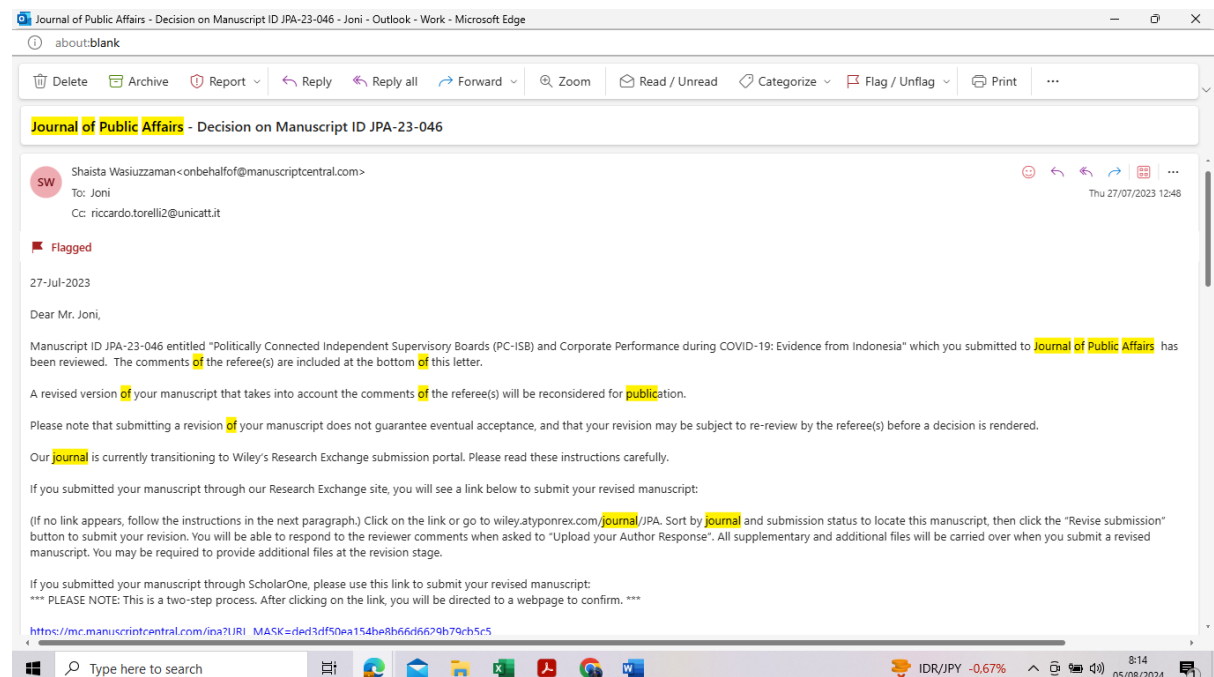
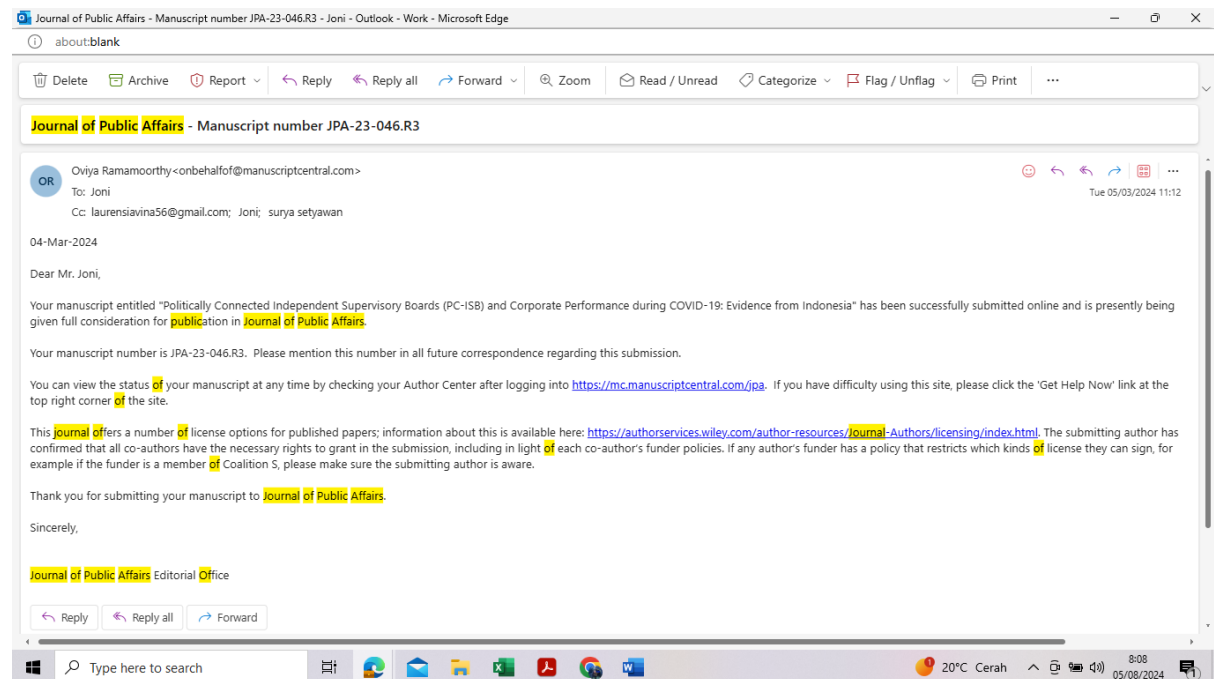


