

ABSTRACT

CORPORATE SOCIAL RESPONSIBILITY, POLITICAL CONNECTION, BLOCKHOLDER OWNERSHIP STRUCTURE AND CORRUPTION RISK : GLOBAL PERSPECTIVE

The world polemic in the form of corruption does not only occur in the public sector or involves state assets, but corruption also occurs in the corporate sector. This encourages the conduct of this research with the aim of knowing and analyzing the influence of corporate social responsibility, political connections, and share ownership structures on the risk of corruption on a global scale. The research sample used was a list of the largest and multinational companies listed in the 2014 and 2016 Transparency International reports. The sample selection method used in this study was purposive sampling. The statistical data processing tool in this study was the Smart PLS 3 with the PLS Algorithm and Bootstrapping tests. The research proxy for the risk variable for corruption is the corruption risk score which is difference between score 10 minus and transparency index from Transparency International. The transparency index value has a statement that is inversely proportional to the risk of corruption, that is, the higher the transparency index value, the lower the risk of corruption and vice versa.

The results showed that: 1) corporate social responsibility has a negative effect on the risk of corruption, 2) political connections have a positive effect on the risk of corruption, and 3) controlled share ownership structure has a positive effect on the risk of corruption. The implication of this research is as a basis for evaluating company policies and decision making by management (agent), principal, and stakeholders regarding corporate social responsibility, political connections and blockholder ownership of the risk of corruption in multinational companies globally. All parties need to improve effective and efficient control and evaluation of activities related to CSR, political connections and blockholder ownership to minimize the risk of corruption.

Keyword : Corporate Social Responsibility, Political Connection, Blockholder Ownership, and Corruption Risk (Transparency Index)