Wahana Riset Akuntansi, Vol. 11, No.1, pp. 1-10, 2023

WRA
Wahana Riset Akuntansi

The Role of Political Affiliation in Improving Company Performance: Evidence in Southeast Asian Countries

Albertus Henri Listyanto Nugroho

Received 13-02-2023
Revised 01-03-2023
Accepted 15-03-2023

Affiliation:
Universitas Kristen Duta Wacana, Yogyakarta, Indonesia.

***Correspondence:**
ahenrinugroho@staff.ukdw.ac.id

DOI:
10.24036/wra.v11i1.122143

How to cite:
Nugroho, Albertus Henri Listyanto. (2023). The role of political affiliation in improving company performance: Evidence in southeast asian countries. *Wahana Riset Akuntansi*. Vol. 11(1), pp. 1-10.

Abstract

Purpose – This study aims to determine the relationship between political affiliation and company performance. This research uses resource-based view theory to explain the phenomenon of political affiliation and company performance in the context of three developing countries in ASEAN.

Design/methodology/approach – The sample of this study covered three countries in Southeast Asia, namely Indonesia, Malaysia, and Thailand in the period 2010–2019 with a total of 3,744 observations. This study uses quantitative methods with Generalized Least Square (GLS) testing to ensure that the research model is the best linear unbiased estimation (BLUE).

Findings – The results show that political affiliation has a significant positive relationship with the company's performance in terms of profit margins. The company utilizes its external resources because internal resources have not significantly impacted amid economic uncertainty. This is done to ensure that the company gets business performance and sustainability.

Originality/value – This research provides updates of political affiliation in the context developing countries in ASEAN. Developing countries are attractive for this examination because companies in the region face economic uncertainties and tend to have lower-to-middle range income. Through these characteristics, companies are encouraged to utilize resources that can truly provide certainty of performance and business sustainability.

Research limitations/implications – First, the sample was limited to three countries in Southeast Asia so it can only capture phenomena with the same economic culture. Second, this research uses secondary data based on the company's financial statements.

Keywords: political affiliation, corporate performance, developing countries, economic uncertainty

Article Type: Research Paper

Introduction

This study aims to identify the role of political affiliation in improving company performance. This research takes the perspective of developing countries and a combination of resources-based view theory to explain the economic uncertainty of the future of developing countries. Thus, encouraging companies to utilize their external resources with political affiliations to produce good company performance.

Political activities always take place in every country. Stoker (2017) mentions that the political process that takes place in a country describes a democracy with the aim of power. Therefore, a large number of parties also have the desire to enter the world of politics. Through politics, various kinds of legislative policies can be adopted. This is inseparable from the policy-making process that is closely related to political considerations (Goldman, Rocholl, & So, 2009; Stoker, 2017). Y. Wang, Yao, and Kang (2019) and Hill and Varone (2021) for example, argued that the process of making public policy must go through a process that is drawn up through representatives in parliament considering public aspirations, and finally becomes a public policy that must be adhered to by all parties.

The company is one of the parties that bear the impact a policy enactment (Campbell, Heriot, Jauregui, & Mitchell, 2012; Hill & Varone, 2021). This is inseparable from business processes that must not be separated from its environment. in another sense, companies are obliged to comply with policies applied in the area. However, policies in a region can provide a convoluted administrative process and tend to hinder the company. Harrison and Rodríguez-Clare (2010) mention that the obstacles provided by a country can reduce investment interest in a country due to convoluted administrative regulations. Therefore, researchers argue that many companies can do several ways to facilitate existing policies in a region, one of which is by establishing connections with politicians. (Bertrand, Kramarz, Schoar, & Thesmar, 2018).

