

The 33<sup>rd</sup> Annual Conference on  
Pacific Basin Finance, Economics,  
Accounting and Management  
第三十三屆亞太財務經濟會計與管理研討會

June 13-14, 2025  
Chung Yuan Christian University, Taiwan  
中原大學

Conference Theme:  
會議主題：創新金融，邁向永續未來

會場：[中原大學自強商學大樓](#)

# **The 33<sup>rd</sup> Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management**

## **Conference Organizers:**

Rutgers Business School, Rutgers University, USA 美國羅格斯大學  
Chung Yuan Christian University, Taiwan 中原大學  
Foundation of Pacific Basin Financial Research and Development, Taiwan  
財團法人亞太金融研究發展基金會

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Cheng-Few Lee, Rutgers University, USA  
Cheng-Wen Lee, Chung Yuan Christian University, Taiwan

## **Advisor:**

National Science and Technology Council, Republic of China 中華民國國科會  
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Shih-Ti Yu, National Tsing Hua University, Taiwan  
Zhaodong Zhong, Rutgers University, USA

## History of the Conference:

	Year	Venue/Country	Host Organizer
1	1993	U.S.A. 美國	Rutgers University, New Jersey
2	1994	Hong Kong 香港	Hong Kong Chinese University, Hong Kong
3	1995	Taiwan 臺灣	Taiwan Institute of Economic Research, Taipei
4	1996	U.S.A. 美國	Rutgers University, New Jersey
5	1997	Singapore 新加坡	Nanyang Technological University, Singapore
6	1998	Hong Kong 香港	Hong Kong Polytechnic University, Hong Kong
7	1999	Taiwan 臺灣	National Taiwan University, Taipei
8	2000	Thailand 泰國	Chulalongkorn University, Bangkok
9	2001	U.S.A. 美國	Rutgers University, New Jersey
10	2002	Singapore 新加坡	Nanyang Technological University, Singapore
11	2003	Taiwan 臺灣	National Chiao Tung University, Hsinchu
12	2004	Thailand 泰國	The Consortium of Thai Universities, Bangkok
13	2005	U.S.A. 美國	Rutgers University, New Jersey
14	2006	Taiwan 臺灣	Foundation of Pacific Basin Financial Research and Development
15	2007	Vietnam 越南	Ho Chi Minh City University of Technology, Ho Chi Minh City, Vietnam
16	2008	Australia 澳洲	Queensland University of Technology, Brisbane, Queensland, Australia
17	2009	Thailand 泰國	University of the Thai Chamber of Commerce, Bangkok, Thailand
18	2010	China 中國	Graduate University of Chinese Academy of Sciences Beijing, China
19	2011	Taiwan 臺灣	Foundation of Pacific Basin Financial Research and Development
20	2012	U.S.A. 美國	Rutgers University, New Jersey
21	2013	Australia 澳洲	Deakin University, Melbourne, Australia
22	2014	Japan 日本	Aichi University, Nagoya, Japan
23	2015	Vietnam 越南	Saigon Technology University, Hochiminh City, Vietnam
24	2016	Taiwan 臺灣	National Chiao Tung University, Hsinchu
25	2017	Singapore 新加坡	National University of Singapore
26	2018	U.S.A. 美國	Rutgers University, New Jersey
27	2019	Taiwan 臺灣	National Taiwan University, Taipei
28	2020	Taiwan 臺灣	National Chiao Tung University, Hsinchu
29	2021	U.S.A. 美國	Rutgers University, New Jersey
30	2022	Taiwan 臺灣	<i>National Chung Cheng University</i>
31	2023	Taiwan 臺灣	National Yang Ming Chiao Tung University, Hsinchu
32	2024	U.S.A. 美國	Rutgers University, New Jersey
33	2025	Taiwan 臺灣	Chung Yuan Christian University, Taoyuan

**Conference Agenda: Day 1**

Friday, June 13, 2025			
8:30 a.m. – 9:00 a.m.	Registration		商學大樓
9:00 a.m. – 9:05 a.m.	Opening Remarks 致開幕詞 Professor Cheng Few Lee, Rutgers University, USA 美國羅格斯大學 李正福教授 <a href="https://nycu.webex.com/meet/hhlee">https://nycu.webex.com/meet/hhlee</a>		商學金榮講堂
9:05 a.m. – 9:15 a.m.	Music Performance 音樂饗宴		
9:15 a.m. – 9:25 a.m.	Welcoming Remarks 致歡迎詞 President In-Ming Lee, Chung Yuan Christian University, Taiwan 中原大學 李英明校長 <a href="https://nycu.webex.com/meet/hhlee">https://nycu.webex.com/meet/hhlee</a>		
9:25 a.m. – 9:30 a.m.	Group Photo 大合照		
9:30 a.m. – 10:15 a.m.	First Keynote Speech 專題演講 1 Professor Chunchi Wu, University at Buffalo, USA 美國紐約州立大學水牛城分校 吳俊吉教授 ➤ Title: Asset Pricing and Corporate Finance Research Using Machine Learning Chairperson: Dean Cheng-Wen Lee, Chung Yuan Christian University, Taiwan 中原大學商學院 李正文院長 <a href="https://nycu.webex.com/meet/hhlee">https://nycu.webex.com/meet/hhlee</a>		
10:15 a.m.– 10:30 a.m.	Tea Break 茶敘		CB206
10:30 a.m.– 12:00 p.m.	BREAKOUT SESSION I 分組論壇 1		
	Session 1	Investment Analysis and Corporate Finance <a href="https://nycu.webex.com/meet/cyshen">https://nycu.webex.com/meet/cyshen</a>	CB201
	Session 2	Investment Analysis (A) <a href="https://nycu.webex.com/meet/anniehsieh">https://nycu.webex.com/meet/anniehsieh</a>	CB205

	Session 3	Corporate Finance (A) <a href="https://nycu.webex.com/meet/mirandaluo">https://nycu.webex.com/meet/mirandaluo</a>	CB209
	Session 4	Financial Accounting and Auditing (A) <a href="https://nycu.webex.com/meet/cameldai">https://nycu.webex.com/meet/cameldai</a>	CB202
	Session 5	Investment Analysis and Cryptocurrency Markets <a href="https://nycu.webex.com/meet/ritaliu21">https://nycu.webex.com/meet/ritaliu21</a>	CB301
12:00 p.m.	<b>Lunch</b> 午餐		CB206
1:00 p.m. – 2:30 p.m.	BREAKOUT SESSION II 分組論壇 2		
	Session 6	Empirical Corporate Finance <a href="https://nycu.webex.com/meet/cyshen">https://nycu.webex.com/meet/cyshen</a>	CB201
	Session 7	Corporate Finance and ESG <a href="https://nycu.webex.com/meet/anniehsieh">https://nycu.webex.com/meet/anniehsieh</a>	CB205
	Session 8	Financial Accounting and Auditing (B) <a href="https://nycu.webex.com/meet/mirandaluo">https://nycu.webex.com/meet/mirandaluo</a>	CB209
	Session 9	Corporate Finance and Accounting <a href="https://nycu.webex.com/meet/cameldai">https://nycu.webex.com/meet/cameldai</a>	CB202
	Session 10	ESG and Economic Policy <a href="https://nycu.webex.com/meet/ritaliu21">https://nycu.webex.com/meet/ritaliu21</a>	CB301
2:30 p.m. – 2:45 p.m.	<b>Tea Break</b> 茶敘		CB206
2:45 p.m. – 4:15 p.m.	BREAKOUT SESSION III 分組論壇 3		
	Session 11	ESG <a href="https://nycu.webex.com/meet/cyshen">https://nycu.webex.com/meet/cyshen</a>	CB201
	Session 12	Corporate Finance (B) <a href="https://nycu.webex.com/meet/cameldai">https://nycu.webex.com/meet/cameldai</a>	CB202
	Session 13	Corporate Finance and Banking <a href="https://nycu.webex.com/meet/ritaliu21">https://nycu.webex.com/meet/ritaliu21</a>	CB301
	Session 14	Financial Accounting <a href="https://nycu.webex.com/meet/anniehsieh">https://nycu.webex.com/meet/anniehsieh</a>	CB205

	Session 15	Risk Management and Machine Learning <a href="https://nycu.webex.com/meet/mirandaluo">https://nycu.webex.com/meet/mirandaluo</a>	CB209
4:30 p.m. – 5:15 p.m.	<b>Second Keynote Speech 專題演講 2</b> <b>Professor Ji-Chai Lin, National Central University, Taiwan</b> 國立中央大學 林基財教授 ➤ Title: <b>Stock Price, R&amp;D, and Strategic Focus</b> Chairperson: Chair Yu- Lun Chen, Chung Yuan Christian University, Taiwan 中原大學財務金融學系 陳佑倫主任 <a href="https://nycu.webex.com/meet/hhlee">https://nycu.webex.com/meet/hhlee</a>		商學金榮 講堂
6:00 p.m.	<b>Conference Dinner (晚宴)</b>		

### *Conference Agenda: Day 2*

Saturday, June 14, 2025			
9:00 a.m. – 10:30 a.m.	BREAKOUT SESSION IV 分組論壇 4		
	Session 16	CEO Compensation, Return Predictability, and P2P Lending <a href="https://nycu.webex.com/meet/cyshen">https://nycu.webex.com/meet/cyshen</a>	CB201
	Session 17	Investment Analysis (B) <a href="https://nycu.webex.com/meet/anniehsieh">https://nycu.webex.com/meet/anniehsieh</a>	CB205
	Session 18	Investment Analysis and AI Computation <a href="https://nycu.webex.com/meet/cameldai">https://nycu.webex.com/meet/cameldai</a>	CB202
	Session 19	Corporate Governance Issues <a href="https://nycu.webex.com/meet/mirandaluo">https://nycu.webex.com/meet/mirandaluo</a>	CB209

