

**THE EFFECT OF SUSTAINABILITY PERFORMANCE ON
CORPORATE CREDIT RATINGS IN GLOBAL
BANKING INDUSTRY**

THESIS

*Submitted as Partial Requirement for a Master Degree in Graduate Program
Department of Management in Faculty of Economics and Business
Universitas Andalas*



Submitted by:

**WARDAH AWWALIN IKHSANIAH SALDI
(2220521004)**

**MASTER OF MANAGEMENT
FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS ANDALAS
JANUARY 2023**

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Wardah Awwalin Ikhsaniah Saldi¹, Fajri Adrianto², Masyhuri Hamidi³
Master of Management, Faculty of Economics and Business, Universitas Andalas
wardah.ikhsaniah@gmail.com¹, fajriadrianto@eb.unand.ac.id²,
masyhurihamidi@eb.unand.ac.id³

ABSTRACT

This study aims to analyze and find empirical evidence of the effect of sustainability performance on corporate credit ratings in the world banking industry. The sustainability performance of this study was measured using scores from 10 categories contained in all ESG pillars from the Refinitiv Eikon Database. Meanwhile, the corporate credit rating is measured using the International Credit Rating Scale issued by Fitch Ratings. In addition, this research also uses two control variables: firm size and profitability. The sample used in this study are companies in the banking industry worldwide from 2012-2021. The data analysis technique used in this study is Panel Data Regression using STATA 14.2 for Windows. The results of the study show that the emission score has a negative and insignificant relationship with the corporate credit rating. The innovation score and resource use score have a negative and significant relationship with the corporate credit rating. Community scores and workforce scores have a significant positive effect on corporate credit rating. The human rights score also has a positive but not significant effect on the corporate credit rating. Product responsibility score has a negative and significant relationship with corporate credit rating. CSR strategy score has a significant positive effect on corporate credit rating. Management score also has a positive but not significant effect on corporate credit rating. The shareholder score has a negative and significant relationship with the corporate credit rating. Finally, the two study control variables consisting of firm size and profitability have a significant positive relationship with corporate credit rating.

Keywords: Sustainability Performance, ESG, Credit Ratings, Global Banking

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wardah.ikhsaniah@gmail.com¹, fajriadrianto@eb.unand.ac.id²,
masyhurihamidi@eb.unand.ac.id³

ABSTRAK

Penelitian ini bertujuan untuk menganalisis dan menemukan bukti empiris pengaruh sustainability performance terhadap corporate credit rating pada industri perbankan dunia. Sustainability performance penelitian ini diukur menggunakan score dari 10 kategori yang terdapat dalam seluruh pillar ESG dari Refinitiv Eikon Database. Sedangkan corporate credit rating diukur menggunakan International Credit Rating Scale yang diterbitkan oleh Fitch Ratings. Selain itu, penelitian ini juga menggunakan dua variabel kontrol: firm size dan profitability. Sampel yang digunakan dalam penelitian ini adalah perusahaan yang terdapat dalam industri perbankan diseluruh dunia dari tahun 2012-2021. Teknik analisis data yang digunakan dalam penelitian ini yaitu Panel Data Regression menggunakan STATA 14.2 for Windows. Hasil penelitian menunjukkan bahwa emission score memiliki hubungan negatif dan tidak signifikan dengan corporate credit rating. Innovation score dan resource use score berhubungan negatif dan signifikan dengan corporate credit rating. Community score dan workforce score berpengaruh positif signifikan terhadap corporate credit rating. Human rights score juga berpengaruh positif namun tidak signifikan terhadap corporate credit rating. Product responsibility score berhubungan negatif dan signifikan dengan corporate credit rating. CSR strategy score berpengaruh positif signifikan terhadap corporate credit rating. Management score juga berpengaruh positif namun tidak signifikan terhadap corporate credit rating. The shareholder score berhubungan negatif dan signifikan dengan corporate credit rating. Terakhir, kedua variabel kontrol penelitian yang terdiri atas firm size dan profitability memiliki hubungan positif signifikan dengan corporate credit rating.

Kata Kunci: Sustainability Performance, ESG, Credit Ratings, Global Banking