

CHAPTER V

FINAL PART

1.1 Conclusion

This research are intended to find the relationship between the sustainability performance and corporate credit rating in global banking industry. The sustainability performance variables are from the ESG categories in Refinitiv Eikon Database. The data for corporate credit rating is from Fitch Ratings. This research also used two control variables: the firm size and the profitability. Based on the result of the research that used STATA 14.2 for Windows, there are several evidence for this research that will explain below.

Environmental as the first pillar of ESG consist of three categories: emission score, innovation score, and resource use score. The emission score has negative and insignificant relationship with corporate credit rating in global banking industry. The innovation score and the resource use score has negative and significant relationship with corporate credit rating in global banking industry.

The second pillar of ESG – Social pillar – consist of four categories: community score, human rights score, product responsibility score, and workforce score. The community score and the workforce score has significantly positive effect to the corporate credit rating in global banking industry. The human rights score also has positive effect but insignificantly to the corporate credit rating in global banking industry. The product responsibility has negative and significant relationship with corporate credit rating in global banking industry.

The third pillar of ESG is Governance pillar that consist of three categories: CSR Strategy score, management score, and shareholder score. The CSR strategy score has significantly positive effect to the corporate credit rating in global banking industry. The management score also has positive effect but insignificantly to the corporate credit rating in global banking industry. The shareholder score has negative and significant relationship with corporate credit rating in global banking industry.

1.2 Implications of Research

Based on the analysis above, there are several implication of this research. The first implication is the theoretical implication that also known as the academic implication. This implication of research is expected to be useful in adding knowledge and insight, as well as being a reference for future research on similar topics. The second implication is the practical implication that consists of two parts: company's implication and investors' implication. The company's implication can be used as a reference in determining policies related to sustainability and credit ratings. The investors' implication in this research can be used as additional information for investors for consideration or reference before making a decision to invest in a company.

1.3 Limitations of Research

This research has several limitations. It is hoped that this limitation can be improved in future research on the same topic. The limitations contained in this study are as follows.

1. The research sample is limited to the global banking industry.
2. This research only use credit rating that published by Fitch Ratings.

1.4 Suggestion

The suggestions that can be given for future research are as follows:

1. Future research that has topics related to sustainability such as this research is expected to add other research variables that are also related to sustainability such as COP27, Sustainable Responsible Investment (SRI), and others.
2. The second suggestion for future research is that it is expected to be able to conduct research in a longer or shorter period. This aims to determine whether there are differences in research results when measured with long or short periods.
3. The third suggestion is that further research is expected to be able to conduct research on other sectors. Thus, this research can see a comparison of research results based on the company sectors studied.
4. The last suggestion, future research can compare the effect of sustainability performance on corporate credit ratings in various countries, so that they can see whether there are differences in results between the countries used as research samples.