	Session 20	Bank Management <a href="https://nycu.webex.com/meet/ritaliu21">https://nycu.webex.com/meet/ritaliu21</a>	CB301
10:30 p.m. –10:45 a.m.	<b>Tea Break</b> 茶敘		CB206
10:45 a.m.– 12:15 p.m.	BREAKOUT SESSION IV 分組論壇 5		
	Session 21	Financial Statistics <a href="https://nycu.webex.com/meet/cyshen">https://nycu.webex.com/meet/cyshen</a>	CB201
	Session 22	Investment Analysis and Empirical Finance <a href="https://nycu.webex.com/meet/cameldai">https://nycu.webex.com/meet/cameldai</a>	CB202
	Session 23	Corporate Innovation <a href="https://nycu.webex.com/meet/anniehsieh">https://nycu.webex.com/meet/anniehsieh</a>	CB205
	Session 24	Institutional ownership, Pension risk, and Option-based forecasting <a href="https://nycu.webex.com/meet/mirandaluo">https://nycu.webex.com/meet/mirandaluo</a>	CB209
	Session 25	Corporate Finance	CB301
12:15 p.m.	<b>Lunch</b> 午餐		CB206
1:15 p.m.- 2:00 p.m.	<b>Third Keynote Speech</b> 專題演講 3 <b>Professor Terry Marsh, University of California, Berkeley, USA</b> 美國加州大學柏克萊分校 ➤ Title: <b>After Hours Returns and After Hours Information</b> Chairperson: Professor Hai-Chin Yu, Chung Yuan Christian University, Taiwan 中原大學 俞海琴教授 <a href="https://nycu.webex.com/meet/hhlee">https://nycu.webex.com/meet/hhlee</a>		商學金榮 講堂



## **First Keynote Speaker: Professor Chunchi Wu**



University at Buffalo, USA

Professor Chunchi Wu is a highly esteemed scholar in banking and finance, holding the M&T Chair of Banking and Finance at the University at Buffalo's School of Management. With a distinguished academic career spanning several decades, Professor Wu has made significant contributions to financial research, particularly in the areas of fixed-income securities, asset pricing, and credit risk.

Professor Wu earned his Ph.D. from the University of Illinois at Urbana-Champaign and has held prestigious academic positions, including the Jeffrey E. Smith Missouri Professor of Finance at the University of Missouri-Columbia, Head of Finance Division at Singapore Management University and a professorship at Syracuse University. His research has been widely published in leading journals such as the *Journal of Finance*, *Journal of Financial Economics*, and *Journal of Financial and Quantitative Finance*, *Accounting Review* and *Review of Economics and Statistics*. His work focuses on critical financial issues such as asset pricing, market efficiency, and risk management, influencing both academia and the financial industry.

Beyond research, Professor Wu is a dedicated educator, mentoring numerous Ph.D. students and teaching courses in financial innovation, investment management, and asset pricing. He has also served as an editor and reviewer for multiple academic journals and has been actively involved in international finance conferences.

Through his extensive research, teaching, and industry engagement, Professor Chunchi Wu continues to shape the future of financial economics, making impactful contributions to both theory and practice.

## Second Keynote Speaker: Professor Ji-Chai Lin



National Central University, Taiwan

Professor Lin has served as the Chair Professor of Finance at Hong Kong Polytechnic University (PolyU), a position he has held since January 2015. In addition, he was the Christina Lee Professor in Accounting and Finance at PolyU from 2017 to 2022. Before joining PolyU, Professor Lin was the Lloyd F. Collette Endowed Chair of Financial Services and a Professor of Finance at Louisiana State University (LSU). His extensive academic career also includes appointments as the C.C. Cameron Endowed Distinguished Professor in Finance and various other roles at LSU, where he made significant contributions to both research and teaching.

Professor Lin earned his Ph.D. in Finance from the University of Iowa, a foundation that paved the way for a career marked by numerous accolades and significant contributions to the field of finance. His research is widely recognized and published in some of the most prestigious academic journals, including the *Journal of Finance*, *Journal of Financial Economics*, *Review of Financial Studies*, *Journal of Financial and Quantitative Analysis*, and *Journal of Corporate Finance*. His work has addressed critical issues in corporate finance, such as insider trading, dividend policy, market efficiency, and the effects of corporate governance on analyst behavior. One of the hallmarks of Professor Lin's research is his focus on the practical implications of financial theories, particularly in understanding the behavior of investors and markets. His studies on market microstructure have provided valuable insights into the dynamics of trading, liquidity, and information dissemination in financial markets. His work on IPOs, stock splits, and trading patterns of large versus small investors has been particularly influential in both academic and practitioner circles.

In addition to his prolific research, Professor Lin has made substantial contributions to the academic community through his role as an educator and mentor. He has supervised numerous Ph.D. students, guiding them through complex research projects that have led to successful academic and professional careers. His teaching excellence has been recognized with multiple awards, and his courses on corporate finance, investments, and empirical finance are highly regarded by students and peers alike. Beyond academia, Professor Lin has been an active participant in the global finance community, regularly presenting his research at international conferences and seminars. His ability to bridge the gap between theory and practice makes his presentations both insightful and impactful.

## Third Keynote Speaker: Professor Terry Marsh



University of California, Berkeley, USA

Professor Marsh completed his Ph.D. and MBA at the University of Chicago, where he laid the foundation for an illustrious career. He is currently the Co-founder and CEO of Quantal International Inc. and Quantal Asset Management, companies renowned for their innovative approaches in quantitative finance and risk management. In addition to his industry roles, he has served as an Emeritus Professor of Finance at the University of California, Berkeley, where he previously held a full professorship and chaired the Finance Department.

Throughout his career, Professor Marsh has been at the forefront of financial research, particularly in the areas of asset pricing, risk management, and the dynamics of financial crises. His scholarly work has been widely published in top-tier journals, including the *Journal of Financial Economics*, *Journal of Portfolio Management*, and *Financial Analysts Journal*. His research has explored crucial topics such as the impact of political uncertainty on equity premiums, the role of cryptocurrency and blockchain technology in modern finance, and the behavior of asset markets during periods of financial instability.

Professor Marsh's expertise extends beyond academia; he has been an influential voice in policy-making and financial regulation. Notably, he served as a member of the Presidential Commission on Market Mechanisms, commonly known as the "Brady Commission," which was established in response to the 1987 stock market crash. His insights were instrumental in shaping the Commission's recommendations on market stability and regulatory reforms.

## **Session 1: Investment Analysis and Corporate Finance**

Friday, June 13<sup>th</sup>, 2025      10:30 AM ~ 12:00 PM (Time Zone: Taipei)  
Room Number: CB201      <https://nycu.webex.com/meet/cyshen>

**Chairperson: Linda H. Chen, University of Idaho, USA**

### **1. Dissecting the Value Premium**

\*Linda H. Chen, University of Idaho, USA.

Wei Huang, University of Minnesota Duluth, USA.

George J. Jiang, Washington State University, USA

Presenter: Linda H. Chen

Discussant: Ruixin Yang (On-line)

### **2. *The Persistent Response from Option Liquidity to GameStop Short Squeeze***

\*Ruixin Yang, Rutgers University, USA.

Zhaodong (Ken) Zhong, Rutgers University, USA.

Presenter: Ruixin Yang (On-line)

Discussant: Harold H. Zhang

### **3. *Operating Leverage and Risk Premium***

Leonid Kogan, Massachusetts Institute of Technology, USA.

Jun Li, University of Texas at Dallas, USA.

\*Harold H. Zhang, University of Texas at Dallas, USA.

Yifan Zhu, BI Norwegian Business School, Norway.

Presenter: Harold H. Zhang

Discussant: Linda H. Chen

## **Session 2: Investment Analysis (A)**

Friday, June 13<sup>th</sup>, 2025

10:30 AM ~ 12:00 PM (Time Zone: Taipei)

Room Number: CB205

<https://nycu.webex.com/meet/anniehsieh>

**Chairperson: Paul W. Chiou, Northeastern University, USA**

### **1. Latent Variable Estimation in Bayesian Black-Litterman Models**

Thomas Yuan-Lung Lin, National Taiwan University, Taiwan & Gamma Paradigm Group, USA.

Jerry Yao-Chieh Hu, Northwestern University, USA.

\*Paul W. Chiou, Northeastern University, USA.

Peter Lin, Gamma Paradigm Group, USA & Johns Hopkins University, USA.

Presenter: Paul W. Chiou

Discussant: Ketian Guan (On-line)

### **2. Do Exogenous Uninformed Order Flows Move Stock Prices?**

\*Ketian Guan, Brandeis University, USA.

Sida Li, Brandeis University, USA.

Presenter: Ketian Guan (On-line)

Discussant: Paul W. Chiou

### **Session 3: Corporate Finance (A)**

Friday, June 13<sup>th</sup>, 2025

10:30 AM ~ 12:00 PM (Time Zone: Taipei)

Room Number: CB209

<https://nycu.webex.com/meet/mirandaluo>

**Chairperson: Ming-Che Hu, Yuan Ze University, Taiwan**

**1. *Community Religiosity and Board Monitoring: Evidence from the Structure of Board Committees***

Yuning Chen and Jiamian Xu, University College London, UK.

Yunfei Zhao, Wenzhou-Kean University, China.

\*Yixun Zhou, Kean University, USA.

Presenter: Yixun Zhou (On-line)

Discussant: Chi Zhang (On-line)

**2. *Does Disruption Matter for Capital Financing Decision?***

\*Chi Zhang and Xu Zhang, University of Macau, Macau.

Presenter: Chi Zhang (On-line)

Discussant: Yixun Zhou (On-line)

## **Session 4: Financial Accounting and Auditing (A)**

Friday, June 13<sup>th</sup>, 2025      10:30 AM ~ 12:00 PM (Time Zone: Taipei)  
Room Number: CB202      <https://nycu.webex.com/meet/cameldai>

**Chairperson: Sophia Liu, National Taiwan University, Taiwan**

### **1. *Internal Information Quality and Acquisition Performance: Evidence from SFAS 142***

Audrey Hsu, Ting-Hsuan Lin, and \*Sophia Liu, National Taiwan University, Taiwan.

