

### The Influence of Company Growth, Retained Earnings, and Institutional Ownership on Bond Ratings (A Study on Banking Companies Rated by PT PEFINDO in 2020–2024)

Shafa Nurul Arafah<sup>1</sup>, and Khairunnisa<sup>2\*</sup>

<sup>1,2</sup> Telkom University, Indonesia

*Journal of Economics and Management Sciences is licensed under a Creative Commons 4.0 International License.*



#### ARTICLE HISTORY

Received: 03 December 25  
Final Revision: 02 January 25  
Accepted: 07 January 26  
Online Publication: 31 March 26

#### KEYWORDS

Firm Growth, Retained Earnings, Institutional Ownership, Bond Rating, Bank

#### KATA KUNCI

Pertumbuhan Perusahaan, Saldo Laba, Kepemilikan Institusional, Peringkat Obligasi, Bank

#### CORRESPONDING AUTHOR

khairunnisa@telkomuniversity.ac.id

#### DOI

10.37034/jems.v8i2.317

#### A B S T R A C T

Bond ratings serve as indicators of a company's ability to meet its financial obligations and as a reference for investors in assessing risk. In the banking sector, these ratings reflect a company's stability and credibility in managing default risk. This study analyzes the effect of company growth, retained earnings, and institutional ownership on the bond ratings of banking firms rated by PT PEFINDO during the 2020–2024 period, with bond ratings classified into investment grade and non-investment grade using a dummy variable. The research employs a quantitative approach using logistic regression analysis. The sample was selected through purposive sampling, consisting of banking companies listed on the Indonesia Stock Exchange that were consistently rated by PEFINDO. The study utilizes secondary data obtained from annual financial reports and PEFINDO's official publications. The results indicate that, partially, company growth does not have a significant effect on bond ratings. Retained earnings, however, significantly affect bond ratings as they signal financial stability and the company's capacity to fulfill its obligations. Institutional ownership shows no significant effect, suggesting that the proportion of institutional shareholders does not directly reflect monitoring effectiveness. Simultaneously, all three independent variables significantly influence bond ratings.

#### A B S T R A K

Peringkat obligasi merupakan indikator kemampuan perusahaan dalam memenuhi kewajiban finansial serta acuan bagi investor dalam menilai risiko. Dalam sektor perbankan, peringkat ini mencerminkan stabilitas dan kredibilitas perusahaan dalam mengelola risiko gagal bayar. Penelitian ini menganalisis pengaruh pertumbuhan perusahaan, saldo laba, dan kepemilikan institusional terhadap peringkat obligasi perbankan yang diperingkat PT PEFINDO periode 2020–2024, yang diklasifikasikan menjadi *investment grade* dan *non-investment grade* melalui variabel *dummy*. Penelitian menggunakan pendekatan kuantitatif dengan regresi logistik. Sampel diperoleh melalui *purposive sampling*, yakni perusahaan perbankan yang terdaftar di Bursa Efek Indonesia dan konsisten diperingkat oleh PEFINDO. Data penelitian berupa data sekunder yang bersumber dari laporan keuangan tahunan dan publikasi resmi PEFINDO. Hasil penelitian menunjukkan bahwa secara parsial pertumbuhan perusahaan tidak berpengaruh signifikan terhadap peringkat obligasi, sedangkan saldo laba terbukti berpengaruh signifikan sebagai indikator stabilitas keuangan dan kapasitas perusahaan dalam memenuhi kewajiban. Sementara itu, kepemilikan institusional tidak menunjukkan pengaruh signifikan, menandakan bahwa proporsi kepemilikan oleh institusi belum mencerminkan efektivitas pengawasan secara langsung. Secara simultan, ketiga variabel independen tersebut terbukti berpengaruh signifikan terhadap peringkat obligasi.

#### 1. Introduction

Economic growth reflects a country's macroeconomic conditions and encourages the public to view the capital market as an investment alternative for obtaining profitable returns. The capital market plays a strategic role as a platform for capital mobilization and an investment vehicle for both individual and institutional investors, supporting national economic growth through corporate financing for operational expansion. In addition, the capital market facilitates the

trading of long-term financial instruments, such as bonds and stocks, issued by the government or private companies [1]. This study adopts the signaling theory, which asserts that companies can convey relevant information to external parties as a basis for decision-making, thereby reducing information asymmetry between firms and outside stakeholders [2].

