

# **ARE FOREIGN INVESTORS ATTRACTED TO POLITICALLY CONNECTED FIRMS?**

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## **ABSTRACT**

This research investigates whether 2014 Indonesia Presidential election, as an opportunity to examine political connection, could give any benefit/loss in terms of foreign investment – given the candidates were equally powerful. Based on the objective mentioned, this research analyzes the relationship between politically connected firms in Indonesia and their foreign share ownerships in one-year period (December 30, 2014 to December 31, 2014). This time bound is selected to represent the time before and after Jokowi-Prabowo 2014 presidential election. Politically connected firms in this research are divided into politically connected winning firms (Jokowi’s party) and politically connected losing firms (Prabowo’s party). In addition, this research also measures the effects of ownership structure, performance, size, and market value of the firms to foreign share ownership. Our findings show that politically winning firms have attracted foreign share ownership. However, it depends on the perspective of the investor (individual or institutional) and with whom the firm is connected. In 2014 Presidential election, where Jokowi was elected as the president, a firm where its board/shareholder is a parliament member of winning party impacts most on attracting foreign investment.

**Keywords:** Foreign investment; Indonesian Political Connection; Jokowi Effect; Presidential election; Share ownership.

## **1. INTRODUCTION**

Indonesia has been known for its richness in natural resources, mineral, oil, and fertile land to support agricultural products. Its richness and its location between India and China have made Indonesia so attractive to foreign traders, rulers, and investors. In Indonesia, law No.25/2007 concerning Investment defines investment as Direct investment and Indirect investment. Direct investment, or so called Foreign Direct Investment (FDI), is an investment invested by foreign investors (mostly foreign entities/companies) directly to an Indonesian company while indirect investment, or portfolio investment, are the transactions made through the domestic capital market/stock exchanges of a country (KPMG, 2013).

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Indonesia Stock Exchange (IDX) is a stock exchange that based in Jakarta, Indonesia. It is a self-regulatory market that has the ability to enact rules on listing and membership requirements in Indonesia. It is considered as the biggest stock exchange in South East Asia, with IDR 5,228,043 billion market capitalization and 506 listed companies per December 30, 2014 (Research and Development Division IDX, 2015).

IDX Composite (or known as JCI) was also reported as the fourth highest index comparing to main stock exchanges in regional and global area. The percentage level increase of JCI during 2014 has beyond composite index of Japan Nikkei Index (8.83%), Singapore Stock Exchange (6.32%), Hong Kong Stock Exchange (2%), FTSE 100 British Index (-1.71%), Korea Exchange (-4.15%), and US Dow Jones Index (-4.95%) (Research and Development Division IDX, 2015). On the long term, the JCI growth in the past six years (2008-2014) was the second best with 282.05% growth (Research and Development Division IDX, 2015). The outstanding performance, following the opportunity and benefit from investing in Indonesia, has increased the interest of foreign investors to invest in Indonesian Stock Exchange (Research and Development Division IDX, 2015).

Based on research done by KPMG (2013), Indonesian equity market is highly institutionalized. From 2002-2007, foreign institutions held almost 70% of the market capitalization of Indonesian equity market, which less than 5% owned by individuals. Foreign investment has recorded to reach the highest record of IDR 42.60 trillion from January to December 30, 2014 – increased 168.23% within 2 years. The major soar of the foreign investment value in 2014 has motivated this research to find the background. One of the possible phenomena in 2014 that can be related to this fascinating foreign investment upturn is the Indonesian 3<sup>rd</sup> Presidential Election.

Since 1998, Indonesia reformed its fundamental shape as a democratic country. Based on The Economist Intelligence Unit's Index of Democracy (The Economist Intelligence Unit, 2015), Indonesia is listed as the 49<sup>th</sup> democratic country (out of 167 countries) and the third largest democratic country in the world. As part of reformation's freedom of expression, there is a democratic event every five years where adult citizens have the right to elect the president. As in 2014, Presidential election has brought Joko Widodo (Jokowi) and Jusuf Kalla (JK) as the president and the vice president of Indonesia – gained 53.15% of the total votes. The percentage exceeded the vote for Prabowo Subianto and Hatta Rajasa with 46.85% (Komisi Pemilihan Umum, 2014a, 2014b). The slight difference between the two candidates, as also shown during the campaign period, has reflected that there is no dominant candidate in this time of election. Joko Widodo who previously served as mayor of Solo and governor of Jakarta becomes an attraction in this election because takes place as the new idol to lead Indonesia. On the other hand, Prabowo Subianto position as a former high-achiever military force general has been also dragging attention from the citizen. This Democratic Party has ended up by the nation's disunity: *Koalisi Merah Putih* (Prabowo-Hatta) and *Koalisi Indonesia Hebat* (Jokowi-JK). The rupture has spread not only in the political world, but also in the economy and the investment market of Indonesia. Moreover, the impact of the rupture still exists after the party was over.

Previous studies found that there is a relationship between presidential election and stock market investment. By using Standard & Poor's from 1900 to 1979, Allvine and O'Neil (1980) found that there is a relationship between the returns of the stock market and the presidential election in the U.S. In addition, Foerster and Schmitz (1997) also showed similar result, so do in certain emerging markets, such as Egypt (Nezerwe, 2013). These may be due to the benefits of being a politically connected firms such as easier access to financial resources (Charumilind et al., 2006; Claessens et

al., 2008; Fraser et al., 2006; Khwaja and Mian, 2005; Li et al., 2008), increased confidence in the legal system (Li et al., 2008), improved performance (Johnson and Mitton, 2003), a higher probability of bail-out (Faccio et al., 2006), an increase in firm value (Goldman et al., 2009), and lower-cost equity capital (Boubakri et al., 2012).

Nonetheless, several studies also found that there are negative effects from having a political connection, such as lesser-quality accounting information (Chaney et al., 2011), appointed managers and directors with lesser qualifications (Boubakri et al., 2012; Leuz and Oberholzer-Gee, 2006); a decrease in long term performance due to lower managerial incentives and/or inefficiency (Claessens et al., 2008; Fan et al., 2007); and a higher cost of debt (Bliss and Gul, 2012).

However, some studies did not find any relevance between the investment and the presidential election. Those are the research of Chandra et al. (2014), Döpke and Pierdzioch (2004), Siegel (1998), and Trisnawati (2011).