Presenter: Sophia Liu

Discussant: Sin-Ru Chen

### **2. *The Effect of Mandatory English Financial Reporting on Stock Price Informativeness: Evidence from A Quasi-Natural Experiment in Taiwan***

Ming-Yu Liu, Tunghai University, Taiwan.

\*Sin-Ru Chen, and Hsin-Yi Huang, National Cheng Kung University, Taiwan.

Presenter: Sin-Ru Chen

Discussant: Fang-Chi Lin

### **4. *Do auditors value Corporate Social Responsibility award-winning clients? Evidence from audit fees***

Chieh-Shuo Chen, National Changhua University of Education, Taiwan.

\*Fang-Chi Lin, National PingTung University, Taiwan.

Jia-Chi Cheng, Yuan Ze University, Taiwan.

Yu-Hsuan Wu, QUANTA COMPUTER INC., Taiwan.

Presenter: Fang-Chi Lin

Discussant: Sophia Liu

## **Session 5: Investment Analysis and Cryptocurrency Markets**

Friday, June 13<sup>th</sup>, 2025      10:30 AM ~ 12:00 PM (Time Zone: Taipei)  
Room Number: CB301      <https://nycu.webex.com/meet/ritaliu21>

**Chairperson: Zhaodong Zhong, Rutgers University, USA (On-line)**

### **1. *The Misalignment between $R^2$ and Sharpe Ratio: A Perspective from the Heterogeneity in Stocks†***

\*Xinjie Wang, Southern University of Science and Technology  
Suyang Zhao, Southern University of Science and Technology

Presenter: Xinjie Wang (On-line)  
Discussant: Ge Wu

### **2. *Where Is the Intersection of Madison Avenue and Wall Street? Advertisement, Local Access to Investment Advice, And Stock Market Participation***

Joseph Farizo, University of Richmond, USA  
William Gerken, University of Kentucky, USA  
\*Ge Wu, University of Richmond, USA

Presenter: Ge Wu  
Discussant: Suwan (Cheng) Long

### **3. *From Whales to Waves: The Role of Social Media Sentiment in Shaping Cryptocurrency Markets***

\*Suwan (Cheng) Long, IESEG School of Management, France  
Ying Xie, Cranfield University, UK  
Zhengyuan Zhou, New York University, USA  
Brian Lucey, Trinity College Dublin, Ireland  
Andrew Urquhart, University of Reading, UK

Presenter: Suwan (Cheng) Long  
Discussant: Xinjie Wang (On-line)



## **Session 6: Empirical Corporate Finance**

Friday, June 13<sup>th</sup>, 2025

1:00 PM ~ 2:30 PM (Time Zone: Taipei)

Room Number: CB201

<https://nycu.webex.com/meet/cyshen>

**Chairperson: Sheng-Syan Chen, National Taiwan University, Taiwan**

### **1. *Does Non-regular Employment Affect Acquisitions?***

Sheng-Syan Chen, National Taiwan University, Taiwan

\*Chen-Chieh Liao, National Taipei University, Taiwan

Chih-Yen Lin, Fu Jen Catholic University, Taiwan

Presenter: Chen-Chieh Liao

Discussant: Ming-Che Hu

### **2. *Target's Cash Flows and Acquirer's Advisor Choice in M&As***

\*Hang Thi Dieu Nguyen, Yuan Ze University, Taiwan

Hsiangping Tsai, National Taipei University of Business, Taiwan

I-Ju Chen, Yuan Ze University, Taiwan

Presenter: Hang Thi Dieu Nguyen

Discussant: Chen-Chieh Liao

### **3. *Lottery Anomaly Across Corporate Life Cycle: The Role of R&D Expenditures***

\*Ming-Che Hu, Yuan Ze University, Taiwan

Guan-Yu Shih, Chung Yuan Christian University, Taiwan

Presenter: Ming-Che Hu

Discussant: Hang Thi Dieu Nguyen

## **Session 7: Corporate Finance and ESG**

Friday, June 13<sup>th</sup>, 2025

1:00 PM ~ 2:30 PM (Time Zone: Taipei)

Room Number: CB205

<https://nycu.webex.com/meet/anniehsieh>

**Chairperson: Yu-Fen Chen, Da-Yeh University, Taiwan**

### **1. *Beyond Critical Mass: How Board Gender Diversity Influences ESG Performance Across Institutional and Cultural Contexts?***

\*Febrine Pentadini, Da-Yeh University, Taiwan

Yu-Fen Chen, Da-Yeh University, Taiwan

Fu-Lai Lin, Da-Yeh University, Taiwan

Presenter: Febrine Pentadini

Discussant: Wilson Tsz Shing Wan (On-line)

### **2. *Beyond Reported Emissions: Carbon Pricing, Disclosure Quality, and Financial Stability in the European Union Emission Trading Scheme***

Keith Jin Deng Chan, the Hong Kong University of Science and Technology, Hong Kong.

\*Wilson Tsz Shing Wan, the Hong Kong University of Science and Technology, Hong Kong.

Presenter: Wilson Tsz Shing Wan (On-line)

Discussant: Yu-Fen Chen

## **Session 8: Financial Accounting and Auditing (B)**

Friday, June 13<sup>th</sup>, 2025

1:00 PM ~ 2:30 PM (Time Zone: Taipei)

Room Number: CB209

<https://nycu.webex.com/meet/mirandaluo>

**Chairperson: Hao-Chang Sung, National Chung Cheng University, Taiwan**

### ***1. Alternative Methods in Measuring Real Earnings Management: Review, Comparison, and Critique***

Cheng-Few Lee, Rutgers University, USA.

\*Hao-Chang Sung, National Chung Cheng University, Taiwan.

Presenter: Hao-Chang Sung

Discussant: Wen-Chi Yeh

### ***2. Using Machine Learning Models to Forecast Future Earnings, Price, and Dividend***

\*Wen-Chi Yeh, Menlo College, USA.

Bharat Sarath, Rutgers University, USA.

Cheng-Few Lee, Rutgers University, USA.

Presenter: Wen-Chi Yeh

Discussant: Renzhe Zhang (On-line)

### ***3. Will Auditors Be Changed Before Insider Selling? Evidence from China***

Feng Liu, Xiamen University, China.

Ming Liu, University of Macau, Macau.

Ruichuan Shi, University of Macau, Macau.

\*Renzhe Zhang, University of Macau, Macau

Presenter: Renzhe Zhang (On-line)

Discussant: Hao-Chang Sung

## **Session 9: Corporate Finance and Accounting**

Friday, June 13<sup>th</sup>, 2025

1:00 PM ~ 2:30 PM (Time Zone: Taipei)

Room Number: CB202

<https://nycu.webex.com/meet/cameldai>

**Chairperson: Shih-Ti Yu, National Tsing Hua University, Taiwan**

### **1. *Feature Importance of Forward Information in Finance***

\*Chuan-Hsian Han, National Tsing Hua University, Taiwan

Presenter: Chuan-Hsian Han

Discussant: Pang-Yu Wang

### **2. *Say More or Less? On Mandatory Nonfinancial Disclosures and Voluntary Financial Disclosures***

Mao-Wei Hung, National Taiwan University, Taiwan

\*Pang-Yu Wang, National Taiwan University, Taiwan

Ju-Fang Yen, National Taipei University

Presenter: Pang-Yu Wang

Discussant: Shih-Ti Yu

### **3. *Corporate risk-taking and dividend policy***

\*Tianmin Li, National Tsing Hua University, Taiwan

Min-Teh Yu, National Tsing Hua University, Taiwan

Shih-Ti Yu, National Tsing Hua University, Taiwan

Presenter: Tianmin Li

Discussant: Chuan-Hsian Han

## **Session 10: ESG and Economic Policy**

Friday, June 13<sup>th</sup>, 2025

1:00 PM ~ 2:30 PM (Time Zone: Taipei)

Room Number: CB301

<https://nycu.webex.com/meet/ritaliu21>

**Chairperson: Chih-Liang Liu, National Yunlin University of Science and Technology, Taiwan**

### **1. *ESG and External Financing Needs***

\*Fina Khurul Aini, National Yunlin University of Science and Technology, Taiwan.

Chih-Liang Liu, National Yunlin University of Science and Technology, Taiwan.

Presenter: Fina Khurul Aini

Discussant: Joni Joni

### **2. *Political regimes and the cost of debt: Evidence from Indonesia***

\*Joni Joni, Maranatha Christian University, Indonesia.

Boedi Hartadi Kuslina, Maranatha Christian University, Indonesia.

Presenter: Joni Joni

Discussant: Fina Khurul Aini

## **Session 11: ESG**

Friday, June 13<sup>th</sup>, 2025

2:45 PM ~ 4:15 PM (Time Zone: Taipei)

Room Number: CB201

<https://nycu.webex.com/meet/cyshen>

**Chairperson: Yi-Hua Li, Chung Yuan Christian University, Taiwan**

### **1. *Transitional Climate Risk and the Correlation Between Brown and Green Energy ETFs***

Hung-Chun Liu, Chung Yuan Christian University, Taiwan.

\*Cheng-Yu Hsieh, Chung Yuan Christian University, Taiwan.

Presenter: Cheng-Yu Hsieh

Discussant: Magdalena Osinska

### **2. *Impact of Green Finance, and Climate Risk on Carbon emissions and rebewable Energy***

Alamgir Muhmmad, Nicolas Copernicus University in Torun, Poland.

\*Magdalena Osinska, Nicolas Copernicus University in Torun, Poland.

Presenter: Magdalena Osinska

Discussant: Virginie Nahas (On-line)

### **3. *A comparative analysis of ESG and non-ESG securities: a market model perspective***

Phillip A. Cartwright, Ascencia Business School, France & Gisma University of Applied Sciences, Germany.

