Integration Of Sustainable Finance Management And Artificial Intelligence In High-Tech Sectors

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Abstract: Predominantly, environmentalists have diverted their central focus on sustainability, compelling most high-tech industries to integrate sustainable undertakings into their daily operations. For business survival in the contemporary business world, demonstrating the potential for enhanced efficacy is inevitable. The paper aims to examine the function of artificial intelligence and sustainable financial management and its corresponding impact on the performance of high-tech industries [1]. Today, most global high-tech companies are making it obligatory to engage in sustainability in their business operations and practices [29]. It is worth noting that financial management has been, for a long time, an outstanding contributor to sustainability leading to desirable outcomes on the overall performance of a company. Similarly, high-tech companies are presently embracing artificial intelligence to identify changes in the environment and the climate, their effects on business operations and detect possible remedies to address the problems [4]. As outlined in the literature review, nations and high-tech companies have incorporated and are combating sustainability in their operations.

Index Term: Artificial intelligence, sustainability, high-tech.

Abbreviations and Acronyms
ROCE: High Return on Capital Employed.
EY: Earning Yields.
AI: Artificial Intelligence.

Introduction

Markedly, technological advancement has led to increased industrialization, which has, in turn, triggered climatic and environmental changes. With increased regulatory pressure, the latter has diverted central concentration on financial management, a core component of business progression. Financial management encompasses the operations, practices, and mechanisms of handling investments and financial resources [29]. Enacting internal controls and checks is an essential feature of finance with the ability to increase sustainability. In recent decades, countless companies incorporated the expectations of their communities into their business strategies and goals to facilitate the growth and development of their businesses. It is evident that appropriate financial management techniques are mandatory in enhancing business performance while eradicating financial risk challenges.

Furthermore, research studies have evidenced that artificial intelligence has widespread application in high-tech industries creating professional financing elements essential for sustainability [5]. The contemporary business model executes a significant function in maximizing revenue and embracing a multi-purpose framework that tackles public and environmental demands. The adverse impacts of climate changes, such as health epidemics, drought, and floods, have been a central concern across continental boundaries [24]. Because most of the impacts are life-threatening, the government, industries, and the general public must join hands in ensuring sustainability. To target the critical elements of sustainability, activists, policymakers, industries, and governments, among other central actors, are mandated to integrate sustainable approaches and technology. Being the leading users of advanced technologies, high-tech industries are creating and implementing sustainable techniques that safeguard the well-being of the environment and the general society [7]. Coupled with external forces, high-tech sectors focus on artificial intelligence to diagnose environmental concerns and provide appropriate remedies.

Furthermore, among crucial sustainability challenges, artificial intelligence is employed in detecting adverse weather, carbon emissions, and wildfires. Similarly, the need to implement a cohesive and well-established financial management system that addresses the demands of society and the environment is necessary [21]. Because of the focus on the necessity for sustainability operations by high-tech industries and diverse actors worldwide, an evaluation of the same is essential. The paper will thus examine the role of artificial intelligence and financial management in sustainability, their impacts on performance, and their interaction in ensuring sustainability.

A Review of Literature

Notably, the notion of financial management is generated from organizational finance. As a core component of sustainability, financial management covers a vast part of the management process of high-tech companies. Although corporate finance is sometimes used interchangeably with business finance, the latter is a more fundamental notion that comprises business ownership, operations, and any form of business partnership [20]. Conversely, corporate finance exclusively encompasses the company's finances, which is the basis of financial management. Specifically, financial management is a business notion mandated with the decision-making operations connected to the acquisition, company asset financing, and leveraging the shareholders' wealth [17]. Proper and transparent financial management is crucial because it streamlines the company's strategies and objectives. Adequate management of finances encompasses ensuring accountability of the flow of cash and its management which is a predictor of performance and productivity.

