

THE IMPACT OF POLITICAL CONNECTIONS AND BUSINESS GROUPS ON CASH HOLDINGS

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ABSTRACT

Having political relations can affect the behavior of companies in terms of efficiency. One of the benefits of political relations of companies is their access to cash resources. These resources can be affected in companies that are members of the business group due to intra-group transactions. Accordingly, in this study, the impact of political connections and business groups on the level of cash holdings has been investigated. In this research, 118 companies listed on the Tehran Stock Exchange in the period 2014-2020 have been studied. To test the hypotheses, panel regression models were used. The research findings show that there is a positive relationship between political connections and the level of cash holdings and a significant negative relationship between dependence on business groups and the level of cash holdings.

KEYWORDS: *Political Connections, Business Groups, Cash Holdings.*

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