The past literature shows that Indonesia, under the lead of former President Soeharto, had some firms that were connected to the government. Political connection was considered beneficial to make the access to finance easier (Borsuk, 1993; Fisman, 2001). The arguments were supported by the evidence in early 1990s where Golden Key, a little-known chemical and manufacturing company, has been given loan from state-owned bank because one of the investors was the youngest son of President Soeharto. The Salim Group was also managed to be the largest Indonesian conglomerates given the very close relationship to Soeharto.

Fajarriyanto et al. (2015) has done a study related to presidential election and the perceived value of the politically connected firms in Indonesia. The study has conducted event study that investigated 37 companies that were politically connected to Jokowi-JK and 17 companies to Prabowo-Hatta. The political connection was determined based on the corporate governance of the company – whether there is at least one member on the board of directors that placed in the political position (in this case is Ministry of Indonesia positions) and/or supported the political activities. Using event study and calculation on abnormal return, the research recently done by Fajarriyanto et al. (2015) showed that, in the 2014 Presidential election, there is perceived value gained by investor when invest in politically connected winning firms. These results are supported by several research findings from the case study of United States (Do et al., 2013) and case study of Malaysia (Chen et al., 2013).

However, there is still limited research that determines the relationship between political connection of firms and their foreign share ownership/foreign capital investment flow. There are two conflicting arguments regarding the relationship between political connection and foreign financing. For most researchers, politically connected firms are considered as attractive business opportunities that could attract foreign markets. This perspective emerged due to the high possibility for political connection firms to pay lower taxes and reach larger market shares (Faccio, 2006); and also get easier bank loan (Borsuk, 1993). In contrast, research done by Leuz and Oberholzer-Gee (2006) found that there is a role of political connection in firms' financing decision. Based on the research, they found that firms that have political connections are less likely to get foreign portfolio investment. The possible reason might be the believe that politically connected firms could not entitle high level of transparency to the investors and prone to macroeconomic and political issues (Purbasari, 2006).

Efficient market hypothesis theory states that market price will instantaneously reflect the information that arrives in the market. The presidential election is one of the information that will heat up the

market. Not to mention that it also could lead to either increase or decrease in foreign investment level in Indonesia. Therefore, to clarify the conflicting arguments we aim to extend previous research by Fajarriyanto et al. (2015) which has documented the relation between perceived value and politically connected firms, by investigating whether there is a relationship between politically connected firms and the foreign share ownership of those firms.

Based on the objective, the research is only limited to focus on foreign portfolio investment. The research examines both Politically Connected Winning and Politically Connected Losing firms; it does not take non-political connection firms into account. Politically Connected Winning firms are defined as firms that support Jokowi, while Politically Connected Losing firms are defined as firms that support Prabowo during the presidential election time. This research employs regression model to test the hypothesis that there is a positive relation between the political connected winning firms and foreign investment.

Results show that different political connection measures have different effects on foreign investment. This depends on the characteristics of the political connection itself and the type of foreign investors – individual or institutional. The result is consistent with Purbasari (2006) which states that politically connected firms are more likely to be chosen as a local partner in a joint venture compared to non-politically connected firm.

The remainder of this paper is organized as follows. Section 2 reviews the findings of the previous studies to develop the hypothesis. Section 3 explains more detail about the methodology employed in this research. Furthermore, Section 4 presents the result and links it to the previous studies. By the end, Section 5 gives conclusion of the overall research.

## **2. FOREIGN INVESTMENT AND POLITICALLY CONNECTED FIRMS**

Based on Ito (1999), the major reason of the foreign investors to invest their portfolio internationally is to diversify their portfolio given the high yield opportunities in many emerging markets, since it had started to liberalize restrictions on inward investment. However, many people still believe that most of emerging market still has lack of transparency in their corporate governance (Fisman, 2001). This could be a motive to an argument that there are still many firms in emerging markets that connected to the government politics.

Indonesia, like other developing country such as Malaysia, Thailand, and Philippines, is the example of an emerging market that has many dominant firms with political connection. However, the recent study about the relation between foreign investment and politically connected firms is still limited. The research done by Leuz and Oberholzer-gee (2006) have explained that there are two strategies to increase firm value, which are (1) to searching for loan/debt and (2) to access foreign capital market. Based on the examination, the research concludes that there is evidence in Indonesia that in the new government era, firms that faced difficulties in building connection, will likely to underperform under the new regime, hardly obtain any access to receive debt financing, and subsequently turn to foreign financing.

On the other hand, Purbasari (2006) has found that politically connected firms are between 22 and 37 percentage points more likely to be chosen as a local partner in a joint venture compared to non-political connected firm. This argument might be motivated by the believe that politically connected

firms are considered as attractive business opportunities that could attract foreign markets more. Politically connected firms have more possibility to get easier access to larger market share and greater market financing.

This research is the extension of literature on the value of political connection in Indonesia. It is expected that foreign investors may perceive this value thus invest in politically connected winning firms. The research by Fajariyanto et al. (2015) was resulted on perceived value on the politically winning connected firms toward the domestic stocks. As politically winning firms, those firms were backed-up by the running government – which the research believes is more powerful than the losing parties. Therefore, this research, as the extend literature of Fajariyanto et al. (2015) also believes that politically winning connected firms has the same effect on foreign investment, which enable firms to increase their foreign investment. Hence:

H1: There is a positive relation between the political connected winning firms and foreign investment

### 3. DATA, METHODOLOGY, AND VARIABLES

#### 3.1. Data sample

This research uses the foreign ownership data gathered from *Kustodian Sentral Efek Indonesia* (KSEI). Since the data consists of several group owners the ownership data consists of 9 group of owners: individual, mutual fund, corporate, insurance, securities company, pension fund, bank, foundation, and others ownership.

There are two kinds of politically connected firms, which are politically connected winning firms and politically connected losing firms. Politically connected winning firm (*POLWIN*) will be described as a firm that has political connection with a winning party or in coalition with winning party, while politically connected losing firms (*POLLOS*) have political connection with losing party or its coalitions. This division refers to previous study done by Fajariyanto et al. (2015). The samples are 36 politically connected winning firms and 21 politically connected losing firms, where the summary of the selection process is provided in Table 1 and details can be seen in Appendixes A to D. The research excludes financial institution firms due to the different firm fundamental owned by financial companies (Su and Fung, 2013).