BUKTI KORESPONDING ARTIKEL

ARTIKEL JURNAL INTERNASIONAL BERPUTASI

Judul: Politically connected independent supervisory boards and corporate performance during COVID-19: Evidence from Indonesia

Jurnal: Journal of Public Affairs, 2024, Vol. 24, No. 2, e2921



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Journal of Public Affairs - Decision on Manuscript ID JPA-23-046

Paedoffice@wiley.com

Referee(s)' Comments to Author:

Reviewing: 1

Comments to the Author

Dear author,

Thank you very much for sending your paper to the **Journal**. The topic is interesting; however, the following issues should fully address in the next version:

- 1- What is the research motivation and research gap?
- 2- The theoretical issues and literature sections should be up to date with the most recent studies; some are listed below:
 - Politically connected independent board and firm performance
 - The relationship between corporate governance and cost of equity: evidence from the ISIS era in Iraq
 - Political connections, media coverage and firm performance: Evidence from an emerging market
 - The relationship between corporate governance and financial reporting transparency
 - Does tax aggressiveness and cost of debt affect firm performance? The moderating role of political connections
 - The effect of COVID 19 on risk-taking of small and medium-sized, family and non-family firms
 - The relationship between political relations with audit quality and auditor industry expertise
 - The ISIS impacts on the Political Connections, Board Interlock, and Quality of Financial Reporting
 - The Effects of Firm Political Contributions on Earnings and Subsequent Firm Performance
 - The relationship between political connections, auditor characteristics and auditor narcissism
 - The impact of Board Characteristics on Firm Performance in Turkey
 - The relationship between the companies' political connections and audit fees
- 3- It is recommended to conduct additional analyses to validate the primary findings
- 4- It is also recommended to include the research implications
- 5- The paper needs to conduct proofreading

Reviewing: 2

Comments to the Author

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Reviewing: 2

Comments to the Author

he idea of testing Politically connected independent supervisory boards' impact on corporate performance is interesting. However, several issues with the manuscript need to be addressed.

The introduction needs serious improvement as the authors need to stress the political environment of Indonesia, how it is related to PC ISBs, and how they can influence performance. The gap and contributions should explain the real economic benefit.

The literature review needs to be revised thoroughly. A detailed overview of PC and ISB needs to add to give a complete picture. It's better to have some tables in the literature section.

The methodology is acceptable, but the authors need to improve the write-up quality of the section. The section seems like written for a Master's thesis. Please revise this section.

The econometric equation should be revised as the authors use it a panel.

Please change the style of Table 2 and make it more presentable.