Obstruction of business processes can affect company performance (Guanmin, Xin, Xin, & Jianfei, 2009; Harrison & Rodríguez-Clare, 2010; Turkson, Addai, Chowdhury, & Mohammed, 2021). In fact, the assessment of the company at the end of the financial period is often carried out by stakeholders. The assessment is used to measure the company's performance, which can be seen through the financial statements published by the company (Delen, Kuzey, & Uyar, 2013; Lin, Jiang, Tang, & He, 2014). Many companies are driving their performance to be able to reach the maximum point. However, this is increasingly difficult with the characteristics of developing countries that have lower-to-middle range income (C. Wang & Lin, 2021) and face future economic uncertainty (Sumiyana, 2020; Sumiyana, Atmini, & Sugiri, 2019). With these characteristics, companies are encouraged to make maximum use of external resources through political affiliations to provide certainty of business processes that result in good company performance.

This research provides updates based on two points of view. First, this study analyzes the phenomenon in the context of countries in Southeast Asia, developing countries that have certain characteristics (Agénor & Montiel, 2015; Sumiyana, 2020; C. Wang & Lin, 2021). Previous research has mentioned the relationship between political affiliation and company performance (Azizah & Al Amin, 2020; Bertrand et al., 2018; Faccio, Masulis, & McConnell, 2006; Goldman et al., 2009; Ovtchinnikov & Pantaleoni, 2012; Sulistyowati & Prabowo, 2020). Furthermore, political affiliation is utilized by companies because it is still one of the assets that can be owned by the company. Nevertheless, to get a political affiliation it is necessary to incur considerable costs (Azizah & Al Amin, 2020; Bertrand et al., 2018; Sulistyowati & Prabowo, 2020). The researcher argued that although there are costs that need to be incurred by the company, these costs are not an obstacle because of the perspective of the benefits that will be obtained next.

Second, this research counteracts with the perspective of corporate resources through the theory of resources-based view. This research infers that political affiliation is a valuable resource, rare, difficult to imitate, and exclusive. So not all companies can have political affiliations. This research develops research Azizah and Al Amin (2020) and Sulistyowati and Prabowo (2020) by providing a new perspective, that although it requires large cost sacrifices, the company will continue to push for political affiliation due to long-term benefits amid uncertainty and lack of contribution from its internal resources.

This research contributes to the explanation of political affiliation in the context of developing countries in collaboration with resources-based view theory. The characteristics of developing countries that have economic uncertainty and lower-to-middle income encourage companies to utilize their external resources to achieve their goals. This research shows that the orientation to the company's performance encourages maximizing the role of external resources even at a large cost. In addition, this research contributes to aspects of corporate practice that can make positive use of political affiliation to achieve long-term goals.

Literature Review

Resources Based View (RBV) Theory

Barney (2001) mentioned that a company will be its best performance when it can make the most of the resources it has. The managerial framework that the company builds can utilize both internal and external resources for the life of the company continuously. The resource-based view theory becomes logical to discuss because it provides an explanation for the use of internal and external resources to achieve company goals (Barney, 2001; Wright, Dunford, & Snell, 2001). Studying more deeply, the resources owned must have specifications must be valuable, rare, difficult to imitate, and cannot be replaced (Barney & Arikan, 2005; Kraaijenbrink, Spender, & Groen, 2010). Looking at it from this perspective, the view of maximizing the company's resources is more widely used as one of the strategic managements to achieve competitive advantage (Wright et al., 2001). This research uses resources-based view theory to explain the relationship between political affiliation as one of the company's external resources in encouraging the improvement of company performance.

This research is based on resources-based view theory as an explanation of political affiliation. More specifically, researchers position political affiliation as one of the resources that companies can utilize to improve company performance. Azizah and Al Amin (2020) and Sulistyowati and Prabowo (2020) mentions that only some companies have political affiliations, due to the limited capacity of companies to build affiliates. That is, the political affiliation owned by the company becomes an external resource of value, scarce, difficult to imitate, and exclusive. So, to understand external resources because political affiliations are outside the company's organization but can still be used to increase the company's competitive advantage (Barney, 2001; Barney & Arikan, 2005; Wright et al., 2001).