Literature in corporate finance has done several studies about corporate political connection. Reflecting on those literature review, there are several proxies in determining the political connection had by firms. Fan et al. (2007) and Francis et al. (2009) considered a firm to have political connection if it has government bureaucrats as board members. This proxy is the most common methodology that also used in following studies (Su and Fung, 2013; Nys et al., 2015). Some other literature determine political connection based on closeness to the country's president or top politicians (Fisman, 2001; Purbasari, 2006; Leuz and Oberholzer-Gee, 2006), based on shareholders which also are members of a political party (Li et al., 2008), and based on firms' contributions during general elections (Claessens et al., 2008).

Based on the previous research, this research employed three different methodologies in determining political connection to broaden the analysis:

- (a) Proxy 1: Political classification based on the existence of board members which is also a member of a political party

A firm is said to have political connection if one of its current/former large shareholder or boards is a member of parliament. This research assumes that a member of political party would be detected by examining member of parliament. Data was collected through searching the connection if at least one of its board of directors/board of commissioners is a member of Indonesian parliament (*Dewan Perwakilan Rakyat*). The data are obtained from Official Website of *Dewan Perwakilan Rakyat* ([www.dpr.go.id](http://www.dpr.go.id)), in the Curriculum Vitae section.

- (b) Proxy 2: Political connection classification based on firms' contribution during general elections (Hillman et al., 1999)

A firm is said to have political connection if one of its current/former large shareholder or boards is a supporter of the party in the election period. The supporter of the party is a person that sponsored the party during the campaign process. There are people coming from the Indonesian business conglomeration group and from successor teams. The list of politically winning connected firms obtained using this proxy was adopted from the recent study by Fajariyanto et al. (2015). The study makes obtained the business conglomeration list from Bloomberg BusinessWeek, December 11, 2014 "Laju Bisnis Konglomerasi 2014", while obtained successor teams who have positions in the listed company collected from Kompas, May 28, 2014 "Ini Tim Kampanye Nasional Prabowo - Hatta dan Jokowi – JK".

- (c) Proxy 3: Political connection classification based on the existence of government bureaucrats as board members (Fan et al., 2007)

A firm is said to have political connection if one of its current/former large shareholder or boards is a member of executive body of Indonesian Republic. The list of politically winning connected firms during 2014 Presidential election from this proxy was adopted from the recent study by Fajariyanto et al. (2015). The study examines the ministers who previously worked at listed company are taken from Tempo, October 26, 2014 "Daftar Lengkap Menteri Kabinet Kerja Jokowi".

In Indonesia, law No.25/2007 concerning Investment defines investment as Direct investment and Indirect investment (portfolio investment). In this research, we focus on finding the relationship between the political connection and indirect investment. The final sample is 57, which is greater than the sample in Fajariyanto et al. (2015).

**Table 1: Sample Description of Politically Connected Firms**

|   |      |
|---|------|
| Original sample size                                    | 70   |
| Less: Financial institution sample                      | (11) |
| Less: Sample that categorized as both POLWIN and POLLOS | (2)  |
| Final sample size used for doing analysis               | 57   |

### 3.2. Methodology

To investigate the effect of political connection towards foreign share ownership before and after the election, this study employs OLS regression to test the hypotheses. We examine the relation between

foreign ownership and political connection, along with some control variables. The structural model of foreign investment is as follows:

$$\text{Foreign Investment} = \alpha_0 + \alpha_1 \text{PoliticalConnection} + \alpha_2 \text{Leverage} + \alpha_3 \text{ROA} + \alpha_4 \text{Mktval} + \alpha_5 \text{Size} + \alpha_6 \text{Growth} + \alpha_7 \text{CR} + \varepsilon_0$$

where *Foreign Investment* is the monthly average number of shares owned by foreign investors from December 30, 2013 to December 31, 2014. There are two types of ownership: individual foreign ownership and institutional foreign ownership. Institutional foreign ownership consists of eight groups of owners such as mutual fund, corporate, insurance, securities company, pension fund, bank, foundation, and others ownership. Therefore we will employ three measures of the monthly average *Foreign Investment*: (1) All foreign ownership – the total of individual and institutional foreign share ownership (*AVGALL*); (2) Individual foreign share ownership (*AVGIN*); and (3) Institutional foreign share ownership (*AVGINS*).

*Political Connection* is measured by using politically winning (*POLWIN*) and losing (*POLLOS*) connected firms. *POLWIN* equals to one if firms have political connection to member of *Koalisi Indonesia Hebat* as the winning party (including *PDI-P*, *PKB*, *Partai NasDem*, *Partai Hanura*, *PKP Indonesia*, *Partai Persatuan Pembangunan*, *Partai Amanat Nasional*, and *Partai Golkar*), otherwise zero. *POLLOS* equals one if firms have political connection to member of *Koalisi Merah Putih* as the losing party (including *Partai Gerindra*, *PKS*, *PBB*, *Partai Persatuan Indonesia*, and *Partai Perindo*), otherwise zero.

Following Nys et al. (2015) we employ three measures of political connection which are the connection of firm through the board as a parliament member, a campaign supporter, and a government executive body (which applies only for politically winning connected firms). *PARWIN* equals to one if at least one of the firm's board of director/commissionaire or their controlling shareholders is a parliament member representing one of Jokowi's coalition party. *SUPWIN* equals to one if firms have at least one of their board of director/commissionaire or their controlling shareholders is a supporter or the successor team of the Jokowi's campaign during presidential election period. *GOVWIN* equals one if firms have at least one of their board of director/commissionaire or their controlling shareholders is a government official (president, vice president, minister). *POLLOS* equals one if firms have at least one of their board of director/commissionaire or their controlling shareholders is politically connected as a parliament member representing one of Prabowo's coalition party. *SUPLOS* equals one if firms have at least one of their board of director/commissionaire or their controlling shareholders is politically connected as a supporter or the successor team of the Prabowo's campaign during presidential election period.

The control variables used are (1) *Leverage* measured by the debt-to-asset ratio; (2) profitability or *ROA* (Return on Asset); (3) *Mktval* (market value of equity or the natural logarithm of market value defined as the first day's closing price multiplied by the number of shares outstanding after the IPO); (4) *Size* is measured as natural logarithm of the total assets; (5) *Growth* described as annual sales growth rate or the amount of sales revenues in year *t* minus sales revenues in year *t-1* divided by sales revenue in year *t-1*; and (6) *CR*, expressed as the ratio of current assets and current liabilities (e.g. Ang et al., 2013; Bliss and Gull, 2012; Leuz and Oberholzer-gee, 2006; Mitton, 2002; Su and Fung, 2013).