Bond ratings serve as a crucial signal of a firm's financial credibility, helping to minimize information disparities between issuers and investors [3]. This

perspective aligns with the findings of a study, which explain that bond ratings function as credible indicators of a company’s financial soundness, thereby reducing information asymmetry in the investment decision process [4]. As investors generally rely on trustworthy signals to evaluate the financial health and risks associated with potential investments, bond ratings become an essential element in shaping market perceptions.

Investment in bonds consistently involves two core aspects: return and risk. Bonds fall within the category of investment instruments with relatively low risk [5]. The primary risks associated with bonds relate to the issuer’s ability to meet its obligations, including regular coupon payments and repayment of the principal at maturity. Although bonds are considered safe investments, investors still require adequate information to analyze and estimate the risks involved. Therefore, obtaining comprehensive information regarding a company’s financial condition—particularly its bond rating—is essential prior to making investment decisions [1]. Bond ratings reflect the extent to which a company can fulfill its financial commitments, thus serving as an important consideration for investors in evaluating the risk level of their investment choices.

Table 1. Indonesia Bond Indices

Period	INDOBex Total Return		
	Composite	Government	Corporate
2019	274.48	269.22	299.77
2020	314.25	309.05	333.08
2021	332.81	326.12	367.97
2022	344.78	337.20	392.25
2023	374.61	366.60	422.78
2024	392.66	383.62	455.66

The data presented in Table 1 demonstrates that the development of Indonesia’s bond market from 2019 to 2024 exhibited a consistently upward trajectory, as reflected in the Indonesia Bond Indices (INDOBex Total Return). All index categories—Composite, Government, and Corporate—experienced notable expansion, illustrating the strengthening of the fixed-income market. The Composite Index rose from 274.48 in 2019 to 392.66 in 2024, a shift that aligns with declining yields and stronger investor preference for low-risk financial instruments. The Government Index similarly recorded steady growth, increasing from 269.22 to 383.62, indicating robust investor confidence in the government’s fiscal management and the role of government securities (SBN) as safe-haven assets, particularly throughout periods of heightened uncertainty, including the COVID-19 pandemic. Meanwhile, the Corporate Index exhibited the most substantial increase—from 299.77 in 2019 to 455.66 in 2024—signifying heightened investor demand for corporate bonds and improvements in the issuance quality of private-sector entities.

In the bond market, credit ratings constitute a critical reference point for investors when evaluating whether to purchase a particular fixed-income instrument. The rating process typically requires one to two months to evaluate the issuer’s financial capacity and associated risk profile. Government-issued bonds generally receive investment-grade ratings (typically level A), reflecting the sovereign’s strong capacity to fulfill coupon and principal payments at maturity. Conversely, corporate bonds carry higher probabilities of default, contingent on the issuing company’s financial health and operational stability [6]. This distinction underscores the importance of creditworthiness evaluations, particularly in the private sector where default risks are more pronounced due to market competition and firm-specific vulnerabilities.

Given this context, the present study focuses on corporate bonds issued by banking institutions and rated by PT PEFINDO, Indonesia’s official credit rating agency. The selection of variables—firm growth, retained earnings, and institutional ownership—is grounded in previous empirical findings indicating that these factors exert significant influence on bond ratings. These variables were chosen because they collectively represent a company’s operational performance, financial stability, and governance quality—three dimensions that are central to the criteria used by rating agencies and institutional investors when assessing credit risk and long-term solvency potential.

Firm growth, defined as a company’s ability to expand its assets, sales, and profitability, serves as a key predictor of future cash flow performance and overall economic value. Higher growth rates typically lead to stronger bond ratings, as they signal robust financial stability and reinforce investor confidence in the company’s capacity to meet its financial obligations [7]. When firms exhibit strong growth, investors perceive lower default risk due to the company’s consistent ability to generate profits sufficient to cover coupon and principal payments. Empirical findings support this relationship. A study report that firm growth has a positive and significant effect on bond ratings [8]. However, different study present conflicting results, indicating that firm growth has a negative and insignificant effect on bond ratings, suggesting that managerial decision-making does not always incorporate growth dynamics as a determinant in the credit evaluation process [9].