The correlation table needs to be revised as ROA and ROE are two different variables with two different logical backings; thus, their correlation pattern is different. Authors have used Pool OLS; they should also check the fixed effect and report diagnostic testing.

The GMM table needs revision, and the author should report AR2 and Hansen test values.

Overall profound changes are needed and the author should explain the economic benefit of analysis. Grammar can be improved, but it's a secondary issue. Authors can take help from proofreading services.

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Shaista Wasiuzzaman <onbehalf@manuscriptcentral.com>
To: Joni
Cc: riccardo.torelli2@unicatt.it; laurensvina56@gmail.com; Joni; surya setyawan
Wed 18/10/2023 22:30

18-Oct-2023

Dear Mr. Joni,

Manuscript ID JPA-23-046.R1 entitled "Politically Connected Independent Supervisory Boards (PC-ISB) and Corporate Performance during COVID-19: Evidence from Indonesia" which you submitted to **Journal of Public Affairs** has been reviewed. The comments of the referee(s) are included at the bottom of this letter.

A revised version of your manuscript that takes into account the comments of the referee(s) will be reconsidered for publication.

Please note that submitting a revision of your manuscript does not guarantee eventual acceptance, and that your revision may be subject to re-review by the referee(s) before a decision is rendered.

You can upload your revised manuscript and submit it through your Author Center. Log into <https://mc.manuscriptcentral.com/jpa> and enter your Author Center, where you will find your manuscript title listed under "Manuscripts with Decisions".

When submitting your revised manuscript, you will be able to respond to the comments made by the referee(s) in the space provided. You can use this space to document any changes you make to the original manuscript.

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Journal of Public Affairs - Decision on Manuscript ID JPA-23-046.R1

Referee(s)' Comments to Author:

Reviewing: 1

Comments to the Author
Dear author,
Thank you for sending your revised paper; the paper is accepted in the current format. **Congratulations**

Reviewing: 2

Comments to the Author
This paper examines the determinants of return on equity with special focus on the role of political linkages. Balance sheet data are used. The methods consist of the GMM first difference estimator and the pooled OLS. The latter is not appropriate. One has to take into account the nature of panel data. Firm effects have to be taken into account. Dynamic panel data models are suitable, but three years of data is not enough. Do you have firms without political connections? If so, use difference-in-difference analysis. Please see my comments

Comments

1)
The conceptual background is too broad and only loosely connected with the empirical model.

2)
"H1: Companies with politically connected independent supervisory boards enjoy good business performance."
The hypothesis is difficult to understand.
Either you are connected or not.