#### 4. RESULTS AND ANALYSIS

Table 2 represents the descriptive statistics for both dependent and independent variable of the sample, which are politically winning and losing connected firms. POLWIN's standard deviation of foreign share ownerships are slightly lower than POLLOS's. It means that the sample of the POLLOS's foreign share ownerships are more widely spread. Thus, the data from POLWIN are more reliable given the lower standard deviation. This condition also applies for the most of the independent variable, where POLLOS's variables are more fluctuate.

The mean of the dependent variable for both kinds of politically connected firms are similar. It does not show the same way in the control variables. POLLOS has more *Leverage* and *Size*, but it shows minus amount in *ROA* variable. *Mktval* and *Growth* are indifferent between POLWIN and POLLOS.

This research investigates whether 2014 Indonesia Presidential election attracted foreign investment. Therefore, the research analyzes the relationship between political connected winning/losing party to their foreign share ownership. We will examine the political connection using the measures of *PARWIN* and *PARLOS* in model A; *SUPWIN* and *SUPLOS* in model B; and *GOVWIN* in Model C with foreign share ownership (using measures of *AVGALL* (1), *AVGIND* (2); and *AVGINS* (3)).

Table 3, Model A shows that politically losing connected firms (POLLOS) through parliament member (*PARLOS*) seem to decrease firms' total foreign ownership as much as 6.840% and significant at 1% level, inconsistent with the hypothesis. *PARLOS* also has similar decreasing effect to institutional foreign ownership. From the result, POLLOS through parliament member decreases the institutional foreign ownership by 7.014% at 1% significant level.

However, the result shows no evidence of the relationship between politically winning connected firms (POLWIN) through parliament member (*PARWIN*) and individual share ownership. This is different to the result of institutional foreign share ownership. The regression model results that *PARWIN* increases institutional share ownership by 1.347%, at 10% significance level, supporting our hypothesis.

Firms that have its board of directors/shareholders as a supporter of the winning party (*SUPWIN*) tend to decrease its individual foreign investment by 2.062% at 10% significant level. This result contradicts the result from Model A that concludes *PARWIN* increases firms' number of share ownership. There is no evidence that foreign investors were attracted to politically losing connected firms from supporter of the losing party during the campaign period (*SUPLOS*). This result turned to have different result compared to Fajarriyanto (2015)'s research on domestic share ownership. The research had resulted that domestic investors were more attracted to firms supported the winning party.

From Model C, the result had shown that, in the following year of Indonesia 2014 Presidential election, individual foreign investors were more likely to be attracted to firms that has a board/shareholder acts as an executive member in the government (*GOVWIN*), which concluded by +1.304%, significant at 10% level. Institutional foreign investors imply to have different concern to individual foreign investors. The similar results of institutional share ownership (*AVGINS*) and overall share ownership (*AVGALL*) are due to the dominance of institutional foreign investors in the foreign investment market.

On the control variables, regression results show that *ROA* and *Mktval* do not have any relation to foreign share ownership, neither individual nor institutional. Individual foreign investors only pay



attention to *Size* of the firm by 1%, significant at 1% level. On the other hand, institutional share ownership is not just determined by *Size*, but also sales growth, liquidity (*CR*), and *Leverage* of the firm. The control variable results are very contradictory compared to previous literature from Leuz and Oberholzer-gee (2006), suggesting that size of the firm and leverage has negative relation with foreign investment, whereas ROA has positive relation with foreign investment.

Overall result shows that not all firms with political connection will get benefit of increasing in foreign investment. It depends on the perspective of the investor (individual or institutional) and with whom the firm is connected. In 2014 Presidential election, which has won Jokowi as the president, having its board/shareholder as a parliament member of winning party will get most benefit of increasing its foreign investment. Foreign investors valued parliament, as an institution which does not work under the direct supervision of Jokowi, may have more impactful power due to their flexibility in making decision. Moreover, there is no evidence that foreign investors were attracted to political connected winning firms through supporters and government executive members. The possible reason is because of the belief that Jokowi's trustworthiness in supervising their work would distress particular party to take benefit from the political connection. It has been reported that Jokowi had committed to tackle corruption as his priority (Dodd, 2014).

Comparing to the previous studies, the result of the research contradicts the result found by Leuz and Oberholzer-Gee (2006), which says that politically connected firms' foreign investment will decrease. This research concluded that each political connection has different effect on foreign investment; depends on the characteristics of the political connection itself.

**Table 2:** Descriptive Statistics of POLWIN and POLLOS Firms

| Variable        | POLWIN Firms (N=36) |        |           |        |         | POLLOS Firms (N=21) |        |           |        |        |
|-----------------|---------------------|--------|-----------|--------|---------|---------------------|--------|-----------|--------|--------|
|                 | Obs                 | Mean   | Std. Dev. | Min    | Max     | Obs                 | Mean   | Std. Dev. | Min    | Max    |
| <i>AVGALL</i>   | 36                  | 20.655 | 2.057     | 14.845 | 24.425  | 21                  | 21.523 | 3.210     | 9.603  | 24.606 |
| <i>AVGIND</i>   | 36                  | 14.913 | 2.972     | 7.338  |         | 21                  | 16.431 | 3.192     | 8.756  | 21.809 |
| <i>AVGINS</i>   | 36                  | 20.555 | 2.282     | 13.831 |         | 21                  | 21.478 | 3.302     | 9.044  | 24.599 |
| <i>PARWIN</i>   | 36                  | 0.111  | 0.319     | 0      | 1       | 21                  | 0      | 0         | 0      | 0      |
| <i>SUPWIN</i>   | 36                  | 0.694  | 0.467     | 0      | 1       | 21                  | 0      | 0         | 0      | 0      |
| <i>GOVOFF</i>   | 36                  | 0.194  | 0.401     | 0      | 1       | 21                  | 0      | 0         | 0      | 0      |
| <i>PARLOS</i>   | 36                  | 0      | 0         | 0      | 0       | 21                  | 0.091  | 0.294     | 0      | 1      |
| <i>SUPLOS</i>   | 36                  | 0      | 0         | 0      | 0       | 21                  | 0.091  | 0.294     | 0      | 1      |
| <i>Leverage</i> | 36                  | 0.442  | 0.208     | 0      | 0.950   | 21                  | 0.619  | 0.331     | 0.200  | 1.510  |
| <i>ROA</i>      | 36                  | 0.085  | 0.085     | -0.040 | 0.420   | 21                  | -0.001 | 0.102     | -0.380 | 0.190  |
| <i>Mktval</i>   | 36                  | 8.990  | 1.996     | 2.712  | 12.613  | 21                  | 8.250  | 1.593     | 4.043  | 10.748 |
| <i>Size</i>     | 36                  | 15.885 | 1.593     | 11.937 | 19.279  | 21                  | 16.051 | 1.642     | 11.041 | 18.208 |
| <i>Growth</i>   | 36                  | 0.113  | 0.258     | -0.790 | 0.750   | 21                  | 0.199  | 0.800     | -0.520 | 3.600  |
| <i>CR</i>       | 36                  | 9.508  | 41.073    | 0.410  | 247.130 | 21                  | 1.420  | 1.202     | 0.010  | 4.170  |