Retained earnings also constitute a major internal financing source and signal a company’s long-term financial capacity. Firms with higher retained earnings are better positioned to finance expansion, reduce dependency on external borrowing, and demonstrate stronger liquidity positions, thereby positively influencing bond ratings [10]. This perspective is supported by certain research, which finds that retained

earnings exert a significant positive impact on corporate bond ratings [11]. Nonetheless, contrary evidence from a study suggests that retained earnings do not significantly influence ratings, implying that rating agencies may prioritize other financial indicators such as leverage or cash flow adequacy when assessing credit quality [10].

Similarly, institutional ownership—defined as the shareholding proportion held by institutional investors—plays a pivotal role in shaping governance quality. Institutional investors typically possess the resources, expertise, and incentives to monitor managerial performance and mitigate agency costs [12]. Certain research affirms that institutional ownership significantly enhances bond ratings due to stronger oversight mechanisms [13], while different one contradicts these findings by asserting that institutional ownership has no significant effect, suggesting ineffective monitoring or limited enforcement of governance standards [14].

Based on these empirical inconsistencies, the present research focuses on the banking sector, a critical industry whose bond instruments are routinely assessed by PEFINDO. The selected variables—firm growth, retained earnings, and institutional ownership—are examined due to their theoretical and empirical relevance in explaining variations in bond ratings. By analyzing these factors within the context of banking institutions, the study aims to contribute to a deeper understanding of how financial performance and governance structures influence credit assessments in Indonesia's increasingly dynamic bond market.

## **2. Research Method**

### **2.1. Research Approach**

The research method represents a structured and systematic set of procedures undertaken to achieve specific research objectives. A research method is a scientific approach to obtaining data for particular purposes, grounded in rational, empirical, and systematic principles [15]. Rationality refers to the use of approaches that are logically acceptable and aligned with human reasoning, while systematicity indicates that the research follows orderly and coherent steps. Unlike scientific methods, non-scientific approaches—such as relying on paranormal practices to locate missing items—fail to meet these criteria.

This study adopts a quantitative approach with an associative research design, which aims to identify the relationship or influence between two or more variables [16]. Quantitative research, rooted in positivist philosophy, involves examining specific populations or samples using research instruments, with statistical techniques employed to test predetermined hypotheses [15]. In the context of associative research, the research seeks to determine the relationships among variables in a structured

manner [14], [16]. Accordingly, this study examines the relationship between Firm Growth (X1), Retained Earnings (X2), and Institutional Ownership (X3) on Bond Ratings (Y).

The study relies on secondary data derived from the annual financial reports of financial institutions listed on the Indonesia Stock Exchange (IDX). All data were collected through the IDX's official website, [www.idx.co.id](http://www.idx.co.id), covering the period from 2020 to 2024. These data are categorized as secondary because they originate from information that has been previously compiled, published, and made publicly accessible by the respective listed companies. Using secondary data allows the research to analyze factual historical records that accurately reflect company performance, thereby supporting objective measurement of the variables under investigation.

### **2.2. Data Collection Methods**

The population in this study consists of non-financial institutions listed on the Indonesia Stock Exchange (IDX) and rated by PT Pemeringkatan Indonesia during the 2020–2024 period. A population refers to the entire group of individuals or units that possess specific characteristics and meet predetermined criteria established by the researcher [17]. The sample in this study was selected using a non-probability sampling technique, which does not provide equal opportunities for each element of the population to be chosen as a sample [15]. Specifically, purposive sampling was employed, a method in which samples are selected based on certain considerations [14]. The sampling criteria include:

- a. banking companies rated by PEFINDO during 2020–2024,
- b. banking companies not registered or listed as issuers on the Indonesia Stock Exchange, and
- c. banking companies not consistently rated by PEFINDO throughout 2020–2024.

Based on these criteria, the study obtained 85 observations consisting of 17 banking companies rated by PT PEFINDO and listed on the Indonesia Stock Exchange during the 2020–2024 period.