Political affiliations

Political affiliation or political connection is often used to make the company run easier (Faccio et al., 2006; Goldman et al., 2009; Ovtchinnikov & Pantaleoni, 2012). Bertrand et al. (2018), Su and Fung (2013) and Y. Wang et al. (2019) mentioned that the company often places several political figures on the board of directors or commissioners of the company. The goal is to provide a view of ease in formulating company policies. The expected convenience is a logical consequence of the role of political figures in the company. Looking at other perspectives, political affiliation can be relationships built by placing corporate people in parties, governments, or parliaments (Bertrand et al., 2018; Faccio *et al*., 2006). Through these parties, the company expects reciprocal convenience in business processes. However, this study refers to the opinion of Goldman *et al*. (2009) and Ovtchinnikov and Pantaleoni (2012) which states that political affiliation can be created because there is financial support to the ruling government or a particular political party so this study argues that such financial support can make it easier for a company's business to run.

Previous research suggests that political affiliations can be formed when a company incurs certain costs to the government or political party (Goldman et al., 2009; Ovtchinnikov & Pantaleoni, 2012). In other words, the costs incurred are transactional costs that will help the company to simplify its business processes (Ovtchinnikov & Pantaleoni, 2012). However, there are differences in the findings, which suggest that the costs incurred by the company are considered too high, so that political affiliation does not occur (Azizah & Al Amin, 2020; Sulistyowati & Prabowo, 2020). This research provides the perspective that political affiliations built by companies are long-term, and companies have no other choice but to build political affiliations with comparable benefits.

Company Performance

Business processes are always faced with a wide variety of dynamic environments. The dynamic environment can be felt through changes in competitors, social, cultural, to political (Blocher, Stout, Juras, & Smith, 2019). With these various dynamics, companies are required to be able to survive in running their business. As explained by Lin et al. (2014), the performance of the company's financial statements is one of the measuring instruments used to assess the company's performance. Furthermore, investors will see from the company's performance process based on financial statements. Looking deeper, there are various types of financial statement performance that can be used to assess company performance. For example: profitability, liability, solvency, return on assets (ROA), return on investment (ROI), to profit margin (Delen et al., 2013). Researchers argue that companies will always drive their performance. In this context, various kinds of challenges that arise from the business environment are trying to be minimized. This is in accordance with the establishment of a company, that is, to get the maximum profit (Argiles & Slof, 2003). Looking at it from another point of view, to ensure the sustainability of its business, the company needs to improve its performance to get a positive response from investors.

Developing Countries

Researchers argue that the characteristics of developing countries influence corporate behavior. Agénor and Montiel (2015) mentions that developing countries have different characteristics from developed countries. First, developing countries have future economic uncertainty (Sumiyana, 2020; Sumiyana et al., 2019). This uncertainty indicates that the process of supporting the existing economy in developing countries is still very fragile, so it is very easy to get under global economic pressure (Oplatka, 2004). In other words, economic uncertainty and the fragility of the supporting factors in it encourage companies to adapt to these conditions.

Second, the majority of developing countries have lower middle incomes (C. Wang & Lin, 2021). Limitations in terms of revenue encourage the company to achieve its best performance, which will later affect the bonuses that will be obtained by the company's management. Looking at it from the other side, the company also encourages the achievement of investor expectations, thus maintaining the company's internal financial stability, especially at the payroll level. The perspective of developing countries becomes interesting. This is inseparable from the adaptation process carried out by the company, especially to overcome economic uncertainty and lower middle income through the resources owned by the company.

Hypothesis Development

The study argues that a company's performance can improve when the company has political affiliations. Lin *et al*. (2014) mentioned that many companies are trying to maximize the company's performance to get appreciation from shareholders. Shareholders determine the company's performance as one of the indicators of the company's success. Of course, with this determination, the company is encouraged to achieve its best possible performance (Argiles & Slof, 2003; Delen *et al*., 2013). It is not impossible that the drivers for the creation of high company performance are carried out by utilizing the organization's resources to the fullest.