\*Virginie Nahas, Ascencia Business School, France.

Natalija Riabko, Ascencia Business School, France.

Presenter: Virginie Nahas (On-line)

Discussant: Cheng-Yu Hsieh

## **Session 12: Corporate Finance (B)**

Friday, June 13<sup>th</sup>, 2025

2:45 PM ~ 4:15 PM (Time Zone: Taipei)

Room Number: CB202

<https://nycu.webex.com/meet/cameldai>

**Chairperson: Tsung-ming Yeh, Kyushu University, Japan**

### **1. *Financial literacy and financial resilience: Evidence from Japan***

\*Tsung-ming Yeh, Kyushu University, Japan

Presenter: Tsung-ming Yeh

Discussant: Muhammad Tharmizi Junaid

### **2. *Exploring the Impact of Ownership Structure, Corporate Governance, Capital Structure, and Profitability on Dividend Policy: A Comprehensive Analysis***

Cheng-Wen Lee, Chung Yuan Christian University, Taiwan.

\*Muhammad Tharmizi Junaid, Chung Yuan Christian University, Taiwan.

Presenter: Muhammad Tharmizi Junaid

Discussant: Tsung-ming Yeh

## **Session 13: Corporate Finance and Banking**

Friday, June 13<sup>th</sup>, 2025

2:45 PM ~ 4:15 PM (Time Zone: Taipei)

Room Number: CB301

<https://nycu.webex.com/meet/ritaliu21>

**Chairperson: Chih-yung Lin, National Yang Ming Chiao Tung University, Taiwan**

### **1. *Post-COVID-19's Bank Loans***

\*Dien Giau Bui, Yuan Ze University, Taiwan

Chih-Yung Lin, National Yang Ming Chiao Tung University, Taiwan

Ngoc Thuy Mai, Faculty of Business, FPT University, Cantho, Vietnam

Presenter: Dien Giau Bui

Discussant: Yin-Siang Huang

### **2. *Whistleblowing Threats and Corporate Board Structures***

Chia-Wei Huang, National Chengchi University, Taiwan

Chih-Yung Lin, National Yang Ming Chiao Tung University, Taiwan

\*Le Quoc Tuan, Yuan Ze University, Taiwan

Presenter: Le Quoc Tuan

Discussant: Dien Giau Bui

### **3. *The Effect of Dividend Policy on Stock Price: New Evidence from the Box-Cox Models***

Yin-Siang Huang, Chung Yuan Christian University, Taiwan

Hao-Wen Chang, National Yang Ming Chiao Tung University, Taiwan

\*Chih-Yung Lin, National Yang Ming Chiao Tung University, Taiwan

Cheng-Few Lee, Rutgers University, USA

Presenter: Chih-Yung Lin

Discussant: Le Quoc Tuan



## **Session 14: Financial Accounting**

Friday, June 13<sup>th</sup>, 2025

2:45 PM ~ 4:15 PM (Time Zone: Taipei)

Room Number: CB205

<https://nycu.webex.com/meet/anniehsieh>

**Chairperson: Hao-Chang Sung, National Chung Cheng University, Taiwan**

### **1. *Yielding to Relevance: How Accounting Relevance is Impacted by Yields***

\*Min Cao, University of Northern Colorado, USA.

Philipp D. Schaberl, University of Northern Colorado, USA.

Presenter: Min Cao (On-line)

Discussant: Jerome MAATI (On-line)

### **2. *Earnings Management Dynamics Following CEO Turnover in French Public Companies***

\*Jerome MAATI, Université Polytechnique Hauts-de-France, France.

Christine MAATI-SAUVEZ, Université Polytechnique Hauts-de-France, France.

Presenter: Jerome MAATI (On-line)

Discussant: Boedi Hartadi Kuslina

### **3. *The Interplay between Political Connections, ESG, and Tax Avoidance: Insights from Indonesia***

\*Boedi Hartadi Kuslina, and Joni Joni, Maranatha Christian University, Indonesia.

Presenter: Boedi Hartadi Kuslina

Discussant: Min Cao (On-line)

## **Session 15: Risk Management and Machine Learning**

Friday, June 13<sup>th</sup>, 2025

2:45 PM ~ 4:15 PM (Time Zone: Taipei)

Room Number: CB209

<https://nycu.webex.com/meet/mirandaluo>

**Chairperson: Nicholas S.P. Tay, University of San Francisco, USA**

### **1. *Can Options Offer Better Risk-Reward Tradeoff Than Stocks?***

\*Nicholas S.P. Tay, University of San Francisco, USA.

Presenter: Nicholas S.P. Tay

Discussant: Hussain Sabbor

### **2. *The Impact of Macroeconomic Indicators on Utility ETF: A Grey Relational Analysis-Machine Learning Approach***

\*Hussain Sabbor, Chung Yuan Christian University, Taiwan.

Jo-Hui Chen, Chung Yuan Christian University, Taiwan.

Presenter: Hussain Sabbor

Discussant: Pasquale Palma (On-line)

### **3. *Forecasting of default risk: machine learning application on SMEs financial data***

Michele Modina, University of Molise, Italy.

\*Pasquale Palma, University of Molise, Italy.

Giuliano Resce, University of Molise, Italy.

Presenter: Pasquale Palma (On-line)

Discussant: Nicholas S.P. Tay

## **Session 16: CEO Compensation, Return Predictability, and P2P Lending**

Saturday, June 14<sup>th</sup>, 2025

9:00 AM ~ 10:30 PM (Time Zone: Taipei)

Room Number: CB201

<https://nycu.webex.com/meet/cyshen>

**Chairperson: Tao-Hsien Dolly King, University of North Carolina at Charlotte, USA**

### **1. *Biodiversity Risks and CEO Compensation***

Chih-Wei Wang, National Central University, Taiwan

Han-Hsing Lee, National Yang Ming Chiao Tung University, Taiwan

\*Weizheng Lin, National Yang Ming Chiao Tung University, Taiwan

Huei-Zhen Tsai, National Central University, Taiwan

Presenter: Weizheng Lin

Discussant: Tao-Hsien Dolly King

### **2. *Option-Implied Probability Distortions and Stock Return Predictability***

\*Ting-Xuan Wang, National Chengchi University, Taiwan

Wei-Yu Kuo, National Chengchi University, Taiwan

Zong-Wei Yeh, National Chengchi University, Taiwan

Shih-Kuei Lin, National Chengchi University, Taiwan

Presenter: Ting-Xuan Wang

Discussant: Dong-Jie Fang

### **3. *Language of Altruism: Funding Success and Default Risk in P2P Lending***

\*Dong-Jie Fang, National Chengchi University, Taiwan

Zong-Wei Yeh, National Chengchi University, Taiwan

Chien-Hsiu Lin, National Chengchi University, Taiwan

Shih-Kuei Lin, National Chengchi University, Taiwan

Presenter: Dong-Jie Fang

Discussant: Ting-Xuan Wang

## **Session 17: Investment Analysis (B)**

Saturday, June 14<sup>th</sup>, 2025

9:00 AM ~ 10:30 PM (Time Zone: Taipei)

Room Number: CB205

<https://nycu.webex.com/meet/anniehsieh>

**Chairperson: Hsiao-Yin Chen, Chung Yuan Christian University, Taiwan**

### ***1. Long-term Impact of the COVID-19 Pandemic on the Dow Jones Industrial Average in the United States***

Deng-Yuan Ji, Chung Yuna Christian University, Taiwan.

\*Hsiao-Yin Chen, Chung Yuna Christian University, Taiwan.

Cheng-Few Lee, Rutgers University, USA.

Presenter: Hsiao-Yin Chen

Discussant: Hongrui Feng (On-line)

### ***2. Stock market liberalization and corporate risk-taking: International evidence***

Joseph Sowahfio Sowah, Jimei University, China.

Nelson Kumah Tsyawo, Xiamen University, China.

\*Hongrui Feng, Pepperdine University, USA.

Presenter: Hongrui Feng (On-line)

Discussant: Keshab Shrestha

### ***3. Evaluation of Information Leadership Share as Price Discovery Measure***

\*Keshab Shrestha, Sunway University, Malaysia.

Lianne M.Q. Lee, Sunway University, Malaysia.

Presenter: Keshab Shrestha

Discussant: Hsiao-Yin Chen

## **Session 18: Investment Analysis and AI Computation**

Saturday, June 14<sup>th</sup>, 2025

9:00 AM ~ 10:30 PM (Time Zone: Taipei)

Room Number: CB202

<https://nycu.webex.com/meet/cameldai>

**Chairperson: Shianghau Wu, Chung Yuan Christian University, Taiwan**

**1. *Optimizing Investment Portfolios with the Riemann Zeta Function: A Comparative Analysis of Performance and Value at Risk***

\*Shianghau Wu, Chung Yuan Christian University, Taiwan.

Presenter: Shianghau Wu

Discussant: Yin-Siang Huang, Chung Yuan Christian University, Taiwan

**2. *“Buy-one-get-one-free” versus “share-with-a-friend” deals: A construal-level approach to promotion framing***

\*Chiu-chi Angela Chang, Northeastern University, USA.

Presenter: Chiu-chi Angela Chang

Discussant: Ming-Yung Chen

**3. *Application of AI-empowered Intrusion Prevention Systems in Cybersecurity for Multinational Enterprises***

Cheng-Wen Lee, Chung Yuan Christian University, Taiwan.

\*Ming-Yung Chen, Chung Yuan Christian University, Taiwan.

Presenter: Ming-Yung Chen

Discussant: Shianghau Wu

## **Session 19: Corporate Governance Issues**

Saturday, June 14<sup>th</sup>, 2025

9:00 AM ~ 10:30 PM (Time Zone: Taipei)

Room Number: CB209

<https://nycu.webex.com/meet/mirandaluo>

**Chairperson: Hai-Chin Yu, Chung Yuan Christian University, Taiwan**

### **1. *Geopolitical Hostility, Trade Policy Uncertainty, and Stock Price Crash Risk: Evidence from Chinese Multinational Corporations***

\*Yankuo Qiao, Hood College, USA.