*Notes:* This table presents descriptive statistics of data samples (N=57). The dependent variables are the natural logarithm of total share ownership (*AVGALL*); the natural logarithm of individual share ownership (*AVGIND*), and the natural logarithm of institutional share ownership (*AVGINS*). *PARWIN* equals to one if the firm is politically connected winning firms through the parliament member; *PARWIN* equals to one if at least one of the firm's board of director/commissionaire or their controlling shareholders is a parliament member representing one of Jokowi's coalition party. *SUPWIN* equals to one if firms have at least one of their board of director/commissionaire or their controlling shareholders is a supporter or the successor team of the Jokowi's campaign during presidential election period. *GOVWIN* equals one if firms have at least one of their board of director/commissionaire or their controlling shareholders is a government official (president, vice president, minister). *POLLOS* equals one if firms have at least one of their board of director/commissionaire or their controlling shareholders is politically connected as a parliament member representing one of Prabowo's coalition party. *SUPLOS* equals one if firms have at least one of their board of director/commissionaire or their controlling shareholders is politically connected as a supporter or the successor team of the Prabowo's campaign during presidential election period. *Leverage* is the debt-to asset ratio; *ROA* is the return on assets computed as net income divided by total assets; *Mktval* is the natural logarithm of market value defined as the first day's closing price multiplied by the number of shares outstanding after the IPO; *Size* is the natural logarithm of total asset, which defines the value of the firm; *Growth* is the amount of sales revenues in year t minus sales revenues in year t-1 divided by sales revenue in year t-1; *CR* is the amount of current assets divided by current liabilities.

**Table 3:** The Relationship between Politically Connected Firms and Foreign Ownership

| Foreign Share Ownership | Model A   |          |           | Model B  |          |          | Model C  |          |          |
|-------------------------|-----------|----------|-----------|----------|----------|----------|----------|----------|----------|
|                         | AVGALL    | AVGIND   | AVGINS    | AVGALL   | AVGIND   | AVGINS   | AVGALL   | AVGIND   | AVGINS   |
| PARWIN                  | 1.172*    | 1.070    | 1.347*    |          |          |          |          |          |          |
|                         | (0.102)   | (0.59)   | (0.083)   |          |          |          |          |          |          |
| PARLOS                  | -6.840*** | -3.501*  | -7.014*** |          |          |          |          |          |          |
|                         | (0.002)   | (0.071)  | (0.001)   |          |          |          |          |          |          |
| SUPWIN                  |           |          |           | 0.236    | -2.062*  | 0.141    |          |          |          |
|                         |           |          |           | (0.775)  | (0.052)  | (0.868)  |          |          |          |
| SUPLOS                  |           |          |           | 1.388    | 0.291    | 1.458    |          |          |          |
|                         |           |          |           | (0.132)  | (0.788)  | (0.123)  |          |          |          |
| GOVWIN                  |           |          |           |          |          |          | -0.837   | 1.304*   | -0.874   |
|                         |           |          |           |          |          |          | (0.138)  | (0.091)  | (0.118)  |
| Leverage                | 1.907*    | 0.935    | 2.181**   | 1.604*   | 0.525    | 1.832*   | 1.932**  | 0.824    | 2.191**  |
|                         | (0.065)   | (0.582)  | (0.041)   | (0.089)  | (0.752)  | (0.055)  | (0.045)  | (0.639)  | (0.027)  |
| ROA                     | -1.826    | -0.007   | -1.929    | 0.006    | 4.189    | 0.136    | -1.491   | 0.171    | -1.628   |
|                         | (0.431)   | (0.999)  | (0.399)   | (0.998)  | (0.376)  | (0.953)  | (0.474)  | (0.969)  | (0.442)  |
| Mktval                  | -0.058    | -0.474   | 0.049     | 0.105    | -0.375   | 0.220    | 0.094    | -0.449   | 0.207    |
|                         | (0.736)   | (0.114)  | (0.823)   | (0.599)  | (0.235)  | (0.351)  | (0.613)  | (0.149)  | (0.369)  |
| Size                    | 0.902***  | 1.148*** | 0.891***  | 0.860*** | 1.205*** | 0.843*** | 0.922*** | 1.218*** | 0.906*** |
|                         | (0.000)   | (0.001)  | (0.000)   | (0.001)  | (0.002)  | (0.002)  | (0.000)  | (0.004)  | (0.001)  |
| Growth                  | 2.206***  | 0.408    | 2.430***  | 0.946*   | -0.365   | 1.132**  | 0.787*   | -0.257   | 0.969**  |
|                         | (0.003)   | (0.589)  | (0.001)   | (0.070)  | (0.582)  | (0.037)  | (0.085)  | (0.672)  | (0.045)  |
| CR                      | 0.021***  | 0.001    | 0.023***  | 0.018*** | 0.003    | 0.019*** | 0.016*** | -0.001   | 0.017*** |
|                         | (0.000)   | (0.848)  | (0.000)   | (0.000)  | (0.572)  | (0.000)  | (0.000)  | (0.866)  | (0.000)  |
| Constant                | 5.930**   | 0.817    | 4.898     | 4.706    | -0.120   | 3.743    | 4.438    | -0.571   | 3.482    |
|                         | (0.044)   | (0.827)  | (0.124)   | (0.209)  | (0.980)  | (0.337)  | (0.263)  | (0.910)  | (0.396)  |
| R <sup>2</sup>          | 0.617     | 0.291    | 0.627     | 0.505    | 0.357    | 0.524    | 0.474    | 0.275    | 0.490    |

