

Table of Contents

| | |
|------------------------------------------------------------------------|-----------|
| Title Page | i |
| Statement Of Originality | iii |
| Preface | iv |
| List of Tables..... | ix |
| List of Figures | xi |
| List of Appendices | xii |
| Abstract..... | xiii |
| CHAPTER I INTRODUCTION | 1 |
| 1.1 Background | 1 |
| 1.2 Problem Statement..... | 5 |
| 1.3 Research Questions | 7 |
| 1.4 Research Objectives | 8 |
| 1.5 Contributions of the Study | 8 |
| 1.6 Motivation of the Study..... | 10 |
| 1.7 Scope and Limitation | 10 |
| 1.8 Organization of the Thesis | 11 |
| CHAPTER II THEORETICAL BACKGROUND AND LITERATURE REVIEW | 14 |
| 2.1 Theoretical Background..... | 14 |
| 2.1.1 Capital Market and Semi-Strong Market Efficiency..... | 14 |
| 2.1.2 Event Studies: Identification Logic and Window Design..... | 16 |
| 2.1.3 Agency Theory and Governance Challenges in SOEs | 18 |
| 2.1.4 Signaling Theory and Governance Signals in SOEs..... | 20 |
| 2.1.5 Political Risk / Policy Uncertainty Channel..... | 23 |
| 2.2 Empirical Literature | 26 |
| 2.2.1 Short-Window Market Reaction Evidence | 26 |
| 2.2.2 Post news announcement Risk-Adjusted Performance Evidence | 28 |
| 2.2.3 Evidence on SOEs/State Ownership, SWFs, and Reform Contexts..... | 30 |
| 2.3 Conceptual Framework..... | 35 |
| 2.4 Hypotheses Development | 36 |
| CHAPTER III DATA AND METHODOLOGY | 39 |
| 3.1 Research Design and Empirical Strategy..... | 39 |
| 3.1.1 Overview of Research Design and Hypothesis Structure | 40 |
| 3.1.2 Event Definition (Day 0) and Event-Time Indexing..... | 41 |
| 3.1.3 Event Window..... | 42 |
| 3.1.4 Econometric Specifications | 42 |
| 3.2 Sample Construction and Matching Strategy | 45 |

| | | |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------|-----|
| 3.2.1 | Treated Stocks and Grouping for Portfolio Tests | 46 |
| 3.2.2 | Matched Peers..... | 46 |
| 3.2.3 | Observation Horizons | 49 |
| 3.3 | Data Sources and Variable Construction | 49 |
| 3.3.1 | Closing Price Data and Daily Returns | 50 |
| 3.3.2 | Risk-Free Rate..... | 51 |
| 3.3.3 | Market Return and FF3 Factors..... | 52 |
| 3.3.4 | Excess Return Definitions..... | 52 |
| 3.3.5 | Portfolio Construction..... | 53 |
| 3.4 | Estimation and Inference | 54 |
| 3.4.1 | Estimation Procedure | 55 |
| 3.4.2 | Significance Level and Decision Rules (5%) | 55 |
| 3.4.3 | Reporting Structure for Chapter IV Linkage | 56 |
| CHAPTER IV RESULTS AND DISCUSSION | | 58 |
| 4.1 | Research Design and Empirical Strategy..... | 58 |
| 4.1.1 | Overview of Empirical Strategy and Hypothesis Mapping..... | 59 |
| 4.1.2 | Event-Time Construction and Window Definition..... | 63 |
| 4.1.3 | Portfolio Formation and Matched-Peer Construction..... | 64 |
| 4.1.4 | Descriptive Statistics and Correlation Structure..... | 65 |
| 4.1.5 | Rationale for Three Portfolio Tests | 68 |
| 4.1.6 | Event-time Price and Return Dynamics..... | 70 |
| 4.2 | Short-Window Results (Daily Portfolios): Market Benchmark - H1..... | 77 |
| 4.2.1 | Main SOEs portfolio vs IHSG | 77 |
| 4.2.2 | Pertamina subsidiaries portfolio vs IHSG | 80 |
| 4.2.3 | MIND subsidiaries portfolio vs IHSG | 82 |
| 4.2.4 | Synthesis for H1 | 84 |
| 4.3 | Short-Window Results (Daily Portfolios): Peer Benchmark - H3 | 86 |
| 4.3.1 | Main SOEs portfolio vs matched-peer portfolio..... | 87 |
| 4.3.2 | Pertamina subsidiaries portfolio vs matched-peer portfolio..... | 89 |
| 4.3.3 | MIND subsidiaries portfolio vs matched-peer portfolio..... | 92 |
| 4.3.4 | Synthesis for H3 | 94 |
| 4.4 | Post news announcement Results (Daily, One-Year): Risk-Adjusted Performance vs Market - H2 | 96 |
| 4.4.1 | Main SOEs Portfolio: Risk-Adjusted Performance vs IHSG | 97 |
| 4.4.2 | Pertamina Subsidiaries Portfolio: Risk-Adjusted Performance vs IHSG..... | 100 |
| 4.4.3 | MIND Subsidiaries Portfolio: Risk-Adjusted Performance vs IHSG | 103 |
| 4.4.4 | Synthesis for H2 | 106 |
| 4.5 | Post news announcement Results (Daily, One-Year): Risk-Adjusted Performance vs Matched Peers - H4..... | 108 |
| 4.5.1 | Main SOEs Portfolio vs Matched-Peer Portfolio..... | 109 |
| 4.5.2 | Pertamina Subsidiaries Portfolio vs Matched-Peer Portfolio | 112 |
| 4.5.3 | MIND Subsidiaries Portfolio vs Matched-Peer Portfolio | 115 |
| 4.5.4 | Synthesis for H4 | 118 |
| 4.6 | Summary of Hypotheses Findings (H1-H4) | 120 |
| 4.6.1 | H1 - Short-term event-window effect..... | 120 |
| 4.6.2 | H3 - Short-term differential effect | 121 |

| | | |
|---------------------------------------------|-------------------------------------------------------------------------|-----|
| 4.6.3 | H2 - Post news announcement abnormal risk-adjusted performance | 122 |
| 4.6.4 | H4 - Post news announcement abnormal performance relative to peers..... | 123 |
| 4.6.5 | Integrated interpretation across horizons | 124 |
| 4.6.6 | Summary Table | 125 |
| CHAPTER V CONCLUSION AND IMPLICATIONS | | 126 |
| 5.1 | Conclusions | 126 |
| 5.1.1 | Conclusion for H1 | 126 |
| 5.1.2 | Conclusion for H2 | 127 |
| 5.1.3 | Conclusion for H3 | 127 |
| 5.1.4 | Conclusion for H3 | 128 |
| 5.1.5 | Overall Conclusion Across Hypotheses | 129 |
| 5.2 | Implications | 129 |
| 5.2.1 | Policy and institutional implications..... | 129 |
| 5.2.2 | Implications for market participants..... | 131 |
| 5.2.3 | Managerial implications for SOEs and subsidiaries | 132 |
| 5.3 | Limitations and Future Research | 134 |
| 5.3.1 | imitations..... | 134 |
| 5.3.2 | Future research directions..... | 136 |
| BIBLIOGRAPHY | | 138 |
| APPENDICES | | 141 |