Fengyuan Xi, Fudan University, China.

Presenter: Yankuo Qiao (On-line)

Discussant: Alice Hsieh (On-line)

### **2. *Who Leads the Green Transition? The Diverging Roles of Institutional Investors***

Alice Hsieh, Accenture, New York, USA.

\*Thi-Thanh Phan, National Cheng-chi University, Taiwan.

Hai-Chin Yu, Chung Yuan Christian University, Taiwan.

Presenter: Thi-Thanh Phan (On-line)

Discussant: Yankuo Qiao (On-line)

### **3. *Brand Equity and Corporate Social Performance Metrics***

\*Alice Hsieh, Accenture, New York, USA.

Hai-Chin Yu, Chung Yuan Christian University, Taiwan.

Presenter: Alice Hsieh (On-line)

Discussant: Thi-Thanh Phan (On-line)

## **Session 20: Bank Management**

Saturday, June 14<sup>th</sup>, 2025

9:00 AM ~ 10:30 PM (Time Zone: Taipei)

Room Number: CB301

<https://nycu.webex.com/meet/ritaliu21>

**Chairperson: Wenling Lu, Western Michigan University, USA**

### **1. *To Disclose or Not: Employment Information Disclosure in Peer-to-Peer Lending***

Zagdbazar Davaadorj, Western Michigan University, USA.

Bolortuya Enkhtaivan, Western Michigan University, USA.

\*Wenling Lu, Western Michigan University, USA.

Presenter: Wenling Lu

Discussant: Ngo Hong Vui

### **2. *Factors Impacting the Shift from Gold to Digital Assets: An Empirical Analysis in Viet Nam***

Cheng Wen Lee, Chung Yuan Christian University, Taiwan.

\*Ngo Hong Vui, Chung Yuan Christian University, Taiwan.

Presenter: Ngo Hong Vui

Discussant: Dodi Apriadi

### **3. *Consumer Behavior of Students in the Digital Era: Mobile Banking, Social Media, and the Moderating Effect of Financial Literacy***

Cheng Wen Lee, Chung Yuan Christian University, Taiwan.

\*Dodi Apriadi, Chung Yuan Christian University, Taiwan.

Presenter: Dodi Apriadi

Discussant: Wenling Lu

## **Session 21: Financial Statistics**

Saturday, June 14<sup>th</sup>, 2025

10:45 AM ~ 12:15 PM (Time Zone: Taipei)

Room Number: CB201

<https://nycu.webex.com/meet/cyshen>

**Chairperson: CY (Chor-yiu) Sin, National Tsing Hua University, Taiwan**

### **1. *Approximate maximum likelihood estimation for threshold jump processes***

\*Henghsiu Tsai, Academia Sinica, Taiwan.

Presenter: Henghsiu Tsai

Discussant: CY (Chor-yiu) Sin

### **2. Heterogeneous autoregressive model based on correlated intraday return dynamics**

\*Hui-Ching Chuang, National Taipei University, Taiwan.

Presenter: Hui-Ching Chuang

Discussant: Henghsiu Tsai

### **3. The comparison of methods for extracting risk-neutral bankruptcy chance**

\*Chi-Feng Tzeng, National Tsing Hua University, Taiwan.

Presenter: Chi-Feng Tzeng

Discussant: Hui-Ching Chuang

### **4. Rebalancing hedge position with statistics of hedge ratios: concepts and applications**

\*CY (Chor-yiu) Sin, National Tsing Hua University, Taiwan.

Presenter: CY (Chor-yiu) Sin

Discussant: Chi-Feng Tzeng



## **Session 22: Investment Analysis and Empirical Finance**

Saturday, June 14<sup>th</sup>, 2025

10:45 AM ~ 12:15 PM (Time Zone: Taipei)

Room Number: CB202

<https://nycu.webex.com/meet/cameldai>

**Chairperson: Yao-Tsung Chen, National Yang Ming Chiao Tung University, Taiwan**

### ***1. Multi-objective Portfolio Optimization with Expected Shortfall under Fractal Brownian Motions***

\*Yao-Tsung Chen, National Yang Ming Chiao Tung University, Taiwan.

Tzu-Yi Yang, National Yang Ming Chiao Tung University, Taiwan.

Presenter: Yao-Tsung Chen

Discussant: Yu Gao

### ***2. Trading Information Transparency and Credit Rating Efficiency: Evidence from the Bond Market***

\*Yu Gao, University of St Thomas, USA.

Zhaoyang Gu, the Chinese University of Hong Kong, Hong Kong.

Presenter: Yu Gao

Discussant: Yao-Tsung Chen

## **Session 23: Corporate Innovation**

Saturday, June 14<sup>th</sup>, 2025

10:45 AM ~ 12:15 PM (Time Zone: Taipei)

Room Number: CB205

<https://nycu.webex.com/meet/anniehsieh>

**Chairperson: Chia-Chen Teng, Chung Yuan Christian University, Taiwan**

### **1. *Employee education, innovation investment, and firm value***

\*Chia-Chen Teng, Chung Yuan Christian University, Taiwan.

J. Jimmy Yang, Oregon State University, USA.

Presenter: Chia-Chen Teng

Discussant: Tze-Houng Lee

### **2. Integrated Systems Engineering Approach to Evaluating R/D Projects: Incorporating Sysml V2, Financial Reporting Standards and Financial Mathematics**

\*Tze-Houng Lee, Singapore University of Social Science, Singapore.

Judy Ang, Institute of Singapore Chartered Accountants, Singapore.

Presenter: Tze-Houng Lee

Discussant: Chia-Chen Teng

**Session 24: Institutional ownership, Pension risk, and Option-based forecasting**

Saturday, June 14<sup>th</sup>, 2025

10:45 AM ~ 12:15 PM (Time Zone: Taipei)

Room Number: CB209

<https://nycu.webex.com/meet/mirandaluo>

**Chairperson: Min-Teh Yu, National Tsing Hua University, Taiwan**

**1. *Forecasting Stock Index Returns with Aggregate Stock Option Information***

Wen-Rang Liu, National Yunlin University of Science & Technology, Taiwan.

\*Chien-Ling Lo, National Taipei University, Taiwan.

Wen-Chien Liu, Chung Yuan Christian University, Taiwan.

Chun-Yo Chen, National Taiwan University, Taiwan.

Presenter: Chien-Ling Lo

Discussant: Min-Teh Yu

**2. *Does Index Inclusion Shape Pension Risk? Evidence from the S&P 500***

Run-Chuan Qin, National Yang Ming Chiao Tung University, Taiwan.

James Juichia Lin, National Yang Ming Chiao Tung University, Taiwan.

\*Min-Teh Yu, National Tsing Hua University, Taiwan.

Presenter: Min-Teh Yu

Discussant: Wei-Zhong Shi

**3. *Common Institutional Ownership and Capital Structure: Evidence from Taiwan***

\*Wei-Zhong Shi, Providence University, Taiwan.

Hui-Juan Cai, Providence University, Taiwan.

Min-Teh Yu, National Tsing Hua University, Taiwan.

Presenter: Wei-Zhong Shi

Discussant: Ming-Chun Hsiao

**4. *Common institutional ownership and firm's investment efficiency in Taiwan***

\*Ming-Chun Hsiao, National Yang Ming Chiao Tung University, Taiwan.

Yuan-Teng Hsu, Shanghai Jiao Tong University and Shanghai Business School, China.

James Juichia Lin, National Yang Ming Chiao Tung University, Taiwan.

Presenter: Ming-Chun Hsiao

Discussant: Chien-Ling Lo

## **Session 25: Corporate Finance**

Saturday, June 14<sup>th</sup>, 2025

10:45 AM ~ 12:15 PM (Time Zone: Taipei)

Room Number: CB301

<https://nycu.webex.com/meet/ritaliu21>

**Chairperson: Chien-Ping Chung, National Taipei University of Technology, Taiwan**

**1. *The Role of Financial Stability in the Credit Growth-Economic Growth Nexus: Addressing Banking Crises and Endogeneity***

Hao Fang and Yen-Hsien Lee, Chung Yuan Christian University, Taiwan.

\*Chien-Ping Chung, National Taipei University of Technology, Taiwan.

Presenter: Chien-Ping Chung

Discussant: Wee-Yeap Lau

**2. *The Impact of ESG Practices on the Performance of Finance Industry: Evidence from China's A-Share Market***

Ziwei Meng, Universiti Malaya, Malaysia.

\*Wee-Yeap Lau, Universiti Malaya, Kuala Lumpur, Malaysia.

Presenter: Wee-Yeap Lau

Discussant: Hao Fang

**3. *The moderating influences of CEO overconfidence on the relationship between ESG rating and stock performance***

\*Hao Fang, Chung Yuan Christian University, Taiwan.

Chieh-Hsuan Wang, Shih Hsin University, Taiwan.

Chien-Ping Chung, National Taipei University of Technology, Taiwan.

Presenter: Hao Fang

Discussant: Chien-Ping Chung

## **Announcement**

**The 19<sup>th</sup> NYCU International Finance Conference  
will be held at National Yang Ming Chiao Tung University,  
Hsinchu, Taiwan  
on **December 5<sup>th</sup>, 2025****



### **Paper Submission**

The **deadline** for paper submission is **September 15, 2025**. Authors should send a Word or PDF file of their **completed paper** in **English**. Each submission should have the following on the cover page:

1. **Title of the paper**
2. **Author's name, affiliation and E-mail address**

On the second page of the paper should be an **abstract**. Only electronic submissions will be accepted to [cflee312@gmail.com](mailto:cflee312@gmail.com) and [cflee@business.rutgers.edu](mailto:cflee@business.rutgers.edu).

Authors will be notified of the review committee's decision by **October 31, 2025**.