*Notes:* This table presents OLS regression results with robust estimator variance (N=57) using three dependent variables the natural logarithm of total share ownership (AVGALL); the natural logarithm of individual share ownership (AVGIND), and the natural logarithm of institutional share ownership (AVGINS). PARWIN equals to one if the firm is politically connected winning firms through the parliament member; PARWIN equals to one if at least one of the firm's board of director/commissionaire or their controlling shareholders is a parliament member representing one of Jokowi's coalition party. SUPWIN equals to one if firms have at least one of their board of director/commissionaire or their controlling shareholders is a supporter or the successor team of the Jokowi's campaign during presidential election period. GOVWIN equals one if firms have at least one of their board of director/commissionaire or their controlling shareholders is a government official (president, vice president, minister). POLLOS equals one if firms have at least one of their board of director/commissionaire or their controlling shareholders is politically connected as a parliament member representing one of Prabowo's coalition party. SUPLOS equals one if firms have at least one of their board of director/commissionaire or their controlling shareholders is politically connected as a supporter or the successor team of the Prabowo's campaign during presidential election period. Leverage is the debt-to asset ratio; ROA is the return on assets computed as net income divided by total assets; Mktval is the natural logarithm of market value defined as the first day's closing price multiplied by the number of shares outstanding after the IPO; Size is the natural logarithm of total asset, which defines the value of the firm; Growth is the amount of sales revenues in year t minus sales revenues in year t-1 divided by sales revenue in year t-1; CR is the amount of current assets divided by current liabilities. Robust p-values are shown in the brackets. \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

## 5. CONCLUSION

This research aims to extent the research done by Fajarriyanto et al. (2015) in perceived value of the 2014 Indonesian Presidential election and the research by Leuz and Oberhelzer-Gee (2006) about political connection and foreign investment. This research focus on exploring new things related to political connection: winning political connection and losing political connection. By expanding the area of interest, this research hopefully could give the new insight related to politically connected firms and their foreign share ownership.

In total, this research used 35 politically winning connected firms and 22 politically losing connected firms as the sample. Those were determined by using three kinds of proxy – parliament member, supporter of the candidates, and government official for winning parties. Based on the result, this

research concludes several points. First, there is a positive relation between politically connected winning firms through parliament members and institutional foreign share ownership. Moreover, the result also justifies that politically connected losing firms decreases its (all, individual, and institutional) foreign share ownership.

Further, there is a mixed result of the relationship between politically connected firms with individual foreign ownership. There is negative relation between politically connected losing firms through parliament and supporter with individual foreign share ownership. However, there is a positive relationship of politically connected winning firms through government winning officials and individual foreign ownership.

Other characteristics of the firm that may influence foreign share ownership are firm size, sales growth, liquidity, and leverage. It is concluded from significant result obtained by using three measures of political connection – these variables have positive relation with foreign share ownership. These results suggest that larger, profitable, growing, higher liquidity and leverage firms have attracted foreign share ownership.

From the result, the research concludes that different political connection measure has different effect on foreign investment. This depends on the characteristics of the political connection itself and the type of foreign investors – individual or institutional. The result is consistent with Purbasari (2006) which states that politically connected firms are more likely to be chosen as a local partner in a joint venture compared to non-political connected firm.

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## APPENDICES

### Appendix A: List of Politically Connected Firms

| Stock Code   | Company Name                  | Political Connection | Position in Government |
|--|-------------------------------|----------------------|------------------------|
| <b>1. Agriculture</b>                                    |                               |                      |                        |
| <b>1.2. Plantation</b>                                   |                               |                      |                        |
| LSIP   | PT PP London Sumatra          | Winning              | Supporter              |
| SIMP   | PT Salim Invomas              | Winning              | Supporter              |
| SSMS   | PT Sawit Sumbermas Tbk        | Winning              | Supporter              |
| UNSP   | PT Bakrie Sumatera Plantation | Losing               | Supporter              |
| <b>2. Mining</b>   |                               |                      |                        |
| <b>2.1. Coal Mining</b>                                  |                               |                      |                        |
| PTRO   | PT Petrosea, Tbk.             | Winning              | Government official    |
| ADRO   | PT Adaro Energy               | Losing               | Supporter              |
| BRAU   | PT Berau Coal Energy          | Losing               | Supporter              |
| BUMI   | PT Bumi Resources             | Losing               | Supporter              |
| DEWA   | PT Darma Henwa                | Losing               | Supporter              |
| <b>2.2. Crude Petroleum &amp; Natural Gas Production</b> |                               |                      |                        |
| ENRG   | PT Energi Mega Persada        | Losing               | Supporter              |
| <b>3. Basic Industry and Chemicals</b>                   |                               |                      |                        |
| <b>3.1. Cement</b>                                       |                               |                      |                        |
| INTP   | PT Indocement Tunggal         | Winning              | Supporter              |
| <b>3.2. Plastics &amp; Packaging</b>                     |                               |                      |                        |
| SIMA   | PT Siwani Makmur, Tbk.        | Losing               | Legislative            |
| <b>4. Miscellaneous Industry</b>                         |                               |                      |                        |
| <b>4.1. Automotive and Components</b>                    |                               |                      |                        |
| ASII   | PT Astra Internasional Tbk    | Winning              | Supporter              |
| AUTO   | PT Astra Otopart              | Winning              | Supporter              |
| IMAS   | PT Indomobil Sukses           | Winning              | Supporter              |
| <b>4.2. Electronics</b>                                  |                               |                      |                        |
| PTSN   | PT SAT Nusapersada Tbk        | Winning              | Supporter              |

