

Abstract

This thesis investigates the impact of sustainable practices on the financial performance and operational efficiency of shipping firms, analyzing data from 43 publicly traded companies between 2016 and 2023. The study uses fixed effect and random effect to capture the relationship between sustainable practices on firm financial performance and operational efficiency. The study reveals a relationship between sustainability and financial outcomes: initially, higher Environmental Pillar Scores (EPS) correlate with improved Return on Assets (ROA), but this positive effect diminishes when accounting for time-specific factors, suggesting that the short-term costs of sustainability may offset immediate financial gains. Additionally, no significant effect was found between sustainability efforts and operational efficiency, as measured by the Cash-to-Cash Cycle (CCC). These findings imply that while sustainability is essential, its financial and operational benefits in the shipping industry may require a longer time to fully materialize.

Key Words: Environmental Pillar Score, Financial Performance, Shipping Industry, Operating Efficiency