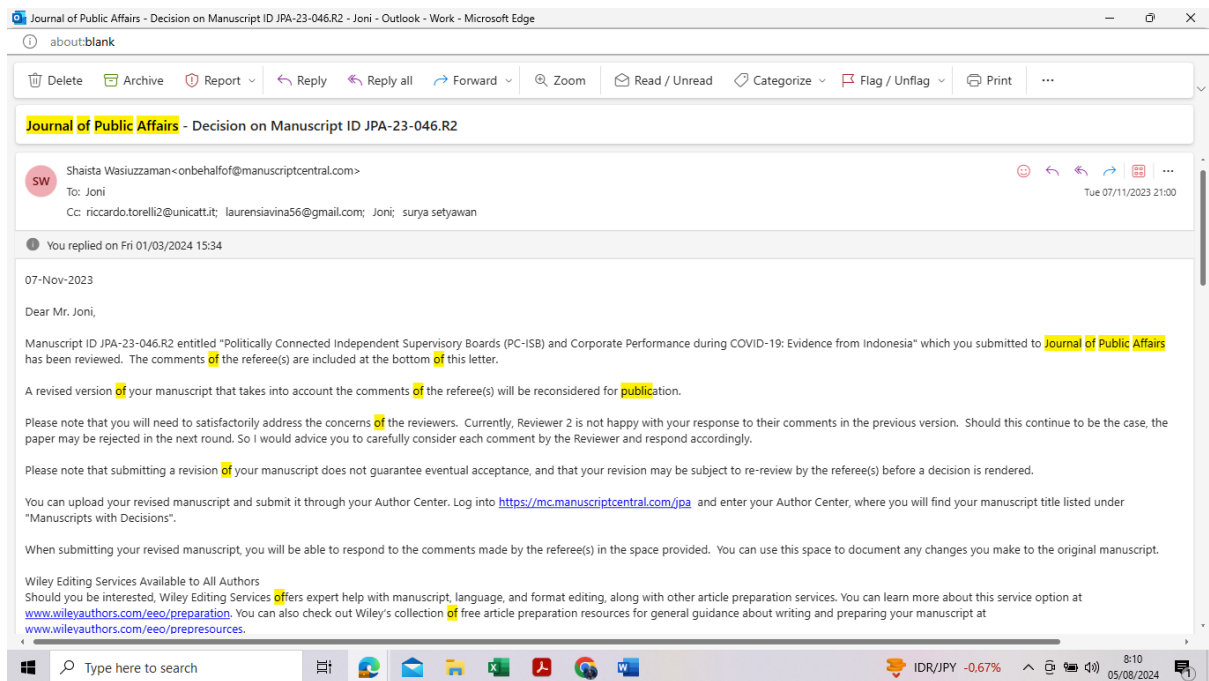
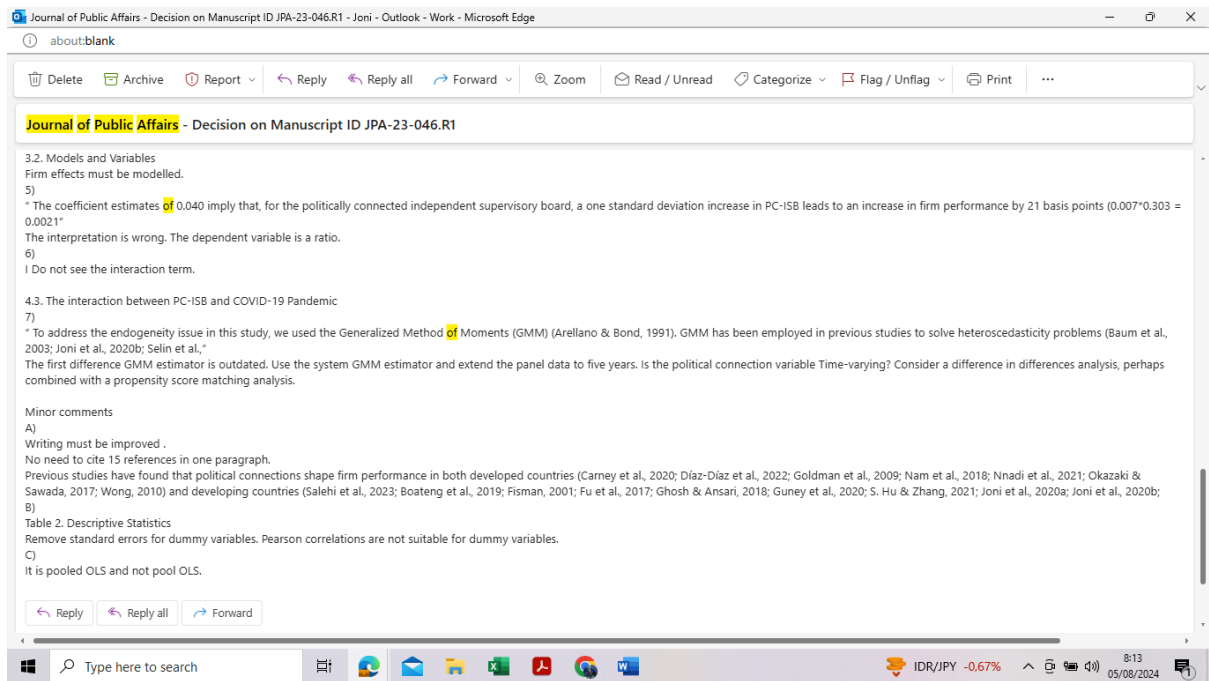
H2: Pandemic conditions have a negative association with company performance.
This hypothesis is trivial and this depends on the sector.