### **Conference Organizers:**

Department of Information Management and Finance, National Yang Ming Chiao Tung University, Taiwan  
Rutgers Business School, Rutgers University, USA

Foundation of Pacific Basin Financial Research and Development, Taiwan

### **Publication Note**

To be considered for publication, the author should formally submit his/her paper to <http://www.editorialmanager.com/requ> and send **US\$250** submission fee (check to be made payable to **Review of Quantitative Finance and Accounting**) to the following address. Professor Lee will decide the paper will be published in RQFA, RPBFMP, or APBBEF (Advances in Pacific Basin Business, Economics and Finance).

Prof. Cheng-Few Lee  
73 Hidden lake drive  
North Brunswick  
New Jersey 08902, USA

**The registration fee for this conference is USD \$150.**

# Political regimes and the cost of debt: Evidence from Indonesia

Joni Joni<sup>\*</sup>

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Boedi Hartadi Kuslina

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## **Abstract**

**Objective** - The purpose of this study is to examine the relationship between political regimes and the cost of debt for companies listed on the Indonesia Stock Exchange during the leadership periods of Susilo Bambang Yudhoyono and Joko Widodo from 2010 to 2022.

**Design/methodology/approach** - This study focuses on the political engagement through the board of commissioners and their impact on the cost of debt for companies in two different presidential leaderships in the context of emerging economy, Indonesia. After eliminating unavailable data, the final sample is 3,894 firm-year observations. In this study, we conduct moderated regression analysis to estimate the main models. Also, we include an additional endogenous test using the generalized method of moments.

**Findings** - The results indicate that during the transition of presidential leadership, there is a notable decrease in the cost of debt for these companies, attributed to their access to external resources, specifically, faster information regarding policy changes under the new leadership. This study also found that companies with politically affiliated boards of commissioners are linked to the cost of debt during leadership transitions. These findings remain robust even after conducting additional tests using the generalized method of moments to address endogeneity issues.

**Implications** - The findings of this study contribute to the literature on the effects of leadership regime changes in Indonesia on the cost of debt for companies, while also expanding the literature on the role of politically connected boards of commissioners in relation to the cost of debt during regime transitions and the dual board system. Furthermore, this research provides new insights for policy makers to broaden the practices of the dual-board system in Indonesia across different regimes.

**Originality/value** - We fill the knowledge gap in the literature on the effect of firms with political connection through board of commissioners on cost of debt in two political regimes.

**Keywords:** politically connected board of commissioner, political regimes, cost of debt, emerging economy.

**Classification:** Research article

# 1. Introduction

This study empirically investigates the effect of politically connected board of commissioners on cost of debt in two different regimes in Indonesia from 2010-2022. The topic of political connection is important and has gained much attention in accounting and finance fields in the past few decades (e.g., Khelil, 2023). To access financial and non-financial resources from government or other capital holders easily, companies around the world establish informal and formal connections with government (Chkir et al., 2020; Joni et al., 2020a). Politically connected firms are solidly defined by Faccio (2006) as a firm with the government's connections through at least one of the top management members, who was a former president, minister, parliament member, and other former state officers. From the perspective of Resource Dependency Theory (RDT) proposed by Pfeffer and Salancik (1978), political connections can be an instrument for organizations to obtain benefits, including external capital from government and other financial institutions.

Research on the association between political connections and the cost of capital has attracted scholars and practitioners internationally (Bliss & Gul, 2012; Boubakri et al., 2012; Chkir et al., 2020; Joni et al., 2020a). The investigation of the behaviour of politically connected firms from the perspective of creditors or lenders is considered for several reasons. First, most companies worldwide use more debt financing than equity for their financing strategies. The debt market is larger than the equity market globally, especially in emerging markets such as Indonesia. (Goss & Roberts, 2011). Second, in corporate finance literature, many companies tend to use debt financing for monitoring. When firms use more debt in their capital structure, it helps them have better monitoring from third parties or debt providers. Third, another main reason companies prefer debt financing is the tax reduction (e.g., Ko & Yoon, 2011). Previous studies have examined the link between political connections and the cost of capital in several contexts, including country-specific (e.g., Tee, 2018) and cross-country studies (e.g., Boubakri et al., 2012), single (e.g., Bliss & Gul, 2012) and dual board mechanisms (e.g., Joni et al., 2020a). However, most of these studies did not consider the role of different regimes, which might affect the way companies relate to the ruling government and the effectiveness of their political regimes. To the best of our knowledge, no or limited studies currently exist that examine how politically connected firms are associated with the cost of finance in different political regimes. We redress this knowledge void of the role of political regimes in the association between politically connected supervisory boards and the cost of debt, which has not been addressed in prior studies.

This association was investigated in two different political regimes in Indonesia (Susilo Bambang Yudhoyono/SBY [2010-2013] and Joko Widodo/JKW [2014-2022] as president). These two regimes differ and are interesting in several ways. First, they come from different parties and have different social backgrounds. While SBY was the founder of the Demokrat Party and was from a military background, JKW is a member of the Indonesian Democratic Party-Perjuangan (PDI-P) and comes from a civil background. In comparison, SBY, as president, represents a more powerful political background than JKW. Second, the JKW regime promotes more transparent and accountable governance than the SBY regime. It is reasonable that the presence of politically associated persons may potentially benefit their company in a more transparent government and, of course, can cost their connected firms in a more corrupt environment. Thus, the political landscape in Indonesia, with two different political regimes, provides a more important and interesting setting for examining this association.



As mentioned in previous arguments, we extend a growing body of literature on the association between political connections and the cost of debt in multiple ways (Arifin et al., 2020; Bliss & Gul, 2012; Chkir et al., 2020; Houston et al., 2014; Joni et al., 2020a; Tee, 2018; Ullah & Kamal, 2022). First, it investigates how different government regimes affect the relationship between political connections and the cost of debt. Arifin et al. (2020), Chkir et al. (2020), and Ullah and Kamal (2022) tested the role of regimes in providing value to politically connected firms. Second, we examine this association in the context of emerging markets, where political connections are an important factor in adding value to business in general. Our study adds to the existing literature by using Indonesia as our sample (such as Arifin et al. (2020); Joni et al. (2020a)) which provides two different regimes (SBY and JOKOWI regimes) in the investigation. Joni et al. (2020a) contribute to the literature by examining the effect of political connections and the cost of capital using the Indonesian dual-board system. Additionally, Arifin et al. (2020) explore two business-government relationships (transactional and relational political connections) and their impact on the cost of debt in Indonesia. In our study, we focus on two regimes representing two different powers and levels of transparency. Third, we investigate this association by using credit ratings and interest payments to represent the cost of debt financing. Most studies use only interest payments to represent the cost of debt financing, which does not represent the credibility of their credit ratings. (Arifin et al., 2020; Bliss & Gul, 2012; Chkir et al., 2020; Houston et al., 2014; Joni et al., 2020a; Ullah & Kamal, 2022). Our study provides more reliable measures of the cost of debt financing by using credit ratings and interest payments.

The remainder of the article is structured as follows: Section 2 describes the theoretical framework and hypotheses development (including the institutional background of the study), followed by the research design in Section 3. Section 4 reports our empirical evidence, and Section 5 presents additional tests. In the final section, we provide concluding remarks.

## 2. Hypotheses Development

### 2.1 Political Regimes and cost of debt capital

In the view of democratic authoritarian-ism literature, there are two polarities of political power or regime: authoritarianism and democracy. Heryanto and Mandal (2013) argue that political regimes in many countries fall into gray areas between the two poles. Brancati (2014) provides a convincing article suggesting that authoritarian regimes tend to adopt nominally democratic views. It is a reasonable political action to protect their position within the regime and obtain more social acceptance within society. To avoid the problematic issue regarding the two extreme views of political regimes, the authors posit the notion of the authoritarian and the democratic regimes as a terrain between 'low level of democracy' and 'moderate level of democracy,' namely soft democracy [SF-DEMO] and semi-democracy [SM-DEMO]. (Heryanto & Mandal, 2013).

Following the authoritarian literature, we examine the impact of two different political regimes in Indonesia on the cost of debt capital. Until 2024, Indonesia was governed by several different regimes.<sup>1</sup> The demand for a more democratic system aligns with the demand for a changing regime. We consider the second period of SBY [2010-2013], the first period of JKW [2014-2017], and the second period of JKW [2018-2022] as presidents to represent two different regimes. We categorized our full sample into soft authoritarianism (second period of SBY) and semi-democracy (first period of JKW) to estimate the similarity or differences in effects in both regimes. We consider the SBY regime as SF-DEMO and the JKW regime as SM-DEMO because he is from a military background and the founder of the Demokrat Party. His social background promotes more on the idea of authoritarianism and political power compared to the JKW regime, which comes from a civil social background.

There is burgeoning literature on the association between political regimes and financial outcomes, including the cost of debt capital. For example, Leuz and Oberholzer-Gee (2006) report that Indonesian listed companies that have connections with the Suharto regime (considered a dictatorial regime) faced poor performance in the long term. They found it difficult to re-establish connections with the government under different regimes, especially in the Wahid regime). Chkir et al. (2020) investigate the effect of political connections on the cost of debt in two U.S. political parties (the Democratic Party and the Republican Party). Politically connected firms are more indebted than their counterparts are. There was no difference in the cost of debt between the two groups of companies. Ullah and Kamal (2022) examine the role of different regimes in the relationship between political connections and firm performance in Pakistan in the period to 2001-2014. The results of this study are mixed for non-listed companies. While political connections are negatively and significantly associated with market performance in the democratic regime, the results based on the dictator regime show that politically connected firms improve their market performance. Then, there is no association between political connections and operating

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<sup>1</sup>Soekarno, Nonpartisan [1945-1967]; Army/Armed Forces of the Republic of Indonesia (ABRI) [1967-1973]; Soeharto, Golongan Karya (Golkar) Party [1973-1998]; Bacharuddin Jusuf Habibie, Golongan Karya (Golkar) Party [1998]; Abdurrahman Wahid, National Awakening Party (PKB) [1999-2001], Megawati Soekarnoputri, Indonesian Democratic Party of Struggle (PDIP) [2001-2004]; Susilo Bambang Yudhoyono, Democratic Party [first period: 2004-2009; second period: 2009-2014]; Joko Widodo (PDIP) [first period: 2014-2019; second period: 2019-2024]. Only Soeharto Era is considered as authoritarian regime, other regimes are between authoritarian and democratic-isms.

performance in either regime. Arifin et al. (2020) divided political connections into transactional and relational strategies to examine whether politically connected firms experience a lower cost of debt in Indonesia. They find that political connections with a transactional strategy are associated with a lower cost of debt capital compared to connected firms with a relational strategy. Politically connected firms with relational strategy work well only when the political regime is in power. Based on mixed and inconclusive results of previous literature, we propose the following hypotheses for empirical testing:

H<sub>1</sub>: Democratic political regime is associated with the cost of debt capital, *ceteris paribus*.

