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主　論　文　の　要　旨

論文題目

Empirical Study of the Relationships between Ownership Structure, Corporate Governance Compliance, and Firm Performance in Indonesia: A Mixed-method Analysis
(Translation of Title *If any)

インドネシアにおける企業所有構造、企業統治の遵守、企業業績の関係に関する実証的研究：複合的方法による分析

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論　文　内　容　の　要　旨

Please write a summary corresponding to the structure of your dissertation.

The objectives of the dissertation are to evaluate the influence of corporate governance compliance and mechanism on firm performance and determinants of corporate governance compliance in the Indonesian market from the outlook of agency theory, stakeholder theory, and resource dependence theory. This dissertation analyzed the impacts of firm ownerships and family controls on performance over two observation periods based on datasets of 135 companies listed in the Indonesia Stock Exchanges (ISX).

The purpose of the first analytical chapter, Chapter 3, was to examine whether the impact of family control and shares ownerships on firm financial performance during the observation periods (2003-2013) and the adoption of good corporate governance (CG) provisions are significant. In this chapter, the reader can find information that non-family firms are older, bigger-sized firms than the family run firms. Non-family firms, also have larger boards size in particular. On the other note, both types of firms (family firm and non-family firm) have comparable financial characteristics (e.g., asset turnover, sales growth, leverage, and operating expenses), including the size of independent directors and commissioners. Chapter 3 revealed that family ownerships had significant effect on firm performance through the use of 10% ownerships level, while the positive influence of the founders' leaderships (the first family generation) were diminished in the after crisis period (2009-2013). Chapter 3 argued that these results are mainly influenced by the minority shareholders entrenchment, combined with the weak CG implementation in the country and poor market transparency. To conclude, these findings can be viewed as an empirical example of the principal-principal problem (agency conflict 2) when the large shareholders in the firm deteriorate minority shareowners' wealth in a poor corporate governance environment.

Next, Chapter 4 expanded previous hypotheses tested in Chapter 3. In this chapter, the dissertation aimed to discover a positive link between high corporate governance compliance with financial performance. Corporate governance compliance was measured by constructing 15 corporate governance provisions as corporate governance sub-indexes. Each sub-indexes will get score "1" if the firm complies with the provision, and "0" otherwise. The total score from the 15 sub-indexes was then accumulated and divided by the total number of the sub-indexes to get an aggregate score. The aggregate score will be referred to as the Indonesia Corporate Governance Index (ICGI). ICGI and sub-indexes are tested with the OLS and GMM estimator to find any evidence of relationships between governance and higher firm performance.

This dissertation found that corporate governance compliance, or the ICGI, influences firm financial performance. The dissertation also separately tested the sub-indexes and found that five sub-index have significant impacts on a firm's annual Tobin's: (1) whistleblower protection, (2) employee stock ownerships, (3) quality audit, (4) board of directors size, and (5) block holders. With five sub-indices measurements being actively implemented, the panel data results supported previous studies that find a significant influence of firm-level corporate governance compliance on firm performance. There was sufficient evidence to ascertain that the level of corporate governance was quite effective in predicting firm values in this study, particularly those corporate governance provisions that have significant influences on performance. However, it is also clear that the levels of compliance are still in the very early phase of development as the average governance score is still below 50%. Following findings from previous literature, the author argued that this weak governance might be influenced by (1) concentrated ownerships in the hands of a controlling family, (2) poor legal enforcement, and (3) an ineffective corporate governance awareness program introduced by the market regulators.

In the context of Indonesia, this dissertation also revealed that the active and self-regulated governance practices are valued by the market and, in the end, would bring positive impacts to the financial performance of firms. In light of the country's poor governance quality, this dissertation was consistent with previous studies which posit that in countries where investor protection and institutional settings are weak, firms have an opportunity to utilize good governance implementation as a means to differentiate their institutions and give a positive message to the key stakeholders.

Chapter 5 aimed to find key firm's characteristics which determine high or poor governance compliance. The incidence of corporate failures and economic crisis in the past decades possibly was the major reason for the emergence phenomenon of corporate governance practices in the corporate world. Scholars and corporations have seen corporate governance as the effective mechanism to restore confidence and trust from the market and key stakeholders. The purpose of Chapter 5 was to present empirical findings on the determinants of firms' corporate governance compliance in the context of emerging Indonesian market. The logistic regression model has been chosen since the tested dependent variables are dichotomous or binary variables. Chapter 5 undertook two tests to observe the determinants of firm-level corporate governance compliance: (1) determinants of the Indonesian Corporate Governance Index (ICGI), and (2) determinants of corporate governance compliance in the two firm institutional settings, family, and non family ones. The composite governance index or the ICGI of this chapter is constructed using fifteen corporate governance provisions that have been tested in Chapter 4.

Empirical results from the present study show that firm size and performance affect corporate governance practices significantly and non-family business have better compliance compared to family firms. This suggests that corporate governance issues in family-controlled firms are becoming more vital, thus, the actual adoption should be reflected in broad spectrum and substance and not just a regular “tick-box” activity. Family firms have to make serious efforts to be more consistent in their governance practice as the trend is expected to continue in the near future, thanks to pressures and demands for good governance and transparency. In conclusion, results of this dissertation support theoretical arguments that concentrated ownerships and excessive control by the majority shareholders are central in determining the likelihood of good governance practices by the firms; in the meantime, the market and regulators should find effective ways to encourage and reward better compliance.

The final analytical chapter of the dissertation, Chapter 6, was conducted using a qualitative approach. The focus of this chapter is the adoption of corporate governance legislations in developing market by using the case of Indonesia. Chapter 6 has two main objectives. First, it intended to answer the questions concerning the main barriers and drawbacks to better governance and fully functioning financial market regulator in the Indonesian firms. Secondly, in the chapter the reader was given the basic ideas on the history of corporate governance implementation in Indonesia since early 2000s, including the analysis of the challenges and the main transformation that should be made to compete with the other key players from Asian countries.

By exploring corporate documents and examining relevant legislation and extensive literature review, the dissertation finds interesting findings of the corporate governance practices by the Indonesian firms. The dissertation finds that, like many other Asian emerging economies, Indonesia’s challenges in attaining high compliance and effective market enforcement are influenced by: (1) concentrated ownership in the hand of the firm’s founder, (2) agency conflicts as a results of the controlling shareholders in the firm's board and management, (3) limited power and ineffective work of the financial market regulator, and (4) weak legal enforcement and legal deficiencies. For that reason, these findings confirm the thesis that: (1) the current state of the Indonesian governance practices by the public listed firms and the enforcement are still far from excellent as reflected by the latest corporate governance studies and ratings, and (2) code and regulations exist but are not sufficiently effective to deliver immediate benefits to the firms and stakeholders.