This study employs secondary data obtained through library research and documentation. Data collection was conducted by reviewing, analyzing, and comparing relevant literature—including textbooks, academic journals, magazine articles, and other credible references—to establish a strong theoretical foundation. In addition, a documentation strategy was used to gather research data by identifying, collecting, and examining necessary documents, specifically audited annual financial statements, which serve as the primary secondary data source. All secondary data were derived from the financial reports of financial

institutions rated by PT PEFINDO and listed on the Indonesia Stock Exchange during the 2020–2024 period, accessed through the official IDX website at [www.idx.co.id](http://www.idx.co.id).

### 3. Result and Discussion

#### 3.1. Descriptive Statistical Analysis Results

Based on the descriptive statistical analysis presented in Table 2, the first independent variable, Asset Growth (X1), exhibits a minimum value of -0.14, a maximum value of 3.60, an average (mean) value of 0.1235, and a standard deviation of 0.39389. The negative minimum value indicates that some firms experienced a decline in assets during certain periods, while the relatively high maximum value reflects the presence of firms with substantial asset expansion. The positive mean suggests that, overall, the firms in the sample demonstrated asset growth, although the considerable standard deviation highlights substantial variability among firms in their ability to increase assets. This variation illustrates the diverse financial capacities and growth strategies implemented across companies within the sample.

Table 2. Descriptive Statistical Analysis Results

	N	Minimum	Maximum	Mean	Std. Deviation
Asset Growth	85	-0.14	3.60	0.1235	0.39389
Profit Balance	85	0.01	0.36	0.0989	0.07859
Institutional Ownership	85	0.00	0.99	0.6628	0.30300
Bond Rating	85	0.00	1.00	0.8824	0.32410
Valid N (listwise)	85				

The second independent variable, Retained Earnings (X2), shows a minimum value of 0.01, a maximum value of 0.36, a mean value of 0.0989, and a standard deviation of 0.07859. These values indicate that, in general, the companies in the sample maintain relatively low retained earnings. The narrow range between the minimum and maximum values suggests only modest differences in retained earnings across firms, implying that variations in internal financing capacity are not widely dispersed. Additionally, the relatively small standard deviation signals a high degree of homogeneity, meaning the retained earnings of most companies cluster closely around the mean, with limited deviation.

For the third independent variable, Institutional Ownership (X3), the minimum value recorded is 0.00, while the maximum reaches 0.99, accompanied by a mean value of 0.6628 and a standard deviation of 0.30300. These values demonstrate a wide disparity in the extent of institutional ownership across firms, with some companies having no institutional investors at all, while others have nearly full institutional ownership. The relatively high mean value signifies those institutional investors generally hold a dominant share in most firms within the sample, implying strong

external monitoring and governance influence. The substantial standard deviation further indicates considerable variation between companies with low and high levels of institutional ownership.

Meanwhile, the dependent variable, Bond Rating (Y), presents a minimum value of 0.00, a maximum of 1.00, a mean of 0.8824, and a standard deviation of 0.32410. The mean value—which approaches 1—suggests that most firms in the sample hold favorable bond ratings or fall within the investment-grade category, reflecting strong confidence from rating agencies in their financial credibility. The moderate standard deviation implies some variability in rating distribution across the firms, although the majority remain concentrated within the high-rating category.

#### 3.2. Hosmer-Lemeshow

The results of the Hosmer-Lemeshow test show that the significance value (Sig.) obtained is 0.285, with Chi-square 8.572 and df 7. This value is greater than the significance level used ( $\alpha = 0.05$ ). Therefore, the results indicate that there is no significant difference between the observed data and the data predicted by the logistic regression model, meaning the model demonstrates a good level of fit to the data. The findings also indicate that the null hypothesis ( $H_0$ ), which states that the model fits the data, is accepted, while the alternative hypothesis ( $H_1$ ), which states that the model does not fit the data, is rejected. Thus, it can be concluded that the logistic regression model used in this study is appropriate for further analysis, as it meets the model feasibility criteria based on the Hosmer-Lemeshow test.

