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-- Empirical analysis based on international financial firms

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Abstract: This article combs the international Financial company's environmental and social risk management reform process, and set up the relevant econometric model, empirical points analyzes the International Financial Company's environmental and social risk management of the role of its financial performance. based on long-term cointegration and error-correction model estimation knots Show,IFC Environment and social risk management have a significant positive effect on financial performance. Through an empirical analysis of international financial firms, the causes the domestic banking industry to recognize the concept of environmental and social risk management, so as to promote the further implementation of environmental and social risk management by domestic banks.

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1. INTRODUCTION

1956 year, IFC (IFC-) formally established, its OP Camp purpose is through encourages The growth of private enterprises , especially in less developed regions , to promote the private sector in developing countries and regions Sector development. Although part of the World Bank Group, the IFC more like is a "bank" rather than a public investment institution -- The investment of the IFC and will not be guaranteed by the Government, and it is entirely up to you to accept all investment risks, and derive profits from it. Therefore,theIFC establishes a comprehensive risk management system earlier through different financial tools and methods in practice in, integrate it into corporate culture, policy design, organizational architecture, management system, and talent training system, etc. rich experience in environmental and social risk management. Strong demandfor for overall risk management,IFC More than other multilateral finance to private sector Institutions are more focused on the sustainability of investments. The transformation of the concept of comprehensive risk management has resulted in a sustainable development framework of environmental and social risk management policies, performance standards with and related measures, for the the IFC opens the way to sustainable development for the article.

to break through years of academic and industry slogans on sustainable development The limitations of cognitive, this article explores environmental and social risk management.

How social risk management affects The relationship between the financial performance of IFC and the two . The evolution of environmental and social risk management in international financial companies The field of private investment begins to take environmental considerations into account at a later date than, and the perception of environmental issues over a longer period of time . stay in "environmental protection goes beyond the realm of business, just for governance" governing purposes ". Similarly, the focus of the IFC on environmental and social risks does not prevail in time. i century age end IFC Filtering Investments

projects are still the only criteria for financial indicators such as ROI; At this stage, there is no independent environment, social policy and process to pipe financing items, and there is no dedicated environmental management function post bit. Until 1989 year IFC Hired the first professional environmental assessment Division, formally opened the environmental concerns. After that, as the global scope concerns environmental and social issues and changes to the external regulatory environment ,IFC for environmental and social risk management, in terms of concept change, governance , internal function settings, specific management tools and measures The face has undergone a series of changes, culminating in the international financial sector with a prepares a leading sustainable development framework.

To actively seek to change the concept of sustainable development. IFC in practice , gradually aware of environmental and social risk audits for investment projects the check, which is actually a compliance requirement to standardize the project, is a risk-defensive approach that is moved by. 2001 Year Sustainable Development initiative, MarkIFC change in risk management philosophy;2006 Year sustainable development The formal introduction of the framework marks the supporting policy of sustainable development conceptpublished, and put into practice;: year IFC publishes the latest sustainable development Show framework. The framework is governed by environmental and social sustainable policies(description IFC How to be committed to the sustainable development of environment and society, Environment and Society performance Standard (stipulate customer responsibility for environmental and social risk management and roles) and Information disclosure policy (stipulation IFC The transparency and Accountability of in terms of quantity) is composed of. The core of the framework is the environmental and social eight performance standards for risk management, a performance standard that has become the best practice standard in the private, and also by the public investment sector Adopted by the, such as the European Development Finance Association.

in the process of continuous change and practice, IFC The best way for to realize that the goal of sustainable development and business purposes is to " spread and implement the private sector lending behavior in the business rules" IFC Resolve professional capabilities of environmental and social issues, thus being able to be in high-risk zones fields are profitable; add IFC added value for financial services, different from other financial institutions, motivating employees, retaining talent, eradicating poverty and helping private people Battalion development.

1.1 Research Methods

This article aims to explore IFC Environmental and social risk management with enterprise into long (financial performance) The relationship between the use of Autoregressive distributed hysteresis mode type (autoregressive Distributed Lag model , ardl) for analysis.

the measurement of the is the key and the difficulty of this paper. This Difficulty is a solution to the project evaluation system established by International Finance Corporation . IFC Standalone Evaluation Group (IEG) evaluates the development results of the company investment project in a timely and unbiased manner. IEG Live tracking and independent evaluation of development results at various stages of the project cycle, using the The index evaluates the Environmental and social performance of the project, and the resulting knot

Figure 1

Data Source: International Finance Corporation Annual report (2006-2014) and sustainable Development Report (2000-2005).

