

Pengaruh political connections, corporate governance, dan blockholders ownership terhadap corporate cash holdings = The effect of political connections corporate governance and blockholders ownership to the corporate cash holdings

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Abstrak

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Penelitian ini bertujuan untuk mempelajari pengaruh political connections, corporate governance, dan blockholders ownership terhadap corporate cash holdings sebagai proxy dari agency problem. Penelitian dilakukan menggunakan data panel dari 141 data observasi pada periode 2005, 2008 dan 2011 di Indonesia. Political connections diukur menggunakan variabel dummy. Perusahaan diidentifikasi memiliki political connections apabila terdapat setidaknya satu pemegang saham besar atau top officers yang menjadi anggota parlemen, menteri, atau menjalin hubungan dekat dengan politikus terkemuka atau partai. Corporate governance diukur menggunakan Corporate Governance Index dari Indonesian Institute for Corporate Directorship. Blockholders ownership diukur menggunakan variabel continuous berupa jumlah kepemilikan saham serta menggunakan variabel dummy yang merupakan pengelompokan untuk kepemilikan blockholders rendah, moderat, dan tinggi. Hasil penelitian menunjukkan bahwa political connections dan corporate governance terbukti berpengaruh negatif signifikan terhadap corporate cash holdings. Keberadaan hubungan politis pada perusahaan dapat meminimalkan agency problem karena para politisi yang terlibat dalam perusahaan memanfaatkan jabatan dan kekuatan politiknya untuk keuntungan perusahaan. Penelitian ini juga memperkuat argumen bahwa implementasi corporate governance yang baik dapat meminimalkan agency problem dalam perusahaan. Blockholders ownership tidak terbukti signifikan berpengaruh terhadap corporate cash holdings baik secara linier maupun non linier. Hal ini dapat terjadi karena definisi blockholders yang kurang mencerminkan kepemilikan yang spesifik.

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ABSTRACT

The purpose of this study is to investigate the impact of political connections, corporate governance, and blockholders ownership on corporate cash holdings as a proxy of agency problems. The study was conducted using panel data from 141 firm year observation during 2005, 2008 and 2011 in Indonesia. Political connections are measured by using dummy variables. A company identified as politically connected firm if there is at least one large shareholder or top officers who are members of parliament, ministers, or a particularly close relationship with known politicians or parties. Corporate governance is measured using Corporate Governance Index. Blockholders ownership is measured by using a continuous variable (percentage of shares owned) and dummy variables (grouping of low, moderate, and high ownership). The results show that political connections and corporate governance have significant negative effect on corporate cash holdings. The existence of political relations in the company can

minimize firm's agency problems because the politicians involved in the company abusing their political power for firm's advantage. This study also reinforces argument that the implementation of good corporate governance can minimize firm's agency problems. The impact of blockholders ownership on corporate cash holdings both linear and non linear is not significantly proven.;The purpose of this study is to investigate the impact of political connections, corporate governance, and blockholders ownership on corporate cash holdings as a proxy of agency problems. The study was conducted using panel data from 141 firm year observation during 2005, 2008 and 2011 in Indonesia. Political connections are measured by using dummy variables. A company identified as politically connected firm if there is at least one large shareholder or top officers who are members of parliament, ministers, or a particularly close relationship with known politicians or parties. Corporate governance is measured using Corporate Governance Index. Blockholders ownership is measured by using a continuous variable (percentage of shares owned) and dummy variables (grouping of low, moderate, and high ownership). The results show that political connections and corporate governance have significant negative effect on corporate cash holdings. The existence of political relations in the company can minimize firm's agency problems because the politicians involved in the company abusing their political power for firm's advantage. This study also reinforces argument that the implementation of good corporate governance can minimize firm's agency problems. The impact of blockholders ownership on corporate cash holdings both linear and non linear is not significantly proven.;The purpose of this study is to investigate the impact of political connections, corporate governance, and blockholders ownership on corporate cash holdings as a proxy of agency problems. The study was conducted using panel data from 141 firm year observation during 2005, 2008 and 2011 in Indonesia. Political connections are measured by using dummy variables. A company identified as politically connected firm if there is at least one large shareholder or top officers who are members of parliament, ministers, or a particularly close relationship with known politicians or parties. Corporate governance is measured using Corporate Governance Index. Blockholders ownership is measured by using a continuous variable (percentage of shares owned) and dummy variables (grouping of low, moderate, and high ownership). The results show that political connections and corporate governance have significant negative effect on corporate cash holdings. The existence of political relations in the company can minimize firm's agency problems because the politicians involved in the company abusing their political power for firm's advantage. This study also reinforces argument that the implementation of good corporate governance can minimize firm's agency problems. The impact of blockholders ownership on corporate cash holdings both linear and non linear is not significantly proven.;The purpose of this study is to investigate the impact of political connections,

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