## **2.2 Political connection in two different regimes and cost of debt capital**

Several theories explain the relationship between corporate political connections and the cost of debt. Agency Theory (ATH) describes two competing arguments that show the costs and benefits of political connections. On the one hand, political connections can compromise corporate governance standards and increase agency costs due to rent-seeking practices (Bliss & Gul, 2012; Fisman, 2001). This is consistent with the research conducted by Belghitar et al. (2019), who found that companies with politicians on their boards generally have higher leverage levels, utilize more long-term debt, and exhibit lower quality financial reporting than companies without political connections. This effect may be amplified by the influence of politicians or the ruling parties associated with these connections. However, the presence of political people improves the monitoring process. As a result, politically connected firms obtain more benefits than non-politically connected firms do, as reflected in the lower cost of debt. Additionally, Resource Dependency Theory (RTH) provides a convincing explanation that organizations obtain benefits through political connections. When organizations face uncertainty and other external constraints, they can be minimized by having connections with political people who have the power to adjust related policies. (Hillman et al., 2009; Pfeffer & Salancik, 1978)..

As noted earlier, most studies on political connections and the cost of debt have been conducted in developing and developed countries. However, few studies have focused on the roles of different regimes in this relationship. With regard to debt financing in developed countries, Houston et al. (2014) find that companies with politically connected boards have lower bank loan costs in the U.S. Moreover, empirical evidence in emerging economies shows that board members with political ties are valuable and powerful in persuading capital with favorable terms and conditions. (Al-Hadi et al., 2017; Dinç, 2005; Houston et al., 2014). Khwaja and Mian (2005) use Pakistan-listed companies as their sample and find that politically connected firms receive substantial preferential treatment to credit from government banks, including favorable terms and larger amounts of debt. Bliss et al. (2018) also find that politically connected firms in Hong Kong experience lower interest rates than non-politically connected ones. Tee (2018) demonstrated a negative correlation between political connections and the cost of debt in Malaysia, indicating that such connections facilitate easier access to debt financing for publicly listed companies in the country. Leuz and Oberholzer-Gee (2006) report that politically connected firms in Indonesia can easily access debt financing. Joni et al. (2020a) extend the literature by providing empirical evidence that politically connected supervisory boards with a strategic role in the Indonesian two-tier board system can reduce the costs of finance.

Based on the above arguments and empirical evidence, we propose the following hypotheses:

H<sub>2</sub>: Democratic political regime is negatively associated with the cost of debt in politically connected firms, *ceteris paribus*.

### 3. Research Design

#### 3.1 Sample selection

The population of our study is all publicly listed companies on the Indonesian Stock Exchange (IDX) during the period 2010-2022 which coincides with the second term of Susilo Bambang Yudhoyono/SBY [2010-2013] and the term Joko Widodo/JKW [2014-2022] as president. We consider these two regimes for several reasons. First, the timeframe of the study represents more economic and political stability than previous regimes. Second, it represents two different regimes that originate from two different parties and political backgrounds. JKW is from the Indonesian Democratic Party of Struggle (PDIP) and SBY is from the Democratic Party (Demokrat). In contrast to SBY, the founder of the Demokrat Party and a military officer, JKW, is described as a less powerful regime because he comes from a civil social background. However, JKW is considered a more transparent and accountable regime than SBY. In our sample selection, we also exclude the financial sector, as it is under different regulations and the nature of the business. (Pittman & Fortin, 2004)

#### 3.2 Variable Definitions

##### 3.2.1 *Dependent variables*

The dependent variable in this study is the cost of debt (COD), which represents a company's marginal cost of proposing public debt in the current economic environment by including information such as industry, currency, and credit rating. According to Bliss and Gul (2012) and Francis et al. (2005), the cost of debt can be calculated using the ratio of interest expenses in year  $t+1$  to the average total liabilities in years  $t$  and  $t+1$ . In addition, we also proxy the cost of debt using credit rating, which represents agency rating on a company's credit worthiness and affects the company's access to obtaining bank loans. (Jiang, 2008). We obtained financial information using the Thomson and DataStream databases.

##### 3.2.2 *Experimental variables*

The term political connection has been well explored and defined in the literature, yet it is still difficult to identify and measure. In line with Faccio (2006), political connection (POL) is defined as a company with at least one supervisory board member who serves as a former or current government officer, including ministers, local or central bureaucrats, military members, parliament members, and so on. To measure political regime (REG), we use an indicator variable set to 1 if a company has a political connection during the JKW regime, and 0 if a company is affiliated with the government controlled under the SBY regime. All information regarding political connections and political regimes is hand-collected by deeply exploring the board's profile section of annual corporate annual reports and their websites.

##### 3.2.3 *Control variables*

Following the literature (Arifin et al., 2020; Bliss & Gul, 2012; Chkir et al., 2020; Houston et al., 2014; Joni et al., 2020a; Ullah & Kamal, 2022), we employ the following determinants of the cost of debt financing as additional explanatory variables: board size (SIZE<sub>TOT</sub>), firm size (LNTA),

leverage (LVR), interest coverage (INCO), industry (IND), and year (YEAR) effects. Information was collected from the Thomson database, DataStream database, and corporate annual reports.

### 3.3 Regression model

To examine how different regimes affect the cost of debt capital in Indonesia, we applied two following model and used regression analysis to estimate each model. The models are presented as below:

$$COD_{it} = \alpha_1 REG_{SB_{it}} + \alpha_2 SIZE_{TOT_{it}} + \alpha_3 LNTA_{it} + \alpha_4 LVR_{it} + \alpha_5 INCO_{it} + \alpha_6 FAGE_{it} + \alpha_7 IND_{it} + \alpha_8 YEAR_{it} + \varepsilon_{it} \quad (1)$$

$$COD_{it} = \alpha_1 REG_{it} + \alpha_2 POL + \alpha_3 REG*POL + \alpha_4 SIZE_{TOT_{it}} + \alpha_5 LNTA_{it} + \alpha_6 LVR_{it} + \alpha_7 INCO_{it} + \alpha_8 FAGE_{it} + \alpha_9 IND_{it} + \alpha_{10} YEAR_{it} + \varepsilon_{it} \quad (2)$$

Next, we run the model in the political connection sample to explore whether democratic political regime is negatively affecting cost of debt capital in politically connected firms. Political company is defined as firms with the board of commissioner members serve as former or current ministers, members of the military, members of parliament, and other bureaucrats appointed by the local or central government.

We also apply a generalized method of moment (GMM) model to address the endogeneity problem. Firms with lower costs of debt capital may tend to create more connections with the government to maintain the benefits of having lower interest rates and more debt capital.

Table 1. Variable Definitions

Variables	Definition
<b>Dependent Variables</b>	
COD	the ratio of interest expense in year t+1 to average total liabilities in year t and t+1 (Joni et al., 2020a, 2020b)
<b>Independent Variables</b>	
REG	indicator variable set to 1 if a company has political connection during JKW regime and 0 if a company is affiliated with government controlled under SBY regime.
POL	the percentage of former or current military, minister, government officers appointed as supervisory board members (Faccio, 2006; Joni et al., 2021)
<b>Control Variables - firm characteristics</b>	
SIZE <sub>TOT</sub>	The number of board members in the company at the end of the fiscal year
LNTA	the natural log of sales of the company at the end of the year for firm i in year t
LVR	Leverage measured by divided long-term debt and total assets (Yu et al., 2021)
INCO	the ratio of operating income to interest expense of firm i in year t (Francis et al., 2005)
<b>Control Variables - fixed effects</b>	
IND	A vector of industry indicator variables using the two-digit GICS (Global Industry Classification Standard)
YEAR	A vector of year indicator variables: 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022

## 4. Result and Discussion

### 4.1 Descriptive Statistics

Table 2 presents the results of the descriptive statistical tests on 3894 observations of companies listed on the Indonesia Stock Exchange (IDX) in 2010-2022. Table 2 shows that the average COD<sub>it</sub> is 0.099, with a minimum value of 0.000, a maximum value of 0.400, and a standard deviation of 0.095. This value is consistent and within a reasonable range from previous studies such as (Joni et al., 2020b, 2020a; Yu et al., 2021). Furthermore, the average value of the political regimes (REG) is 0.778, with a minimum value of 0, a maximum of 1, and a standard deviation of 0.416. This value is also consistent and within a reasonable range from previous studies such as (Joni et al., 2020a, 2021; Arifin et al., 2020).

Table 2. Descriptive Statistics

Variables	N	Mean	Min	Max	Std. Deviation
COD <sub>it</sub>	3894	0.099	0.000	0.400	0.095
REG	3894	0.778	0.000	1.000	0.416
POL	3894	0.125	0.000	1.000	0.224
SIZE <sub>TOT</sub>	3894	7.662	0.000	30.000	3.657
LNTA	3894	19.253	8.277	28.717	7.299
LVR	3894	0.128	0.000	0.453	0.143
INCO	3894	177.39	-53992.9	149092	3643.61

Notes: This table presents a summary of the descriptive analysis of the main variables. The sample includes 3894 companies in the observation years 2010-2022. Variable definitions are presented in Tabel 1.