#### 3.3. Model Fit

Based on Table 3 regarding the Overall Model Fit test, it can be observed that the comparison between the two values shows that the -2 Log Likelihood = 0 has a higher value than the -2 Log Likelihood = 1, with a decrease of  $-2(L_0 - L_1) = 22.453$ . This result indicates an improvement in model fit after the independent variables were included in the logistic regression equation.

Table 3. Overall Model Fit test

Overall model fit (-2LogL)	Value
-2 Log likelihood = 0	84.478
-2 Log likelihood = 1	62.025

Referring to the Chi-square ( $\chi^2$ ) value at a significance level of  $\alpha = 5\%$  with degrees of freedom ( $p = 3$ ), the  $\chi^2$  table value is 7.815. Since  $-2(L_0 - L_1) > \chi^2$  table,  $H_0$  is rejected and  $H_1$  is accepted, meaning that the constructed logistic regression model is statistically significant. Thus, it can be concluded that the independent variables—Asset Growth, Retained Earnings, and Institutional Ownership—significantly affect Bond Ratings. To verify this further, individual testing of each variable will be conducted.

3.4. Coefficient of Determination

Based on Table 4 regarding the analysis of the coefficient of determination, the Nagelkerke R Square ( $R^2$ ) value is 0.401. This indicates that the independent variables—Asset Growth, Retained Earnings, and Institutional Ownership—are able to explain 40.1% of the variation in the Bond Rating variable. The remaining 59.9% is influenced by other factors outside the variables used in this study.

Table 4. Coefficient of Determination

Step	-2 Log likelihood	Cox & Snell $R^2$	Nagelkerke $R^2R$
1	62.025 <sup>a</sup>	0.292	0.401

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

The probability value for the Cross-section F test is 0.0000, and the probability value for the Cross-section Chi-square test is also 0.0000. Since both probability values are smaller than the significance level of 0.05, the decision is to reject  $H_0$  and accept  $H_1$ . Therefore, the most appropriate panel data regression model to be used is the Fixed Effect Model (FEM), rather than the Common Effect Model (CEM).

3.5. Simultaneous Hypothesis Testing

Based on Table 5 regarding the simultaneous hypothesis test, the significance value obtained is 0.000, which is less than 0.05. Therefore, the research

Table 6. Partial Hypothesis Test

		Variables in the Equation					95% C.I. for EXP(B)		
		B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1 <sup>a</sup>	Asset Growth	-0.695	2.820	0.061	1	0.805	0.499	0.002	125.575
	Profit Balance	5.295	2.582	4.206	1	0.040	199.239	1.264	31401.962
	Institutional Ownership	-3.495	1.542	5.138	1	0.023	0.030	0.001	0.623
	Constant	-1.074	1.321	0.661	1	0.416	0.342		

a. Variable(s) entered on step 1: Asset Growth, Profit Balance, Institutional Ownership

Testing Criteria:

- a. Reject  $H_0$  and accept  $H_1$  if  $p\text{-value} \leq 0.05$ ;
- b. Accept  $H_0$  and reject  $H_1$  if  $p\text{-value} > 0.05$ .

In contrast, the Retained Earnings variable demonstrates a significance value of 0.040, which is below the 0.05 threshold. This result supports the rejection of  $H_0$  and acceptance of  $H_1$ , indicating that Retained Earnings significantly influence Bond Ratings. The Exp(B) value of 199.239 suggests a strong positive effect, implying that higher retained earnings substantially increase the likelihood of obtaining higher bond ratings. The narrow lower bound of the confidence interval also reinforces the reliability of this effect.

Meanwhile, the Institutional Ownership variable yields a significance value of 0.023, confirming that it also has a significant effect on Bond Ratings, as  $H_0$  is rejected and  $H_1$  is accepted. The negative coefficient

hypothesis rejects  $H_0$  and accepts  $H_1$ , indicating that Asset Growth, Retained Earnings, and Institutional Ownership simultaneously have a significant effect on Bond Ratings.