**Appendix A: List of Politically Connected Firms (cont.)**

| <b>Stock Code</b>   | <b>Company Name</b>                    | <b>Political Connection</b> | <b>Position in Government</b> |
|---|--|-----------------------------|-------------------------------|
| <b>5. Consumer Goods Industry</b>                           |  |                             |                               |
| <b>5.1. Food and Beverages</b>                              |  |                             |                               |
| ICBP  | PT Indofood CBP                        | Winning                     | Supporter                     |
| INDF  | PT Indofood Sukses Makmur              | Winning                     | Supporter                     |
| <b>5.2. Pharmaceuticals</b>                                 |  |                             |                               |
| KAEF  | PT Kimia Farma, Tbk.                   | Winning                     | Government official           |
| <b>6. Property, Real Estate, and Building Construction</b>  |  |                             |                               |
| <b>6.1. Property and Real Estate</b>                        |  |                             |                               |
| LPCK  | PT Lippo Cikarang                      | Winning                     | Supporter                     |
| LPKR  | PT Lippo Karawaci                      | Winning                     | Supporter                     |
| FMII  | PT Fortune Mate Indonesia Tbk          | Winning                     | Legislative                   |
| MDLN  | PT Modernland Realty Tbk.              | Winning                     | Legislative                   |
| ELTY  | PT Bakrieland Development              | Losing                      | Supporter                     |
| LAMI  | PT Lamicitra Nusantara, Tbk.           | Losing                      | Legislative                   |
| <b>6.2. Building Construction</b>                           |  |                             |                               |
| WIKA  | PT Wijaya Karya, Tbk.                  | Winning                     | Government official           |
| <b>7. Infrastructure, Utilities, and Transportation</b>     |  |                             |                               |
| <b>7.1. Energy</b>  |  |                             |                               |
| KOPI  | PT Mitra Energi Persada Tbk            | Winning                     | Government official           |
| RAJA  | PT Rukun Raharja, Tbk.                 | Winning                     | Government official           |
| <b>7.2. Toll Road, Airport, Harbor, and Allied Products</b> |  |                             |                               |
| CMNP  | PT Citra Marga Nusaphala Persada Tbk   | Winning                     | Legislative                   |
| <b>7.3. Telecommunication</b>                               |  |                             |                               |
| ISAT  | PT Indosat, Tbk.                       | Winning                     | Government official           |
| TLKM  | PT Telkom Indonesia, Tbk.              | Winning                     | Government official           |
| BTEL  | PT Bakrie Telecom                      | Losing                      | Supporter                     |
| <b>7.4. Transportation</b>                                  |  |                             |                               |
| IATA  | PT Indonesia Transport                 | Losing                      | Supporter                     |
| <b>7.5. Non Building Construction</b>                       |  |                             |                               |
| TOWR  | PT Protelindo                          | Winning                     | Supporter                     |
| TBIG  | PT Tower Bersama                       | Losing                      | Supporter                     |
| <b>8. Trade, Service, and Investment</b>                    |  |                             |                               |
| <b>8.1. Wholesale (Durable &amp; Non-Durable Goods)</b>     |  |                             |                               |
| UNTR  | PT United Tractors                     | Winning                     | Supporter                     |
| MPMX  | PT Mitra Pinasthika                    | Losing                      | Supporter                     |
| <b>8.2. Retail Trade</b>                                    |  |                             |                               |
| LPPF  | PT Matahari Department Store           | Winning                     | Supporter                     |
| MPPA  | PT Matahari Putra Prima                | Winning                     | Supporter                     |
| <b>8.3. Tourism, Restaurant, and Hotel</b>                  |  |                             |                               |
| FAST  | PT Fastfood Indonesia                  | Winning                     | Supporter                     |
| SHID  | PT Hotel Sahid Jaya International Tbk. | Winning                     | Legislative                   |
| KPIG  | PT MNC Land                            | Losing                      | Supporter                     |
| <b>8.4. Advertising, Printing, and Media</b>                |  |                             |                               |
| KBLV  | PT First Media                         | Winning                     | Supporter                     |
| LINK  | PT Link Net                            | Winning                     | Supporter                     |
| LPLI  | PT Star Pasific                        | Winning                     | Supporter                     |
| MDIA  | PT Intermedia Capital                  | Losing                      | Supporter                     |
| MSKY  | PT MNC Sky Vision                      | Losing                      | Supporter                     |
| VIVA  | PT Visi Media Asia                     | Losing                      | Supporter                     |
| <b>8.5. Healthcare</b>                                      |  |                             |                               |
| SILO  | PT Siloam International                | Winning                     | Supporter                     |
| <b>8.6. Computer and Services</b>                           |  |                             |                               |
| ASGR  | PT Astra Graphia Tbk                   | Winning                     | Supporter                     |
| DNET  | PT Indoritel Makmur                    | Winning                     | Supporter                     |

**Appendix A: List of Politically Connected Firms (cont.)**

| Stock Code                     | Company Name              | Political Connection | Position in Government |
|--------------------------------|---------------------------|----------------------|------------------------|
| <b>8.7. Investment Company</b> |                           |                      |                        |
| MLPL                           | PT Multipolar             | Winning              | Supporter              |
| BNBR                           | PT Bakrie Brothers        | Losing               | Supporter              |
| BRMS                           | PT Bumi Resources Mineral | Losing               | Supporter              |
| BMTR                           | PT Global Mediacom        | Losing               | Supporter              |
| BHIT                           | PT MNC Investama          | Losing               | Supporter              |
| SRTG                           | PT Saratoga Investama     | Losing               | Supporter              |

**Appendix B: Politically Connected Firms Through Parliament Member (PAR)**

| No. | Name   | Fraction | Constituency  | Commission      | Position | Company  | Stock Code                             | Political Connection |
|-----|--|----------|---|-----------------|----------|--|--|----------------------|
| 1   | Dra. Hj. Sarwo B. Wiryanti Budiwiryanti Sukamdani, CHA |          | <i>Fraksi Partai Demokrasi Indonesia Perjuangan</i> | DKI I           | X        | Vice President Commissioner acting as Daily Commissioner | PT Hotel Sahid Jaya International Tbk. | SHID PARWIN          |
| 2   | Charles Honoris  |          | <i>Fraksi Partai Demokrasi Indonesia Perjuangan</i> | DKI III         | I        | Former Vice President                                    | PT Modernland Realty Tbk.              | MDLN PARWIN          |
| 3   | Henky Kurniadi   |          | <i>Fraksi Partai Demokrasi Indonesia Perjuangan</i> | Jawa Timur I    | XI       | Former Independent Commissioner                          | PT Fortune Mate Indonesia Tbk          | FMII PARWIN          |
| 4   | Nyoman Dhamantra, S.E.                                 |          | <i>Fraksi Partai Demokrasi Indonesia Perjuangan</i> | Bali            | VI       | Former Commissioner                                      | PT Citra Marga Nusaphala Persada Tbk   | CMNP PARWIN          |
| 5   | Dave Akbarshah Fikarno, ME.                            |          | <i>Fraksi Partai Golongan Karya</i>                 | Jawa Barat VIII | I        | Former Independent Commissioner                          | PT Siwani Makmur, Tbk.                 | SIMA PARLOS          |
| 6   | H. Bambang Soesatyo, S.E., MBA                         |          | <i>Fraksi Partai Golongan Karya</i>                 | Jawa Tengah VII | III      | Former Independent Director                              | PT Siwani Makmur, Tbk.                 | SIMA PARLOS          |

