018, p. 7)

Within the last ten years, 119 firms, or 57% of the respondents, made their first impact investment (Figure 6). Still, 14% of the sample had made their first impact investment more than 20 years ago, indicating that practitioners have been making these kinds of investments for decades. Comparatively speaking, 63% of investors seeking market rates started their practice during the last ten years, whilst just 45% of below-market rate seekers did so. Intriguingly, 74% of private equity investors and 37% of private debt investors respectively made their first impact investment within the last ten years.

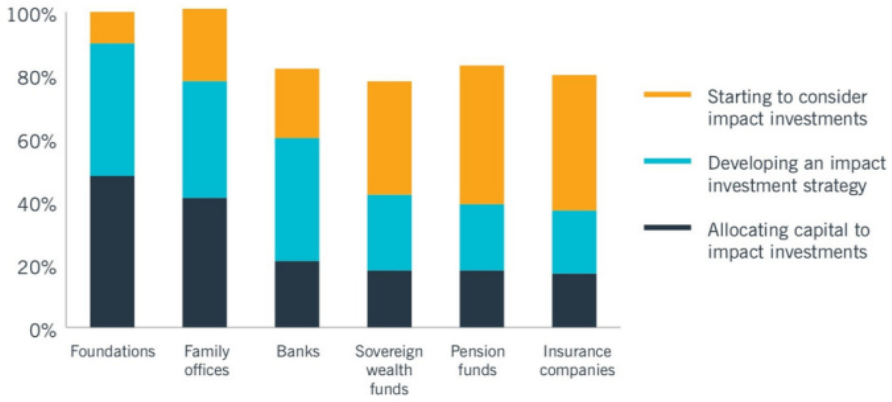
Figure N°06: Impact investing's development



source: (GIIN, 2017, p. 22)

A wide range of investors are becoming more and more interested. As shown in Figure 7, the percentage of institutions that have already made an impact investment or are in the process of developing one varies from approximately 40% for insurance firms and pension funds to nearly 60% for banks and nearly 90% for foundations. The relatively recent arrival of more conventional, for-profit financial institutions is partially responsible for the growth. In 2017, for-profit managers made up nearly half (46%) of the businesses polled, while not-for-profit managers and foundations made up 13% and 13%, respectively. (Earth Capital, 2018, p. 8)

Figure N°07: perceptions of interest in impact investments from probable investors



source: (GIIN, 2017, p. 18)

3. The impact of ESG on Economic Performance:

According to the Global Sustainable Investment Alliance, ESG strategies—which consider a company's environmental, social, and governance factors—grew to over $30 trillion in 2018. This amount is expected to rise as investor demands for greater transparency and consumer preferences change. Previously, ESG strategies were thought to be a niche approach that came at the expense of returns. (Stevens, 2019)

Investors' primary goal is to increase their profits while assuming certain risks. The incorporation of ESG indicators into the investment strategy should focus on the financial implications of the long-term risks and opportunities, in conjunction with the plans of the businesses where the investments are being made. ESG performance metrics ought to account for potential money flows in the future. (Kocmanová & Dočekalová, 2012, p. 3)

Corporate environmental management strategies typically have an impact on financial results. Businesses can see significant financial gains by implementing innovative environmental policies that lower trash disposal costs and penalties, such as cutting back on pollution sources and switching to more ecologically friendly methods of operation. The empirical research on the link between environmental, social, and economic performance, however, produced contradictory results. There is little evidence for a weak association between environmental and economic performance, and some suggests a weak but statistically significant positive relationship. There is also evidence for negative, negligible, moderately, or even highly positive relationships. The majority of research indicates that there is a favorable relationship between economic and environmental performance. (Tarmuji, Maelah, & Tarmuji, 2016, pp. 69-70)

4. Discussion:

ESG investing and impact investing have become increasingly important global trends, driven by the growing awareness of the need to generate not only financial returns but also positive social and environmental outcomes. These investment approaches represent a response to major global challenges such as climate change, widening social and economic inequalities, resource scarcity, and public health crises. In this context, the COVID-19 pandemic has further reinforced the relevance of sustainable finance, as it exposed structural weaknesses in economic and social systems and highlighted the importance of resilience, social responsibility, and long-term value creation.