Table 5. Simultaneous Hypothesis Test - Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	22.448	3	0.000
	Block	22.448	3	0.000
	Model	22.448	3	0.000

Testing criteria:

- a. Reject  $H_0$  and accept  $H_1$  if  $p\text{-value} \leq 0.05$ ; or
- b. Accept  $H_0$  and reject  $H_1$  if  $p\text{-value} > 0.05$ .

3.6. Partial Hypothesis Testing

The partial hypothesis testing results on Table 6 show that the Asset Growth variable has a significance value of 0.805, which exceeds the threshold of 0.05. Based on the testing criteria, this indicates that  $H_0$  is accepted and  $H_1$  is rejected, meaning Asset Growth does not have a significant effect on Bond Ratings. The coefficient value also suggests that Asset Growth contributes minimally to changes in the dependent variable, and the wide confidence interval reflects a high degree of variability, further reinforcing the insignificance of this predictor within the model.

indicates an inverse relationship, where higher institutional ownership may reduce the probability of achieving higher bond ratings. Although the Exp(B) value is relatively small, the statistical significance shows that institutional ownership plays a meaningful role in influencing bond rating outcomes. Overall, these partial tests highlight that Retained Earnings and Institutional Ownership are significant predictors, while Asset Growth is not.

3.7. Influence of Firm Growth on Bond Ratings of Banking Companies Rated by PT PEFINDO

The results of the partial (t) test show that the Asset Growth variable has a significance value of 0.161, which exceeds the  $\alpha$  significance level of 0.05 (5%). Accordingly,  $H_0$  is accepted and  $H_1$  is rejected, indicating that Asset Growth does not have a significant effect on Bond Ratings. This finding suggests that the firm's asset growth rate is not

sufficiently influential to affect the evaluation conducted by bond rating agencies.

This result is inconsistent with the findings of researchers who report that firm growth has a significant effect on bond ratings [18]. That study explains that firm growth reflects a company's ability to expand operations, enhance its operational capacity, and increase the assets used in its business activities, thereby providing a positive signal to investors and rating agencies. High growth is perceived as an indication of strong business prospects and lower default risk, which in turn may lead to higher bond ratings. In contrast, the findings of the present study indicate that asset growth does not significantly influence the assessment of rating agencies, suggesting that growth, in this context, does not adequately reflect the financial stability or capability emphasized by bond rating institutions.

### 3.8. Influence of Retained Earnings on Bond Ratings of Banking Companies Rated by PT PEFINDO

The results of the partial (t) test demonstrate that the Retained Earnings variable has a significance value of 0.009, which is below the  $\alpha$  significance level of 0.05 (5%). Therefore,  $H_0$  is rejected and  $H_1$  is accepted, leading to the conclusion that Retained Earnings have a significant effect on Bond Ratings. This finding indicates that higher retained earnings serve as a positive signal for bond rating agencies, as the accumulated profits reflect the company's ability to generate income and maintain financial stability.

This result contradicts the findings of certain researcher, who argue that retained earnings do not have a significant effect on bond ratings [6]. Their study highlights that retained earnings, which represent accumulated internal capital, are not considered a primary determinant in bond quality assessments, as rating agencies place greater emphasis on factors reflecting financial stability and long-term debt-servicing capacity. The divergence in findings suggests that the influence of retained earnings on bond ratings may vary depending on each firm's financial characteristics and the extent to which rating agencies consider retained profits as an indicator of stability and long-term financial capability.

### 3.9. Influence of Institutional Ownership on Bond Ratings of Banking Companies Rated by PT PEFINDO

Institutional ownership is the proportion of a company's shares held by external institutions, such as insurance companies, investment institutions, pension funds, banks, and other organizations [19]. The partial (t) test results indicate that the Institutional Ownership variable has a significance value of 0.627, which is greater than the  $\alpha$  significance level of 0.05 (5%). Consequently,  $H_0$  is accepted and  $H_1$  is rejected, leading to the conclusion that Institutional Ownership

does not have a significant effect on Bond Ratings. This finding suggests that the proportion of institutional ownership does not exert a meaningful influence on the assessments made by bond rating agencies, as institutional ownership alone does not necessarily reflect effective monitoring or the overall quality of corporate governance.

