

Abstract

The importance of credit ratings has become evident during the financial crisis of 2007–2009. Despite the accusations of inflated credit rating levels by regulators, the credit ratings' role on firms and other market participants is still considerable nowadays. Against this background, many elements of the interrelations between firms' strategies and corporate credit ratings are surprisingly ambiguous. The dissertation at hand contributes to the understanding of credit ratings' effects on relevant market players and to the ongoing academic discussion about how far strategic decision making and rating mechanisms are interrelated. This is achieved by a careful discussion of relevant literature as well as empirical analyses of both primary and secondary data along three chapters in its main body. Furthermore, new and profound insights provide a more accurate guidance for practitioners, too. In summary, findings in this research piece confirm the central role that rating mechanisms possess among companies and other market players. More specifically, a significant positive relationship between competitive strategy and corporate credit ratings is found. Next, firms which are considered more secure by credit rating agencies have stronger value effects in mergers and acquisitions (M&A) in line with M&A value theories compared to lower-rated counterparts. However, bidding firms apparently do not learn from previous acquisitions in the respect that they would pay a lower premium for targets. In addition, interviews are conducted to obtain a substantiated idea on how credit ratings are really used by managers. In turn, these results are compared to prevailing views in Academia. It is shown that scholars consider rating processes by credit rating agencies as less transparent than practitioners do. Moreover, unusual usages for credit ratings are discovered: Managers employ them as self-control mechanisms, for instance. With support of the aforementioned findings, a potential re-prioritization of the current credit rating research agenda might be triggered to closer align credit rating perceptions of Academia and the business world.