Researchers argue that the company's domicile affects the company's adaptation process in utilizing its resources. Agénor and Montiel (2015) mentions that developing countries have different characteristics from developed countries. Developing countries tend to have lower-middle-income characteristics (C. Wang & Lin, 2021) and have future economic uncertainty (Sumiyana, 2020; Sumiyana et al., 2019). In the context of these developing countries, when faced with future uncertainty and low revenue projections, companies are encouraged to pursue incentives and certainty of future performance by utilizing various means.

In this context, researchers argue that companies will utilize a wide variety of resources to obtain certainty of performance. Because developing countries have characteristics that tend to hinder the company's performance (Agénor & Montiel, 2015; Sumiyana, 2020; Sumiyana et al., 2019), The company seeks to utilize external resources to ensure the company's performance (Barney, 2001; Faccio *et al*., 2006; Ovtchinnikov & Pantaleoni, 2012; Wright *et al*., 2001). The use of political affiliation is one of the ways companies maximize external resources.

Researchers argue that companies will seek to build relationships with stakeholders in government (Bertrand *et al*., 2018; Faccio *et al*., 2006).Through political affiliations built by companies, companies will have convenience in business processes (Goldman et al., 2009; Ovtchinnikov & Pantaleoni, 2012; Su & Fung, 2013; Y. Wang et al., 2019). This process can be in the form of ease in business administration to tolerance of several laws and regulations so that through this convenience the company's performance will improve. Based on these arguments, the hypotheses constructed in this study are as follows:

H1: Political affiliation has a positive relationship with the performance of the company.

Methods

This study used secondary data of manufacturing companies listed on the stock exchanges of three developing countries which include Indonesia (IDX), Malaysia (KLSE), and Thailand (SET). Data retrieval from database Bureau van Dijk OSIRIS with purposive sampling technique with the following criteria: (1) manufacturing companies based on industry classifications NAICS 2017 which issued financial statements in the period 2010–2019 and (2) published financial statements with the fiscal year 31 December. The total of 3,744 observations were used in the analysis.

Political affiliation (FP) variables refer to research Goldman et al. (2009) and Ovtchinnikov and Pantaleoni (2012) by using dummy variables obtained from the company's miscellaneous expenses. If the company's miscellaneous expenses ($\mathrm{OE_{i,t}}$) greater than the industry average, the value is 1 and vice versa according to equation (1). Company performance (PC) variables refer to research Kaplan (1994) and Delen et al. (2013) by using profit growth (PG) according to equation (2). $\mathrm{NP_{i,t}}$ be Net Profit year t company i and $\mathrm{NP_{i,t-1}}$ is the net profit of the previous year of the company i.

$$\mathrm{PC_{i,t}} = \overline{\mathrm{X}}\mathrm{OE_{i,t}} - \mathrm{OE_{i,t}} \quad (1)$$

$$\mathrm{FP_{i,t}} = (\mathrm{NP_{i,t}} - \mathrm{NP_{i,t-1}})/\mathrm{NP_{i,t-1}} \quad (2)$$

This study used the generalized least square (GLS) method to test hypotheses in research variables. The GLS method is used to ensure that regression models are Best Linear Unbiased Estimation (BLUE) (White, 1980). Researchers include control variables, namely operating cash flow ($\mathrm{CFO_{i,t}}$), Company size ($\mathrm{SIZE_{i,t}}$), and *leverage* ($\mathrm{LEV_{i,t}}$) the formula for GLS regression in this study includes hypothesis testing equations in equations (3).

$$\mathrm{FP_{i,t}} = \alpha_0 + \beta_1\mathrm{PC_{i,t}} + \beta_2\mathrm{CFO_{i,t}} + \beta_3\mathrm{SIZE_{i,t}} + \beta_4\mathrm{LEV_{i,t}} + \varepsilon_{i,t} \quad (3)$$