This result contradicts the findings from certain research, which report that institutional ownership significantly affects bond ratings [13]. That study argues that a higher proportion of institutional investors can strengthen monitoring mechanisms, as institutional investors generally possess the expertise, resources, and incentives to conduct effective oversight. Enhanced monitoring is believed to foster stronger corporate governance, improve financial performance, and reduce default risk, thereby sending positive signals to rating agencies. Thus, their findings suggest that institutional ownership can function as a factor that enhances a company's credibility in the eyes of bond assessors.

The presence of institutional ownership has the potential to strengthen monitoring mechanisms over managerial performance. The improvement in monitoring quality indicates that the company has implemented good governance practices, thereby influencing the process of preparing integrated financial reports. Consequently, the reports produced tend to have higher quality and align with the principles of Corporate Governance [20].

## 4. Conclusion

Based on the findings of this study regarding the influence of Firm Growth, Retained Earnings, and Institutional Ownership on Bond Ratings of banking companies rated by PT PEFINDO, it can be concluded that firm growth does not exert a significant effect on bond ratings, as the expansion of company assets has not provided a sufficiently strong signal for rating agencies in assessing the firm's long-term debt-servicing capability. In contrast, retained earnings demonstrate a significant influence on bond ratings, indicating that accumulated profits reflect the company's internal financial strength, earnings stability, and overall ability to sustain its operations, thereby sending a positive signal to bond rating agencies. Meanwhile, institutional ownership is found to have no significant effect on bond ratings, suggesting that the proportion of shares held by institutional investors does not adequately represent the effectiveness of managerial monitoring or the quality of corporate governance considered relevant by rating agencies. Nevertheless, when the three variables are examined simultaneously, the results reveal that firm growth, retained earnings, and institutional ownership collectively exert a significant effect on bond ratings, implying that these variables jointly contribute to illustrating a company's financial condition,

operational stability, and governance structure. Therefore, it can be emphasized that these three factors provide complementary contributions in influencing bond ratings when assessed simultaneously, making an integrated understanding of firm growth, retained earnings, and institutional ownership crucial for corporate management and stakeholders in evaluating credit quality, default risk, and the financial stability of banking institutions.