Table 3 presents the results of the Pearson correlation test for the correlations between the variables. The highest correlation was between the company size (LNTA) and regime (REG) variables, which was 0.732. After conducting the correlation test, we conducted a multicollinearity test using the Variance Inflation Factor (VIF) method, as shown in Table 4. The results show that the overall observation data are free from multicollinearity problems, with VIF values < 10.

Table 3. Pearson Correlation

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) COD <sub>it</sub>	1.000						
(2) POL	0.010	1.000					
(3) REG	-0.317***	0.055***	1.000				
(4) SIZE <sub>TOT</sub>	0.023	0.169***	-0.053***	1.000			
(5) LNTA	-0.202***	0.077***	0.732***	-0.076***	1.000		
(6) LVR	0.106***	0.127***	0.001	0.063***	0.040**	1.000	
(7) INCO	-0.041**	-0.013	-0.024*	0.034**	-0.015	-0.037**	1.000

**Note:** The table below presents the Pearson correlation matrix for 3,894 company observations across all the variables. Asterisks indicate the significance levels: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes a significance level of 1%. The definitions of the variables are listed in Table 1.

### 4.2 Political Regimes and cost of debt capital

Table 4 presents the results of the Ordinary Least Squares (OLS) regression analysis examining the relationship between political regimes (REG) and the cost of debt (COD) in Model 1. The findings indicate that REG has a significant negative effect on CODit at the 5% significance level, with a coefficient of -0.003 and t-value of 2.05. The adjusted R-squared value of 0.069 (6.9%) suggests that 6.9% of the variability in CODit can be explained by political regimes, while the remaining variability is influenced by other factors. This supports Hypothesis 1 (H1), which posits that democratic political regimes can reduce a firm's cost of debt.

These results are consistent with previous research conducted by Ullah and Kamal (2022) suggesting that changes in leadership in different regimes can help companies reduce the level of the company's cost of debt. The economic and political policies set will change along with the change of leaders because they adjust to the programs and targets planned by the new leaders. This can provide benefits for the company, especially if the company supports politics, because it is one of the driving factors for the government in formulating policies (Tian et al., 2019). These results are also in line with research conducted by Arifin et al. (2020), who found that it is better to establish a relational or permanent political connection relationship because it has a certain period of time compared to transactional relationships because it can better assist companies in reducing debt costs.

Table 4. OLS Regression Estimation

Regression Estimations		
Variables	Model 1	Model 2
REG	-0.003**(-2.05)	-0.072*** (-6.45)
POL	-	0.118*** (7.44)
REG*POL	-	-0.097*** (-7.41)
SIZE <sub>TOT</sub>	-0.001***(-3.56)	-0.001** (-2.05)
LNTA	0.002*** (6.94)	0.001** (2.37)
LVR	-0.020***(-4.31)	0.037*** (3.13)
INCO	-0.000***(-9.19)	0.000 (0.63)
IND	<i>Included</i>	<i>Included</i>
YEAR	<i>Included</i>	<i>Included</i>
Average VIF	3.38	2.59
R <sup>2</sup>	0.0752	0.165
Adjusted R <sup>2</sup>	0.0692	0.160
F	12.57	29.43
Prob > F	0.0000***	0.000***
N	3894	3894

Note: This table presents regression estimation results. The calculations also include control variable indicators (SIZE<sub>TOT</sub>, LNTA, LVR, INCO, IND, and YEAR). In this study, \*, \*\*, and \*\*\* represent significance levels of 10%, 5%, and 1%, respectively. The definitions of the variables are presented in Table 1.

### 4.3 Politically connected firms in two different political regimes and cost of debt capital



Table 4, Model 2 reports the results of the Moderated Regression Analysis (MRA), which examines the interaction between political connection (POL) and political regime (REG) on cost of debt capital. The results indicate that the interaction variable between politically connected firms on the board of commissioners (POL) and REG has a statistically significant effect at the 1% level, with a coefficient of -0.097 and t-value of -7.4. The adjusted R-squared value is 0.160 or 16%. This finding supports hypothesis 3 (H3).

The results demonstrate that politically connected boards of commissioners can assist companies in lowering their debt costs during periods of regime change, particularly during the transition from Susilo Bambang Yudhoyono to Joko Widodo. This leadership transition brought about significant policy changes, notably the enactment of the Omnibus Law or Job Creation Law under Jokowi's administration. Consequently, boards with political connections can provide valuable resources in the form of timely information and access to resources, thus helping companies mitigate their debt costs.

These findings align with resource dependency theory, which posits that external resources, when effectively utilized, can yield advantages for firms. Additionally, this research is supported by studies conducted by Ji and Ni (2018), Kim (2017), and Liu et al. (2021), who found that companies with political connections can better navigate political and economic uncertainties through various resources and privileges. Arifin et al. (2020) further explain that political connections can be categorized into transactional and relational strategies regarding corporate debt costs. Their research indicates that transactional political connections are associated with lower debt costs than relational strategies, which are only effective when a political regime is in power. Indonesia exemplifies a country where political connections are often built through relational strategies, allowing information from the government to disseminate rapidly to firms even after individuals cease to hold active positions. In conclusion, this leadership transition is more advantageous for companies due to policy changes that facilitate quicker access to information, enabling them to formulate strategies to maintain their going concern status.

## 5. Additional Analysis

We also conducted an endogeneity test, which is an important test in the topic of governance and finance (Khatib, 2024). An endogeneity test was conducted using a generalized method of moment analysis (Arellano & Bond, 1991). Endogeneity is an essential issue in this research because companies with a large cost of debt tend to seek protection through political regimes and build good relations with the government. Overall, the GMM analysis results are consistent with the main regression test results in Table 4.

Table 5 GMM Model Estimation

Regression Estimation		
Variables	Model 1	Model 2
REG	-0.003**(-2.28)-	-0.072*** (-5.95)
POL		0.117*** (5.33)
REG*POL		-0.097*** (-6.14)
SIZE <sub>TOT</sub>	-0.001***(-3.36)	0.001* (-1.87)
LNTA	0.002*** (7.39)	0.002*** (2.81)

LVR	-0.020***(-4.28)	0.037*** (2.88)
INCO	-0.0003***(-8.16)	0.000 (0.55)
b0	0.081*** (19.55)	0.120*** (10.84)

Note: This table presents regression estimation results. The calculations also include control variable indicators (SIZE<sub>TOT</sub>, LNTA, LVR, INCO, IND, and YEAR). In this study, \*, \*\*, and \*\*\* represent significance levels of 10%, 5%, and 1%, respectively. The definitions of the variables are presented in Table 1.

## 6. Conclusion

This study examines whether a company with a politically connected board of commissioners can influence the level of its cost of debt across different regimes, particularly within the context of Indonesia's dual board governance system. The key finding indicates that regime changes in Indonesia, characterized by shifts in leadership and political parties, can facilitate a reduction in companies' cost of debt. This is attributed to alterations in economic and political policies that ultimately benefit firms. Additionally, the finding highlights that the presence of a politically connected board of commissioners during leadership transitions can provide significant advantages, specifically by helping lower the company's cost of debt. This result supports resource dependency theory, which posits that a politically connected board can offer valuable resources that enhance the company's performance. In summary, while political connections can pose challenges for companies by increasing their cost of debt, they can also provide critical support during periods of regime change, enabling firms to manage complex economic landscapes more effectively.

This investigation has significant implications in multiple areas. First, it provides novel insights into how leadership regime changes in Indonesia affect a company's cost of debt. Specifically, our findings suggest that such regime changes have a positive effect on businesses due to the introduction of new policies that confer substantial benefits. This knowledge serves as essential guidance for foreign investors considering investments in Indonesia, offering a comprehensive understanding of the dynamic regulatory environment. Secondly, we expand the existing literature on the role of politically connected boards of commissioners in influencing cost-of-debt dynamics during times of regime shifts. Our research demonstrates that companies with politically connected boards gain considerable advantages from these affiliations. By leveraging rapid access to information and strategic resources, these entities can effectively mitigate their debt burdens. Thus, our study underscores the pivotal role played by these interconnected networks in shaping fiscal outcomes. Third, we extend the current scholarship on dual-board systems operating within Indonesian frameworks across varying regimes. Moreover, our analysis provides practical implications that are essential for both policymakers and business leaders to navigate complex governance structures.

Despite significantly contributing to our understanding of corporate finance dynamics in Indonesia, this study acknowledges certain limitations inherent in its design. Primarily, our dataset relies exclusively on annual reports detailing political connections—a limitation necessitating more nuanced methodologies. Additionally, we confined our examination to only two period under President Susilo Bambang Yudhoyono's and President Joko Widodo tenures. To gain a deeper insight into regime-specific impacts, subsequent investigations should incorporate comparative analyses spanning multiple administrations, including extended periods under the presidency of

Megawati, Abdurrahman Wahid, and Habibie. Furthermore, relying primarily on secondary sources via review initiatives restricts depth; hence, incorporating primary fieldwork could enrich empirical evidence collection processes. Ultimately, enhancing comprehensiveness requires integrating diverse datasets encompassing broader contextual factors affecting Indonesia's corporate landscape, such as macroeconomic trends and sector-specific influences that collectively shape debt management strategies among local enterprises. By addressing these gaps systematically through enhanced methodologies coupled with expanded scopes of inquiry, we aim to create richer narratives surrounding corporate resilience amidst evolving socio-political climates characteristic oftentimes seen globally yet uniquely pronounced herein Indonesia's unique blend of historical cultural-economic complexities intertwined seamlessly, forming a backdrop against which entrepreneurial endeavours unfold on a daily basis alike elsewhere the world over.

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