Results

Descriptive Statistics

Table 1 shows the results of descriptive statistical testing. The results of statistical testing showed that the average value of the FP was -0.049 with a minimum value of -741.178 and a maximum value of 933.570. While the PC variable which is a dummy variable has a maximum of 1 and 0 at the lowest. While looking at the control variables in this study, CFOs and SIZE had average values of 0.065 and

11.801 with a maximum value for CFOs of 5,000 and a low of -0.715. The SIZE variable has a maximum value of 16.985 and the lowest value of 0.489. Finally, for the LEV variable it has an average value of 0.103 with the highest value of 1.882 and the lowest value of 0.000 which means the company has no long-term debt.

Table 1. Descriptive Statistics Testing Results

Variables	Mean	Median	Std.Dev	Min	Max
$FP_{i,t}$	-0.049	-0.075	25.803	-741.178	933.570
$PC_{i,t}$	0.125	0.000	0.330	0.000	1.000
$CFO_{i,t}$	0.065	0.056	0.147	-0.715	5.000
$SIZE_{i,t}$	11.801	11.641	1.545	0.489	16.985
$LEV_{i,t}$	0.103	0.054	0.133	0.000	1.882
Observation			3,744		

Hypothesis Testing

This study tested the hypothesis using the StataMP17 application with panel data regression by eliminating outliers by as much as 3%. This research hypothesizes that the political affiliation of the company has a positive effect on the company's performance. Table 2 shows the results of testing the research hypothesis. Hypothesis testing showed that political affiliation (PC) had a coefficient value of 0.175 with a Z value of 1.87 and a significance of 10% (0.061) so the hypothesis of this study was supported. The study also included several control variables to test the resilience of hypothetical statistical tests. The test results showed that the CFO control variable had a significant positive correlation with a coefficient value of 1.678 with a significant rate of 0% (0.000). While other control variables do not show significant values. Finally, based on statistical testing, the hypothesis in this study is supported even when testing uses control variables.

Table 2. Hypothesis Testing Results

	Pred	***Coefficient***	**Std. *Error***	**Z**	**P|Z|**	**[95% Conf. *Interval*]**	
$PC_{i,t}$	H1+	0.175	0.093	1.87	0.061	-0.008	0.359
$CFO_{i,t}$	-	1.678	0.314	5.33	0.000	1.061	2.294
$SIZE_{i,t}$	-	0.036	0.271	-0.96	0.339	-0.008	0.082
$LEV_{i,t}$	-	-0.259	0.271	1.57	0.115	-0.790	0.272
Constanta		-0.643	0.260	-2.47	0.013	-1.154	-0.133
Wald Chi^2				44.58***			
Obs				3,744			

Description: *, **, *** are significance values at 10%, 5% and 1%

Sensitivity Test

This study constructed sensitivity testing by testing each country's clusters. Sensitivity testing is divided into three countries, including: Indonesia, Malaysia, and Thailand. The analysis is carried out because each country has a uniqueness that can explain the relationship of political affiliation and company performance. In addition, the period used in this sample does not reflect a particular phenomenon that has the influence of there being a relationship between research variables.

Table 3 shows the results of the sensitivity test of this study which is divided into three samples, namely: Indonesia, Malaysia, and Thailand. Based on regression testing, the results of this test confirm the main hypothesis in the study. Looking at the Thai state sample, the results of this sensitivity test confirm the test results of the main hypothesis in table 2. Similar results are shown in the Malaysian state sample results, the results of this sensitivity test confirm the results of testing the main hypothesis in table 2. Looking at the Indonesian state sample, it shows different results from the results of testing the main hypothesis. These results show the characteristic differences between Indonesia and other sample countries, because the political costs used are much greater than the revenue results obtained by the company (Azizah & Al Amin, 2020; Sulistyowati & Prabowo, 2020). Although the sensitivity test results differed from the main hypothesis, this study confirmed all results consistently in Malaysian and Thai samples. This research still provides evidence that political affiliation affects company performance.