The concept of sustainability is linked to elements that tackle particular capitals that comprise subject issues associated with environmental, social, and economic concerns. The notion of sustainability came into existence more than half a century ago.
Nevertheless, Under the International Union for Conservation of Nature, the concept was officially utilized in 1969 in a document endorsed by 33 African nations. The paper depicted a sustainable economic model that industries could enact without disrupting the natural harmony of world resources. To align with sustainability goals, most companies have transformed their operational models, technology, and innovativeness [16]. Besides, to accomplish sustainability, companies make company decisions and policies that consider the impacts of economic undertakings such as the required assets, investments, raw materials, waste, and pollution management to prevent the perpetration of harm to the world population and the natural environment which is a source of sustenance for most individuals [15]. Therefore, the role of financial management in facilitating sustainability is vital for industries. Primarily, any company's financial assets execute operationalizing the internal controls and checkpoints, which is a crucial element in the prospective future of the business world because of the high speed of technological advancement and industrialization [30]. The latter observation thus mandates the integration of improved decisions that are timely and centered on previous projecting accounting information. Outstandingly, applying sophisticated technology like artificial intelligence has been vital in offering an information source that helps create confidence and conformity to fundamental business targets and sustainability.

It is worth noting that proper financial management remains significant at all phases of a business’s lifecycle. Thus, all companies require transforming their strategies based on the prevailing conditions. Sustainable financial management models necessitate innovation toward establishing an equilibrium between the maximization of revenue and environmental protection [11]. Challenges in sustainability reports are mostly encountered because of the reluctance of most companies to spearhead sustainable economic growth initiatives. As a result, companies often suffer systemic financial predicaments. Financial management concerns can be combated through enhanced financial performance to support sustainability in all facts of organizational growth and development [10]. Besides, high-tech companies must put more effort into financial innovation to improve revenue and render environmental concerns an economic disparity. The high-tech industries should prioritize ecologic-friendly technological operations. Artificial intelligence has the capacity to play a massive part in ensuring sustainability in high-tech companies through sophisticated financial management [8]. The central target is that the finance sector should emphasize implementing principles that maintain sustainability. To complement the sustainability goals, the elements of social justice are yet another fundamental factor that put the economic, social, and environmental determinants linked to sustainability.

**Sustainability and Financial management**

![Sustainability and Financial management diagram](image)

Significantly, organizations have been pushed into disclosing their governance aspects and societal and ecological incorporations in business activities by adopting sustainability principles due to environmental activists’ pressure. Many countries in the world approve of the necessity of firms to compel their responsibilities toward stakeholders. To ensure success, a balance must be established in the environmental, societal, governance, and economic aspects. As such, it is essential to recommend sustainability strategies for financial management to ensure corporations attain the public’s confidence and trust [6]. High-tech industries have enabled corporate sustainability, attracting investors’ and consumers’ attention. It has guaranteed the improvement of many companies allowing advancement and sustainability of financial management in high-tech industries. Often, criticism results from the social and political arena, companies characterized by poor reputations in the environmental performance reports experience criticism, and their legitimacy is adversely affected by it in their business world. Due to the amplified sustainability and financial management activities, some businesses exhibit better performance—for instance, community work participation where the needy are provided with education and health services. Participation in external finance sources as a market stock exists as another factor, and this reassures sharing of information in companies based on the environmental sustainability role standing as a medium for merging capital from external sources.

Recently, many industries have considered doubling their efforts in relating environmental information with high-tech usage. Such has been inevitable to promote views in drawing external capital for business operations. It has been noted that studies
Taking roles regarding the necessity of sustainable financial management in firm performance are sufficient. Research indicates excellent and effective corporation performances in environmental sustainability for finance management [4]. More so, a combination of artificial intelligence and technology has projected optimistic impacts on business performance when implementing sustainability methods. In many studies, businesses' sustainability has been connected to their financial management or performance. In one particular study, the sustainable growth rate accounted for a valuable 'return on equity (ROE), 'return on asset' and 'earning yields' (EY). Likewise, a 'high return on capital employed (ROCE) was attained from elevated values apparent in company social responsibility and sustainable growth rate. A positive relationship between sustainability and many other financial elements must be presented for sustainable and financial management in business operations.