**Appendix C: Politically Connected Firms Through Supporter of The Party (SUP)**

| No. | Name                | Group Conglomerate | Company                      | Stock Code | Political Connection |
|-----|---------------------|--------------------|------------------------------|------------|----------------------|
| 1   | Edward Suryadjaja   | ASTRA              | PT Astra Internasional Tbk   | ASII       | SUPWIN               |
| 2   |                     |                    | PT Astra Otopart             | AUTO       | SUPWIN               |
| 3   |                     |                    | PT United Tractors           | UNTR       | SUPWIN               |
| 4   |                     |                    | PT Astra Graphia Tbk         | ASGR       | SUPWIN               |
| 5   | Robert Budi Hartono | DJARUM             | PT Protelindo                | TOWR       | SUPWIN               |
| 6   | James Tjahaja Riady | LIPPO              | PT Lippo Cikarang            | LPCK       | SUPWIN               |
| 7   |                     |                    | PT Lippo Karawaci            | LPKR       | SUPWIN               |
| 8   |                     |                    | PT Matahari Department Store | LPPF       | SUPWIN               |
| 9   |                     |                    | PT First Media               | KBLV       | SUPWIN               |
| 10  |                     |                    | PT Link Net                  | LINK       | SUPWIN               |
| 11  |                     |                    | PT Star Pasific              | LPLI       | SUPWIN               |

**Appendix C: Politically Connected Firms Through Supporter of The Party (SUP) (cont.)**

| No. | Name               | Group Conglomerate | Company                       | Stock Code | Political Connection |
|-----|--------------------|--------------------|-------------------------------|------------|----------------------|
| 12  |                    |                    | PT Matahari Putra Prima       | MPPA       | SUPWIN               |
| 13  |                    |                    | PT Siloam International       | SILO       | SUPWIN               |
| 14  |                    |                    | PT Multipolar                 | MLPL       | SUPWIN               |
| 15  | Anthony Salim      | SALIM              | PT PP London Sumatra          | LSIP       | SUPWIN               |
| 16  |                    |                    | PT Salim Invomas              | SIMP       | SUPWIN               |
| 17  |                    |                    | PT Indocement Tunggol         | INTP       | SUPWIN               |
| 18  |                    |                    | PT Indomobil Sukses           | IMAS       | SUPWIN               |
| 19  |                    |                    | PT Indofood CBP               | ICBP       | SUPWIN               |
| 20  |                    |                    | PT Indofood Sukses Makmur     | INDF       | SUPWIN               |
| 21  |                    |                    | PT Fastfood Indonesia         | FAST       | SUPWIN               |
| 22  |                    |                    | PT Indoritel Makmur           | DNET       | SUPWIN               |
| 23  | Surya Paloh        | MEDIA              | PT Sawit Sumbermas Tbk        | SSMS       | SUPWIN               |
| 24  | Sofjan Wanandi     | GEMALA             | PT SAT Nusapersada Tbk        | PTSN       | SUPWIN               |
| 25  | Aburizal Bakrie    | BAKRIE             | PT Bakrie Sumatera Plantation | UNSP       | SUPLOS               |
| 26  |                    |                    | PT Berau Coal Energy          | BRAU       | SUPLOS               |
| 27  |                    |                    | PT Bumi Resources             | BUMI       | SUPLOS               |
| 28  |                    |                    | PT Darma Henwa                | DEWA       | SUPLOS               |
| 29  |                    |                    | PT Energi Mega Persada        | ENRG       | SUPLOS               |
| 30  |                    |                    | PT Bakrieland Development     | ELTY       | SUPLOS               |
| 31  |                    |                    | PT Bakrie Telecom             | BTEL       | SUPLOS               |
| 32  |                    |                    | PT Intermedia Capital         | MDIA       | SUPLOS               |
| 33  |                    |                    | PT Visi Media Asia            | VIVA       | SUPLOS               |
| 34  |                    |                    | PT Bakrie Brothers            | BNBR       | SUPLOS               |
| 35  |                    |                    | PT Bumi Resources Mineral     | BRMS       | SUPLOS               |
| 36  | Hary Tanoesoedibjo | MNC BHAkti         | PT Indonesia Transport        | IATA       | SUPLOS               |
| 37  |                    | INVESTAMA          | PT MNC Land                   | KPIG       | SUPLOS               |
| 38  |                    |                    | PT MNC Sky Vision             | MSKY       | SUPLOS               |
| 39  |                    |                    | PT Global Mediacom            | BMTR       | SUPLOS               |
| 40  |                    |                    | PT MNC Investama              | BHIT       | SUPLOS               |
| 41  | Sandiaga S. Uno    | SARATOGA           | PT Adaro Energy               | ADRO       | SUPLOS               |
| 42  |                    |                    | PT Tower Bersama              | TBIG       | SUPLOS               |
| 43  |                    |                    | PT Mitra Pinasthika           | MPMX       | SUPLOS               |
| 44  |                    |                    | PT Saratoga Investama         | SRTG       | SUPLOS               |

**Appendix D: Politically Connected Firms Through Government Executive (GOVWIN)**

| No | Name                | Position in Government                             | Position in Company | Company                     | Stock Code | Political Connection |
|----|---------------------|--|---------------------|-----------------------------|------------|----------------------|
| 1  | M. Jusuf Kalla      | <i>Wakil Presiden RI</i>                           | Shareholders        | PT Mitra Energi Persada Tbk | KOPI       | GOVWIN               |
| 2  | Sudirman Said       | <i>Menteri Energi dan Sumberdaya Mineral</i>       | Vice President      | PT Petrosea, Tbk.           | PTRO       | GOVWIN               |
| 3  | Arief Yahya         | <i>Menteri Pariwisata</i>                          | Director            | PT Telkom Indonesia, Tbk.   | TLKM       | GOVWIN               |
| 4  | Rudiantara          | <i>Menteri Komunikasi dan Informatika</i>          | President           | PT Rukun Raharja, Tbk.      | RAJA       | GOVWIN               |
| 5  |                     |  | Commissioner        | PT Indosat, Tbk.            | ISAT       | GOVWIN               |
| 6  | Sofjan Djalil       | <i>Menteri Koordinator Bidang Perekonomian</i>     | Commissioner        | PT Kimia Farma, Tbk.        | KAEF       | GOVWIN               |
| 7  | Basuki Hadi Muljono | <i>Menteri Pekerjaan Umum dan Perumahan Rakyat</i> | Commissioner        | PT Wijaya Karya, Tbk.       | WIKA       | GOVWIN               |