3)
Several claims need a reference. Section consists of many paragraphs without reference

4)
3.2. Models and Variables
Firm effects must be modelled.

5)

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Journal of Public Affairs - Decision on Manuscript ID JPA-23-046.R2

Referee(s)' Comments to Author:

Reviewing: 1

Comments to the Author

Dear author,

Thank you for sending your revised paper; the paper is accepted in the current format.

Reviewing: 2

Comments to the Author

Thank you for the opportunity to read the revised version of the paper. Unfortunately, the revisions do not meet my expectations. This is explained below.

Comments

1)
The paper is very difficult to read. The different estimation approaches are poorly justified. Please write down the specifications for the dynamic panel data model as well.

2)
The first difference GMM estimator is outdated.
The performance of this estimator is poor when the dependent and independent variables are highly persistent.

3)
More details on the difference in differences estimator is needed. Which variant have you used? Please read:
Roth, J., Sant'Anna, P. H., Bilinski, A., & Poe, J. (2023). What's trending in difference-in-differences? A synthesis of the recent econometrics literature. *Journal of Econometrics*.

4)
Please better interpret the magnitude of the relationships. The descriptive statistics must be improved. Show changes for different years.

5)
What is the contribution of the paper compared to these two articles:
Joni, J., Ahmed, K., & Hamilton, J. (2020). Politically connected boards, family and business group affiliations, and cost of capital: Evidence from Indonesia. *The British Accounting Review*, 52(3), 100878
Joni, J., Ahmed, K., & Hamilton, J. (2020). Politically connected boards, family business groups, and firm performance: evidence from Indonesia. *Journal of Accounting & Organizational Change*, 16(1), 93-121.

Minor comments

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Joni, J., Ahmed, K., & Hamilton, J. (2020). Politically connected boards, family business groups, and firm performance: evidence from Indonesia. *Journal of Accounting & Organizational Change*, 16(1), 93-121.

Minor comments

A)
Table 2. Descriptive Statistics
It is confusing that the same variables appear twice (rows 2 to four)

B)
All tables should be better labelled and pooled OLS estimates should be moved to the appendix
Table 5. PC-ISB and Firm Performance: Pooled OLS (Ordinary Least Squares)
Table 6. PC-ISB, Covid-19 Pandemic, and Firm Performance: Moderated Regression
Table 7. Alternative Test (EPS)
Tables should be self-explanatory

Table 8. GMM
Full description of the estimator
C)
. To address the endogeneity issue in this study, we used the Generalized Method of Moments (GMM) (Arellano & Bond, 1991).
Use the system GMM estimator.

D)
There are more than 80 references. This is a standard empirical article and not a literature review. I suggest to reduce to 40-50 articles.

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Shaista Wasiuzzaman <onbehalf@manuscriptcentral.com>
To: Joni
Cc: riccardo.torelli2@unicatt.it; laurensvina56@gmail.com; Joni; surya setyawan
Tue 12/03/2024 10:02

11-Mar-2024

Dear Mr. Joni,

Manuscript ID JPA-23-046.R3 entitled "Politically Connected Independent Supervisory Boards (PC-ISB) and Corporate Performance during COVID-19: Evidence from Indonesia" which you submitted to **Journal of Public Affairs** has been reviewed. The comments of the referee(s) are included at the bottom of this letter.

The referee(s) have recommended publication, but also suggest some minor revisions to your manuscript. Therefore, I invite you to respond to the referee(s) comments and revise your manuscript.

You can upload your revised manuscript and submit it through your Author Center. Log into <https://mc.manuscriptcentral.com/jpa> and enter your Author Center, where you will find your manuscript title listed under "Manuscripts with Decisions".

When submitting your revised manuscript, you will be able to respond to the comments made by the referee(s) in the space provided. You can use this space to document any changes you make to the original manuscript.