Table 3. Sensitivity Test Results

	Pred	Indonesia	Malaysia	Thailand
$PC_{i,t}$	H1+	0.305 [1.53]	0.306 [1.77] *	0.104 [1.70] *
$CFO_{i,t}$	-	3.268 [2.46] **	1.470 [2.72] **	0.938 [5.69] ***
$SIZE_{i,t}$	-	0.060 [0.74]	0.027 [0.68]	0.022 [1.39]
$LEV_{i,t}$	-	-2.818 [-2.85] ***	-0.004 [-0.01]	-0.122 [-0.67]
Constanta		-0.659 [-0.70]	-0.578 [-1.30]	-0.491 [-2.69] **
Wald Chi^2		19.78***	15.14***	44.22***
Obs		908	1.896	940

Description: *, **, *** are significance values at 10%, 5% and 1%

Discussion

The research found that political affiliations owned by companies can drive a company's performance positively. Furthermore, political affiliations owned by the company can facilitate the running of the company's business so as to improve the company's performance in the current year (Ovtchinnikov & Pantaleoni, 2012; Su & Fung, 2013; Y. Wang et al., 2019). Researchers argue that the pressure of uncertainty over the future of the economy encourages companies to utilize their external resources to reduce regulatory barriers and has an impact on the easier way companies do business. This research is consistent with previous research that states that political affiliations that are owned help companies to grow their business (Su & Fung, 2013; Y. Wang et al., 2019).

This research uses resourced based view (RBV) theory which states that companies say that a company tries to achieve its best performance when it can make maximum use of its resources (Barney, 2001). Basically, the company has resources both internally and externally that can be utilized for company operations. The option is a company that can take advantage of it depending on the urgency to be used. Researchers describe that when they want to improve their performance, companies can make the most of their assets. Maximum utilization of assets can encourage the company to achieve its best performance. If using a ratio perspective, assets can be calculated through return on assets (ROA), which means how much the asset contributes to making a profit (Delen et al., 2013).

The company is encouraged to increase the company's profit because it is one of the indicators of performance appraisal by stakeholders (Delen et al., 2013; Lin et al., 2014). The tight competition between companies is one of the demands to always be able to develop and survive in the continuity of their business. Furthermore, the effective and efficient use of company resources is a fundamental factor in improving company performance. The more observant the company can utilize its resources, the easier it can be for the company to achieve its best performance.

The study argues that the economic environment of companies in developing countries, namely, uncertainties and lower-to-middle income, drives companies to leverage their external assets. This is done because the internal assets owned tend not to have a significant influence on the company's business processes (Sumiyana, 2020). Therefore, companies are encouraged to have political affiliations that are utilized as external resources through costs incurred to political parties or to the government (Goldman et al., 2009; Ovtchinnikov & Pantaleoni, 2012). Through political affiliations built by companies, the benefits that politically affiliated companies can receive include preferential treatment of business regulations, such as possible tax breaks, market monopolies, ease of obtaining government contracts and tenders (Maaloul, Chakroun, & Yahyaoui, 2018). This treatment can encourage ease of business and help the company's business processes, which can ultimately increase the company's profits.

This research also confirms that the characteristics of developing countries encourage companies to build external relations and utilize external resources (Ovtchinnikov & Pantaleoni, 2012; Sumiyana, 2020). This is done by the company to anticipate future economic uncertainty and benefit from the company's improved performance. This process encourages the company to be able to continue to survive in business operations amid these uncertainties. This research also confirms the use of resourced based view (RBV) theory which provides evidence of the utilization of company resources to achieve the company's goals.