## References

- [1] Azizah, E. L., Hidayati, A. N., & Fuadilah Habib, M. A. (2022). Pengaruh likuiditas, profitabilitas, produktivitas dan leverage terhadap peringkat obligasi pada PT Waskita Karya (Persero) Tbk yang terdaftar di PEFINDO tahun 2014–2021. *Fidusia: Jurnal Keuangan dan Perbankan*, 5(2), 159–169. <https://doi.org/10.24127/jf.v5i2.1000>
- [2] Spence, M. (1973). Job market signaling. *The Quarterly Journal of Economics*, 87(3), 355–374. <https://doi.org/10.2307/1882010>
- [3] Pradnyawati, S. O., & Widhiastuti, N. L. H. (2022). Faktor-Faktor Keuangan dan Peringkat Obligasi. *Accounting Profession Journal (APAJI)*, 4(1).
- [4] Wahyuningsih, M., Utami, W., Kurniasih, A., & Endri, E. (2025). Green bond yield determinants in Indonesia: The moderating role of bond ratings. *Journal of Risk and Financial Management*, 18(4). <https://doi.org/10.3390/jrfm18040210>
- [5] Manalu, A., & Silalahi, D. (2023). Pengaruh struktur modal, profitabilitas, likuiditas dan aktivitas terhadap peringkat obligasi perusahaan swasta non keuangan yang diperingkat PT Pefindo tahun 2017–2021. *KUKIMA: Kumpulan Karya Ilmiah Manajemen*, 2(1), 12–21. <https://doi.org/10.54367/kukima.v2i1.2753>
- [6] Hakim, L., & Putra, T. (2019). Obligasi pada perusahaan real estate yang terdaftar di Bursa Efek Indonesia. *Jurnal Akuntansi Syariah*, 3(1), 37–47. <https://doi.org/10.46367/jas.v3i1.161>
- [7] Fikriyah, S. H., & Wiyanti, R. (2024). The influence of company growth and collateral on bond ratings. *EAJ (Economic and Accounting Journal)*, 7(2), 134–145.
- [8] Mursidah, M., Bustam, M., & Syar, A. (2025). Pengaruh umur obligasi dan pertumbuhan perusahaan terhadap peringkat obligasi pada sektor keuangan yang terdaftar di Bursa Efek Indonesia tahun 2020–2022. *Journal on Education*, 7(2), 11300–11313. <http://jonedu.org/index.php/joe>
- [9] Indriyanti, D., Novianti, R. A., Rizkia, A., & Nofriyanti. (2020). Pengaruh pertumbuhan perusahaan dan umur obligasi terhadap peringkat obligasi. *Jurnal Akuntansi Keuangan*, 1(1), 21–30.
- [10] Kepramareni, P., Pradnyawati, S. O., & Pratiwi, M. A. R. (2021). Laba Ditahan, Laba Operasi, Aliran Kas Operasi, Leverage, Profitabilitas Dan Pengaruhnya Pada Peringkat Obligasi. *Wacana Ekonomi (Jurnal Ekonomi, Bisnis dan Akuntansi)*, 20(1), 28–37. <https://doi.org/10.22225/we.20.1.3158.28-37>
- [11] Wijaya, R. (2019). Pengaruh Karakteristik Perusahaan, Karakteristik Obligasi, Reputasi Auditor Terhadap Peringkat Obligasi. *Jurnal Akuntansi Bisnis*, 17(2), 114–130.
- [12] Kristanti, F. T., Fitriyani, H., & Krisnawati, A. (2024). Dynamic panel data analysis of the impact of governance on bank capital structure in Indonesia. *Banks and Bank Systems*, 19(2), 199. [https://doi.org/10.21511/bbs.19\(2\).2024.16](https://doi.org/10.21511/bbs.19(2).2024.16)
- [13] Ismatuddini, I., Yunina, Y., Murhaban, M., & Yunita, N. A. (2023). Pengaruh kepemilikan institusional, manajemen laba, maturity, solvabilitas dan profitabilitas terhadap peringkat obligasi pada perusahaan non keuangan yang terdaftar di Bursa Efek Indonesia tahun 2018–2021. *Jurnal Akuntansi Malikussaleh (JAM)*, 2(1), 12. <https://doi.org/10.29103/jam.v2i1.8918>
- [14] Pasca, Y. D. (2020). Pengaruh Laba, Rasio Keuangan dan Corporate Governance Terhadap Peringkat Obligasi. *Syntax Literate*, 5(6), 209–220.
- [15] Sugiyono, S. (2020). *Metode penelitian kuantitatif, kualitatif, dan R&D*. Bandung: CV Alfabeta.
- [16] Ani, J., Lumanauw, B., & Tampenawas, J. (2022). Pengaruh citra merek, promosi dan kualitas layanan terhadap keputusan pembelian konsumen pada e-commerce Tokopedia di kota Manado. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*, 10(1), 663–674.
- [17] Maulita, D., Lestari, B. A. H., Purwanti, A., Veronica, A., Wicaksono, G., Purba, R., Mokhlas, M., Wahyudi, I., Alamsyah, R., & Ariyanto, A. (2022). *Metodologi Penelitian Akuntansi*. Global Eksekutif Teknologi.
- [18] Adell, A. G. Z. S., & Arifin, Z. (2022). Pengaruh Rasio Keuangan dan Maturity Terhadap Rating Obligasi pada Perusahaan yang Terdaftar di BEI. *Selekta Manajemen: Jurnal Mahasiswa Bisnis & Manajemen*, 1(1), 328–340.
- [19] Khaeria, N., & Kristanti, F. T. (2023). The impact of corporate governance and liquidity on financial distress with firm size as moderating variable. *Jurnal Manajemen Indonesia*, 23(2), 198–208. <https://doi.org/10.25124/jmi.v23i2.5916>
- [20] Hapsari, D. W., Qashash, V., & Manurung, D. T. (2019). Implikasi Corporate Governance dalam Pelaksanaan Integrated Reporting pada BUMN Nonkeuangan. *Jurnal Akuntansi Multiparadigma*, 10(3), 537–549. <https://doi.org/10.21776/ub.jamal.2019.10.3.31>