**Artificial Intelligence**

Markedly, industrial operations have changed with artificial intelligence (AI) development. In common industries, including education, research, and medicine, AI has attracted very significant applications. For infinite application and strengthening AI operations in industries, the financial management sector needs to influence AI to increase community sustainability with proper responses to societal wants [18]. Artificial intelligence has been applied in numerous corporations' innovative business models but may include limited knowledge of how the technology affects business model innovation [13]. The increased application of AI is explained by potential threats and improved businesses from climate change. Through channeling financial resources for the management of sustainable practices, companies are known to directly contribute to the issue of climate change [12]. Many global corporations are forced to adopt sustainable practices in their business operations to stop climate change [9]. In this regard, the emergence of AI has resulted in many other changes across varying industries, including positive and negative impacts on sustainable development.

Noticeably, finance industry operations are constantly changing with the invention of AI. Useful AI maximizes cost benefits, efficiency, and time benefits in many finance industry phases [27]. Companies are reported to exhibit improved performance, substantial financial profits, and high customer value following the application of artificial intelligence [19]. In the finance department, AI is used to identify some existing issues. Here, artificial intelligence can detect styles not aligned or deviating from the regular patterns [25]. A good example is in determining and sending early signs to provide warning, or security threats signs from the external environment, detect deception and scams in financial schedules, invest in opportunities contributing toward sustainability and address them to ensure the improvement of intelligent solutions [14]. Artificial intelligence employs the integration of data on market change conditions in patented algorithms allowing automated reactions [26]. Equally, Artificial intelligence is used in cleaning carbon dioxide from the atmosphere by identifying energy emission reduction, developing green chain supplies, and monitoring deforestation to detect changes and associated health crises in societies while aiming to provide solutions to such problems. The extensive information and data from the increased use of AI play a crucial role in big data analysis, and it helps develop actions necessary for preserving the environment [4]. As such, AI comprehends climate change and has potential influences on a firm's financial management.

Correspondingly, AI in sustainable finance management can influence the planning and funding of resources essential for sustainable growth. AI aids in the identification of trends and patterns for desertification in significant areas. It provides appropriate information for planning, making significant decisions, and management useful in committing resources to reverse or combat the trends [22]. Various AI categories, including computer vision and learning machines, perform a vital role by enhancing the company's efficiency and reducing the quantity of energy required. Adopting artificial intelligence has enabled elimination of some steps in corporate operations leading to sustainability [23]. In monitoring raw materials, AI exhibits a constructive role by enhancing the effective use of the raw materials and, thus, its finance management resulting in sustainable improvement. Financial management is affected by AI because its implementation and adoption need a massive funding resource to compute, and computation is done in big organizations and computing stations. In these centers or stations, excessive carbon footprints and energy amounts negatively affecting climate change are required [4]. For instance, Bitcoin is one example of AI technology, and it employs an amount of energy that compose high demand for electricity which may compromise sustainable development.

**Conclusion**

The study examined artificial intelligence and sustainable financial management in high-tech industries. One recent literature review noted that industries are forced to high-tech operations due to pressure from an external environment where corporations are exposed to climate change threats and need sustainable financial management [6]. The elements composed of
sustainability include attracting prospective investors, creating public trust, and improving profits. While embracing sustainable practices, financial management is considered to play a critical role [3]. More so, adopting sustainable practices has been demonstrated and perceived to present many corporate benefits, including financial performance. Several corporations invest in AI to develop their efforts in sustainability. Artificial intelligence has been perceived as a significant driver in transforming scientific inventions [2]. Artificial intelligence is currently perceived as a powerful economic force globally with extensive application in the sustainability of financial management in high-tech industries.

References