Among the different forms of sustainable investing, ESG integration emerged in 2020 as the most common approach adopted by investors. This method involves explicitly and systematically incorporating environmental, social, and governance factors into traditional financial analysis and investment decision-making processes. Rather than treating ESG as a separate or secondary consideration, investors using this approach evaluate how ESG risks and opportunities affect a company's performance, stability, and long-term prospects. As a result, ESG integration encourages companies to improve transparency and accountability by reporting how they manage key issues such as climate risks, labor practices, diversity and inclusion, human rights, and board effectiveness.

Through this mechanism, ESG integration creates impact indirectly by shaping corporate behavior. Firms are increasingly pressured by investors, regulators, and other stakeholders to disclose ESG-related information and to adopt responsible practices in order to attract and retain capital. This has led to the development of international reporting standards and frameworks, such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD), which aim to enhance the quality and comparability of ESG data.

In contrast, impact investing is more direct in its objectives, although it remains less widespread than ESG integration. Impact investing explicitly targets measurable positive environmental and social outcomes alongside financial returns. Investors in this category intentionally allocate capital to businesses, projects, or funds with a clear mission to address specific challenges, such as renewable energy development, affordable housing, access to healthcare and education, financial inclusion, and sustainable agriculture. Unlike traditional investing, where impact may be a by-product, impact investing places social and environmental goals at the core of the investment strategy.

Therefore, while ESG integration and impact investing differ in their methods and degree of intentionality, both play complementary roles in transforming the global financial system. ESG integration works broadly across markets by improving corporate practices and risk management, whereas impact investing channels capital more selectively toward solutions-oriented activities. Together, they contribute to building a more sustainable, inclusive, and resilient global economy.

Conclusion:

ESG and impact investing have been popular during the past decade, and the next ten years will probably witness a new wave of responsibility driven by shareholders of the biggest firms in the world. As issues like worldwide poverty and climate change gain urgency and megatrends become more pronounced, there will be a growing demand for action from the most influential parties. Businesses must take the initiative, and indicators related to impact investing and ESG must develop.

Currently, Algeria does not yet have any stringent laws governing ESG reporting. Developed nations like the US have imposed laws requiring businesses to reveal certain ESG data. Nonetheless, the majority of US companies publish ESG on their own, disregarding comprehensive criteria that provide standardized data for shareholders to grasp. A better understanding of how ESG disclosure activities create company value will be made easier by the growing interest in non-financial ESG disclosures in corporate annual reports, which is a result of growing shareholder participation. In an effort to promote a more sustainable and competitive business environment, the European Commission has implemented rules pertaining to ESG non-financial reporting throughout the continent.

1. Results:

- Impact and sustainable investing encourage a future vision of where the world is headed and provide a rich opportunity for future returns. As such it effectively determines the real long-term investment.
- Sustainability is an imperative, not an option: investors cannot isolate themselves from the communities and environments in which they reside rather than viewing factors such as the SDGs as worthy of limited financial reward, and must be seen as a source of growth opportunities for true long-term investors.
- In an ideal future, investors would no longer talk about impact investing and ESG as a separate issue because it would be fully integrated into their thinking. This will represent a realization that investing is part of our overall responsibility to act in the best interests of society as a whole.
- As we look at the choices that lie ahead of us, we should ponder on the consequences of each and concentrate on the long-term sustainability of community. Taking the wrong turn now could not only increase volatility and weaken profits but also undermine the

viability of the ecosystem in which we live.

2. Recommendations: The researcher issued the following recommendations in light of the findings:

- Including impact investing and ESG practices in business operations related to the sustainable economy in order to boost the prosperity of Algerian businesses.
- More appealing markets will be created, enabling investors to assess businesses' performance more accurately. As investors get more conscious of the significance of the data offered by ESG's regular reports, they will increase their investment and make ESG investments.
- Helping companies to disclose information, and preparing them to comply with the standards adopted in providing essential information related to environmental protection, social responsibility and governance, which has an impact on financial performance.
- Preparation of companies to increase their competitiveness in the fields of sustainable development by recognizing their characteristics which distinguish them from others in these fields.

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