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Journal of Public Affairs - Decision on Manuscript ID JPA-23-046.R3

Referee(s) Comments to Author:

Reviewing: 1

Comments to the Author
Dear author,
Thank you for sending your paper to the **Journal**; the paper can be accepted as it is. **Congratulations**

Reviewing: 2

Comments to the Author
This paper investigates the link between a Politically connected independent board of commissioners and company performance. Firm-level data are used, and different estimation techniques are applied to the data. I am new in this round. Please see my comments

1)
Please better highlight the theoretical and empirical contribution of your work. Numerous studies have investigated the relationship between Politically connected independent boards of commissioners and company performance. The introduction should outline: 1. What is already known about the topic? 2. What is not known about the subject, and hence, what does the study intend to examine? This means outline on what is the research gap you seek to fill. 3. What are the specific research questions the study focuses on?

2)
Please provide a synthesis of the literature. The research question has already been investigated.

References
Joni, J., Ahmed, K., & Hamilton, J. (2020). Politically connected boards, family business groups, and firm performance: evidence from Indonesia. **Journal of Accounting & Organizational Change**, 16(1), 93-121

Nugrahani, Y. W., Sutrisno, T., Rahman, A. F., & Mardiaty, E. (2020). Do firm characteristics, political connections and corporate governance mechanism affect financial distress?(Evidence from Indonesia). **International Journal of Trade and Global Markets**, 13(2), 220-250

3)
The regression equation should be derived from theory. Financial performance depends on many factors.

4)
"H2: The COVID-19 Pandemic is negatively with company performance."
Please look at this hypothesis. There is a word missing. There is a lack of focus. I suggest deleting this hypothesis. This hypothesis is too apparent. Of course, there was a decline in company performance during the pandemic

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Nugrahanti, Y. W., Sutrisno, T., Rahman, A. F., & Mardiaty, E. (2020). Do firm characteristics, political connections and corporate governance mechanism affect financial distress?(Evidence from Indonesia). *International Journal of Trade and Global Markets*, 13(2), 220-250

3)
The regression equation should be derived from theory. Financial performance depends on many factors.

4)
"H2: The COVID-19 Pandemic is negatively with company performance."
Please look at this hypothesis. There is a word missing. There is a lack of focus. I suggest deleting this hypothesis. This hypothesis is too apparent. Of course, there was a decline in company performance during the pandemic with stronger effects on some sector sectors (hospitality, transportation, etc);

5)
You are using panel data for three years (" This study used 1,515 observations of companies listed on the Indonesian Stock Exchange (IDX) for the years 2018-2021")
This time period is too short to use the system GMM estimator. Please extend the time period to four or five years. The system GMM estimator is fragile. Report the number of instruments used. Have you used the one-step or two-step estimator and robust standard errors? Have you used Windmeijer correction for small samples?
I also suggest dropping the pooled OLS results as not accounting for firm effects leads to a bias.

6)
"PC-SBI is the percentage of independent commissioners who have served or are currently serving as ministers, members of the military, members of parliament, or bureaucrats appointed by a regional or central government."
The key variable is a proportion. Are you sure that the difference in differences estimator is appropriate? I cannot find the results of the DID approach. You have to report the DID results, as the results are mentioned in several parts of the paper. More information on the control group is needed.

7)
The magnitude of the relationships should be better interpreted. The estimates seem to be very small.

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Shaista Wasiuzzaman <onbehalf@manuscriptcentral.com>
To: Joni
Cc: riccardo.torelli2@unicatt.it; laurensvina56@gmail.com; Joni; surya setyawan

Thu 04/04/2024 21:36

04-Apr-2024

Dear Mr. Joni,

It is a pleasure to accept your manuscript entitled "Politically Connected Independent Supervisory Boards (PC-ISB) and Corporate Performance during COVID-19: Evidence from Indonesia" in its current form for publication in *Journal of Public Affairs*. The comments of the referee(s) who reviewed your manuscript are included at the bottom of this letter.

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Thank you for your fine contribution.

Sincerely,

Editorial Office
Journal of Public Affairs

Associate Editor's comments to Author:

Dear Authors, thank you for the revision work you have done and congratulations on the result. All of the reviewers' comments were addressed and the paper improved significantly over the 3 revision rounds. It is now ready

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