Figure 1 : International Financial Corporation environmental and social performance rating

1.2 IFC financial performance metrics. Currently, metrics that measure enterprise Financial performance can be grouped into two categories: market-class revenue indicators and --metric metrics. Among them, the market-type income index is mainly based on the transaction data of the capital market , reflecting the returns to the shareholders. If you use the market return metric to test the relationship between sustainable development and corporate financial performance, the must consider the issue of market effectiveness. If the enterprise is committed to the sustainable development of the show can indeed improve corporate financial performance, then about the Enterprise Commitment to sustainable information once delivered to an effective market when, the stock price of the enterprise should be changed quickly. Therefore, the market return as an indicator of corporate financial performance applies to the use of event research to divideanalysis of the impact of sustainable development on the financial performance of enterprises.

where CFP represents financial performance variables; ESG indicates environment and society risk metrics;control Variables represents a control variable; m,n , are CFP Maximum latency for and ESG .

ardl model by Pessalin and Shen (pesaran and Shin) in 1996 Year, is replicated in a series of research results. The presence of the ARDL model provides a utility for studying long-term relationships between variables . The advantage of this model is that, compared to the standard cointegration ,theardl model does not require the time series of each variable must be the same Order Rounding, even if the sample size is not stationary, you can use the ar-DL model to examine the long-term relationship between variables, and you can draw a consistent estimate results.

2. Data Sample

2.1. environmental and social risk metrics. Environmental and social risk management.

the company's business results, not just from the shareholder point of view. In addition, this article explores the long-term relationship between environmental and social risk management behavior and corporate financial performance , so this article uses accounting metrics to measure the Corporate financial performance. In many corporate financial indicators, according to Griffin and Mahon (Griffin and Mahon) Comb The related literature, This article selects the asset yield that reflects the profitability of the enterprise (ROA) The make is the primary financial indicator variable.

2.2 control variables. control variables are indispensable variables that can have an impact on the enterprise financial performance . This article chooses the take company size, capital "" debt yield as a control variable. Where total assets are logarithmic (ln- TA) represents IFC Company Rules modulo. Supported by the theory of scale effect, through, the influence of company size on the financial performance is positive. Assets debt yield (DTA) is a lever for enterprise to adjust financial management, is an important indicator of the state of the enterprise's assets and business. This text financial performance indicators and control variables can be from IFC Annual report.

3. Empirical analysis and results discussion

3.1 model validation and estimation First, for smoothness checking, This article uses ADF check.

Based on the unit root ADF Check, ROA,lnta, DTA3 when the sequence between is non-stationary, this article uses the Johansen validation seeks this

The cointegration relationship between the variables, and the results of the cointegration rank test indicate that The has a single, linearly independent cointegration vector, that is,a single.

Given the limited sample data, the regression after the different lag period The adjusted decision factor, AIC , SC guidelines, and so on, get the number of latencies as 3 , ardl modelestimate results for table 1 .

due to autoregressive distribution lag model (ardl) introduces The delay period of the solution release variable to the right of the equation, so you need to the residual sequence for the process is performed with the LM Check and the white ISO variance test, etc, Knot The results show that the residuals sequence does not have a variance and is not dependent on a fake Set (the result is table 2). Therefore, the above regression results are reliable.

3.2 Results Discussion first, based on the long-term cointegration relationship and the estimate of the error correction model

DESG Current and desg Latency period to Droa presents a significant negative effect; desg lag two period pair Droa render forward as with, but yes Unified meter Knot fruit and no show with; desg lag after three period to Droa the presents a significant positive effect. that is to say, in the long run, IFC Environmental and social risk management policies and implementation measures for their financial The performance of performance has a positive impact; however, the positive effect of the environment and social risk management on financial performance in the current and lag one or two period is not significant , and even has a negative effect, until the third phase of lag shows the Positive effect of on corporate financial performance. This result is easy to understand for, Environmental and social risk management, which consumes company resources, particularlythe is a specific project that will add a certain cost to the immediate benefit, which shows a negative effect on financial performance. Long-term and statement, implementation of environmental and social risk management, overall promotion IFC Wind Risk management capabilities, personnel specialization, and so on, improvements in these areasenhanced IFC operating "soft power", this "soft power" increase strong often takes a certain amount of time to accumulate, difficult in the short term economic benefits The shows that environmental and social risk management has a positive effect on the economy has a certain lag in time.

4. Summary

This article discusses the international finance public by the autoregressive distribution lag model The division implements a long-term relationship between environmental and social risk management and financial performance , and how the former affects the latter. through empirical analysis, it can be seen that the IFC Environment and society will have a positive impact on financial performance, and this kind of shadow The noise is significant, and these measures may increase costs in the short term, But in the long run, its management of its own enterprise, the training of its employees , and especially the help of the cooperative enterprise, are beneficial to its finance improved performance. In particular, international finance companies have invested more in the in developing countries, facing a complex range of complexities such as Complex investment environments, difficult project technology, and the need for to overcome difficulties. Environmental and social risks the establishment of management policies, the implementation of project finance success is essential to the management tool. In addition, the ongoing attempts and practices of environmental and social risk management tools have enabled IFC to stand out in the Global Financial institutions and to gain a good reputation. With international projects in the , the involvement of IFC is often used as a sign of a project's possible , which is the embodiment of its own brand value.

to sum up, environmental and social risk management increased from within and outside the region The competitiveness of international financial firms in global markets. Internally, build a deep professional foundation from, externally, establish a good brand image and to increase the value of the Company. International Financial Corporation's environmental and social risk management The Rationale covers a wide range of content, relevant measures and detailed specifications. The International Finance Corporation, with its special role in the environment and social risk management experience, has strong

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