Conclusion

This study aims to determine the relationship of political affiliation to improve company performance. This research positions that political affiliation is one of the company's resources that can be utilized amid economic uncertainty and opportunistic attitudes for companies with lower-to-middle income. Therefore, this study incorporates resources-based view theory to provide explanations related to the phenomenon of political affiliation and company performance in Southeast Asia. This study used companies' data in Indonesia, Malaysia, and Thailand and analyzed them using panel data regression testing. The study found that political affiliation was significantly positively associated with company performance. In other words, this research has implications for companies that can utilize their external resources in achieving good company performance to achieve sustainability of their business. Although it requires additional expenses, political affiliation can be used as an option to improve the company's performance.

This study has some limitations. First, the sample of this study is only limited to three countries in Southeast Asia so it can only capture phenomena with the same culture. Further research is expected to expand the research sample by dividing it into developing and developed countries so that it can see the difference in the impact of political affiliation on company performance with two different characteristic perspectives. Second, the proxies of this study used secondary data. Subsequent research could use other proxies that could describe political affiliations, for example, analysis content related to the involvement of directors or commissioners in political parties and governments to produce a sharper picture of political affiliation.

References

Agénor, P.-R., & Montiel, P. J. (2015). Development macroeconomics. In *development macroeconomics*: Princeton university press. https://doi.org/10.1515/9781400866267

Argiles, J. M., & Slof, E. J. (2003). The use of financial accounting information and firm performance: an empirical quantification for farms. *Accounting and Business Research, 33*(4), 251-273. https://doi.org/10.1080/00014788.2003.9729653

Azizah, F., & Al Amin, M. (2020). Pengaruh koneksi politik terhadap kinerja perusahaan (Studi empiris pada perusahaan sektor pertambangan yang terdaftar di BEI tahun 2014-2018). *Indonesian Journal of Accounting and Governance, 4*(1), 1-17. https://doi.org/10.36766/ijag.v4i1.38

Barney, J. B. (2001). Resource-based theories of competitive advantage: A ten-year retrospective on the resource-based view. *Journal of management, 27*(6), 643-650. https://doi.org/10.1177/014920630102700602

Barney, J. B., & Arikan, A. M. (2005). The resource-based view: origins and implications. *The Blackwell handbook of strategic management*, 123-182. https://doi.org/10.1111/b.9780631218616.2006.00006.x

Bertrand, M., Kramarz, F., Schoar, A., & Thesmar, D. (2018). The cost of political connections. *Review of Finance, 22*(3), 849-876. https://doi.org/10.1093/rof/rfy008

Blocher, E., Stout, D., Juras, P., & Smith, S. (2019). *Cost Management (A Strategic Emphasis) 8e*: McGraw-Hill Education.

Campbell, N. D., Heriot, K. C., Jauregui, A., & Mitchell, D. T. (2012). Which state policies lead to US firm exits? Analysis with the economic freedom index. *Journal of Small Business Management, 50*(1), 87-104. https://doi.org/10.1111/j.1540-627X.2011.00345.x

Delen, D., Kuzey, C., & Uyar, A. (2013). Measuring firm performance using financial ratios: A decision tree approach. *Expert systems with applications, 40*(10), 3970-3983. https://doi.org/10.1016/j.eswa.2013.01.012

Faccio, M., Masulis, R. W., & McConnell, J. J. (2006). Political connections and corporate bailouts. *The Journal of Finance, 61*(6), 2597-2635. https://doi.org/10.1111/j.1540-6261.2006.01000.x

Goldman, E., Rocholl, J., & So, J. (2009). Do politically connected boards affect firm value? *The Review of Financial Studies, 22*(6), 2331-2360. https://doi.org/10.1093/rfs/hhn088

Guanmin, L., Xin, C., Xin, J., & Jianfei, S. (2009). Policy burdens, firm performance, and management turnover. *China Economic Review, 20*(1), 15-28. https://doi.org/10.1016/j.chieco.2008.11.005

Harrison, A., & Rodríguez-Clare, A. (2010). Trade, foreign investment, and industrial policy for developing countries. *Handbook of Development Economics, 5*, 4039-4214. https://doi.org/10.1016/B978-0-444-52944-2.00001-X

Hill, M., & Varone, F. (2021). *The public policy process*: Routledge. https://doi.org/10.4324/9781003010203

Kaplan, S. N. (1994). Top executives, turnover, and firm performance in Germany. *The Journal of Law, Economics, & Organization, 10*(1), 142-159. https://doi.org/10.1093/jleo/10.1.142

Kraaijenbrink, J., Spender, J.-C., & Groen, A. J. (2010). The resource-based view: A review and assessment of its critiques. *Journal of Management, 36*(1), 349-372. https://doi.org/10.1177/0149206309350775

Lin, Z., Jiang, Y., Tang, Q., & He, X. (2014). Does high-quality financial reporting mitigate the negative impact of global financial crises on firm performance? Evidence from the United Kingdom. *Australasian Accounting, Business and Finance Journal, 8*(5), 19-46. https://doi.org/10.14453/aabfj.v8i5.3

Maaloul, A., Chakroun, R., & Yahyaoui, S. (2018). The effect of political connections on companies' performance and value: Evidence from Tunisian companies after the revolution. *Journal of Accounting in Emerging Economies, 8*(2), 185-204. https://doi.org/10.1108/JAEE-12-2016-0105

Oplatka, I. (2004). The principalship in developing countries: Context, characteristics and reality. *Comparative Education, 40*(3), 427-448. https://doi.org/10.1080/0305006042000274872

Ovtchinnikov, A. V., & Pantaleoni, E. (2012). Individual political contributions and firm performance. *Journal of Financial Economics, 105*(2), 367-392. https://doi.org/10.1016/j.jfineco.2012.03.007

Stoker, G. (2017). *Why politics matters: Making democracy work*: Bloomsbury Publishing. https://doi.org/10.5040/9781350363717

Su, Z. q., & Fung, H. G. (2013). Political connections and firm performance in C hinese companies. *Pacific Economic Review, 18*(3), 283-317. https://doi.org/10.1111/1468-0106.12025

Sulistyowati, N., & Prabowo, T. J. W. (2020). Pengaruh koneksi politik terhadap kinerja lingkungan dan profitabilitas. *Diponegoro Journal of Accounting, 9*(3).

Sumiyana, S. (2020). Different characteristics of the aggregate of accounting earnings between developed and developing countries: Evidence for predicting future GDP. *Journal of International Studies, 13*(1), 58-80. https://doi.org/10.14254/2071-8330.2020/13-1/4

Sumiyana, S., Atmini, S., & Sugiri, S. (2019). Predictive power of aggregate corporate earnings and their components for future GDP growths: An international comparison. *Economics & Sociology, 12*(1), 125-367. https://doi.org/10.14254/2071-789X.2019/12-1/7

Turkson, D., Addai, N. B., Chowdhury, F., & Mohammed, F. (2021). Government policies and firm performance in the COVID-19 pandemic era: a sectoral analysis. *SN Business & Economics, 1*(12), 1-22. https://doi.org/10.1007/s43546-021-00170-6

Wang, C., & Lin, Y. (2021). Income diversification and bank risk in Asia Pacific. *The North American Journal of Economics and Finance, 57*, 101448. https://doi.org/10.1016/j.najef.2021.101448

Wang, Y., Yao, C., & Kang, D. (2019). Political connections and firm performance: Evidence from government officials' site visits. *Pacific-basin Finance Journal, 57*, 101021. https://doi.org./10.1016/j.najef.2021.101448

White, H. (1980). A heteroskedasticity-consistent covariance matrix estimator and a direct test for heteroskedasticity. *Econometrica: Journal of the Econometric Society*, 817-838. https://doi.org/10.2307/1912934

Wright, P. M., Dunford, B. B., & Snell, S. A. (2001). Human resources and the resource based view of the firm. *Journal of Management, 27*(6), 701-721. https://doi.org/10.1177/014920630102700607