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Family Ownership and Political Costs on Manufacturing Company Performance in Indonesia 2016-2020

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Abstract

The issue of family proprietorship and political expenses on the presentation of assembling organizations is a fascinating conversation to study. This sort of study is quantitative exploration. The independent factors in this study incorporate family proprietorship and political expenses, while the dependent variable is organization performance. The research population is manufacturing companies listed on the Indonesia Stock Exchange for the 2016-2020 period. The results show that family ownership has a positive influence on company performance and political costs have a negative effect on company performance. Simultaneously, family ownership and political costs have a significant affect company performance with the commitment of R2 worth of 22.10%.

Keywords
family ownership; political costs; company performance; manufacturing

I. Introduction

Kurniasari (2017) states that the company's performance is still considered as evidence or a management benchmark in evaluating the performance of the company, one of which is their action in planning for the future period. Meanwhile, Moediyanto (2011) sees the company's performance in another view, where this variable turns into an estimating apparatus for evaluating the degree of the board achievement while overseeing organization assets, particularly in the field of speculation the executives. The goal is nothing but an effort to create value for shareholders. Meanwhile, in its action to achieve the desired target, several indicators also influence the role of the company's performance, such as family ownership and political costs.

Nainggolan (2017) takes a gander at the elements that influence the organization's performance, one of which should be visible through the part of family possession where most of the organization is claimed by families or types of organizations that have a concentrated proprietorship structure. Meanwhile, what is meant in this case is part of the shareholder who is concentrated in the family within the scope of the company, so that it also influences the control function in the practice of corporate governance or only fulfills the applicable rules with a subjective view on the interests of the owner. This practice is often found in developing countries, and Indonesia is no exception.

Based on research from the Labuan International Business and Financial Center (Labuan IBFC) entitled Building Legacies: Family Business succession in South-east Asia, Indonesia is one of the developing countries in Southeast Asia which occupies the top position with 78 percent, which shows that almost eight out of ten companies are related. with family proprietorship (IBFC, 2014). Moreover, a Value Waterhouse Cooper review (PwC,

2014) likewise observed that organizations with family proprietorship rehearses have been taken on by in excess of 95% of organizations in Indonesia, where family main beneficiaries have turned into a first concern in organizations. The survey also noted that there are more than 40 thousand rich people in Indonesia or around 0.2 percent of the outright people who run family organizations. Their all out abundance arrives at Rp. 134 trillion or controls around 25% of Indonesia's total national output (GDP). PwC likewise characterizes a privately-owned company as an organization in which most of the democratic privileges are in the possession of the organizer or the individual who obtained the organization, for instance a life partner, parent, kid or main successor. Something like one family agent is associated with the administration or organization of the organization. With respect to public organizations, the family ordinarily controls 25% of the organization's portions and something like one relative stands firm on a footing in the organization.

However, from the widespread adoption of this business model, not all family businesses can run successfully and achieve success. (Wahjono, 2009) conveyed in his research, that privately-owned companies are hard to make due through three ages. This alludes to investigate directed by the Family Firm Foundation for the Privately-owned company Audit (Corridor, 2008), in which it is known that main 30% of all family-claimed organizations can endure the between generational change in the subsequent age. In the meantime, simply 12% can make due in the third era and simply 3% can form into the fourth era, etc.

However, despite these challenges, this adoption is still closely applied in Indonesia, which makes family ownership a portrait of an ideal business environment. Several generations of companies with family ownership in Indonesia have a good level of company performance, such as the Hartono family with ownership of the Djarum company, the Wonowidjojo family, owners of the cigarette company PT Gudang Garam Tbk, the Widjaja family with ownership of the Sinar Mas company and the Ciputra family with ownership of the Ciputra Group (Muliana, 2017).

Not only that, a survey conducted by Databoks (2016) of Gudang Garam and Djarum are the top 3 market leaders for cigarette companies in Indonesia, with a market share of 21.5 percent for Gudang Garam and 19.3 percent for Djarum. This cigarette producer controls more than 75 percent of domestic cigarette sales. This is an illustration that the company with family ownership can be said to be an illustration of a good level, because during the organization performance, the owner of the company has the advantage of minimizing conflict and the management or board of directors which is the founding family, so that the company can align the interests of management with the owner. entity to create the desired company performance (Ariani, 2014).

Susanti (2018) states that the concentrated ownership business model is also expected to have the option to foster a bigger and developing company, because it is believed that the development of a larger company will be able to provide a high cost of equity for companies and investors. This is because the bigger the size of the organization, the more prominent the political expense.

Reyhansyah (2019) explains that political costs are all costs that must be borne by companies related to political actions. The political actions in question are taxes, regulations, government subsidies, tariffs, antitrust, labor demands and so on. Political costs are also related to company size, because large companies are likely to face greater political costs than small companies. In addition to family ownership which is one of the benchmarks in working on the entity's performance capabilities, political costs are also a level that plays a role in the ability of a organizasition's performance. This is because political costs are part of the representation of the business world in developing countries (Wulandari, 2013).

Then, the adoption of this variable is found in a number of sectors ranging from transportation to manufacturing.

Table 1. Sector of Companies Adopting Family Ownership

No.	Company Sector	Family Ownership Adoption Percentage
1.	Transportation	13 Percent
2.	General	13 Percent
3.	Manufacture	50 Percent
4.	Construction	7 Percent
5.	Other	5 Percent

Source: Family Business Survey, Price Waterhouse Cooper (2014)

Data from the PwC survey shows that 50 percent of family companies are engaged in the manufacturing sector, so this study will choose a manufacturing company as the object of research. Another cause is that one of the industrial sectors that continues to try to adjust the external environmental conditions so that decisions about investment, funding, and asset management can be achieved in accordance with what is expected is manufacturing. Because the manufacturing industry sector is one of the backbones in encouraging economic growth or Gross Domestic Product (GDP), employment, increasing exports and increasing investment (Eka, 2016).

Therefore, this research is becoming increasingly important to research because Family Ownership and Political Costs are believed to have a role in Company Performance so it is appropriate to conduct a comprehensive study to find results that can provide benefits to the academic world later so that research on Family Ownership and Political Costs on Performance Manufacturing Companies in Indonesia 2016-2020.

II. Review of Literature

2.1 Agency Theory

This study uses agency theory to explain the inner hypothesis that is to be proven, because this theory has deductive and inductive properties in reflecting certain behavioral cases. According to Anthony and Govindarajan (2005), an organization relationship exists when one party (principal) utilizes another party (agent) to perform administrations and in the process delegates dynamic capacity to the specialist. Meanwhile, Jensen and Meckling (1976) mention agency theory as an idea that clarifies the legally binding connection among principal and agent. The principal is the party who authorizes the agent, where the principal is usually the shareholder and the agent is the manager. Not only that, the existence of a good contract between the principal and the agent is said to be able to explain in more detail the manager's task in managing shareholder wealth and a clear contract regarding the distribution of profits between shareholders and managers. In addition, the differences in the interests of the two parties are also believed to have an impact on the company.

2.2 Company Performance

This variable is clarified by Moediyanto (2011) in his study that organization performance is deciphered as a proportion of the degree of the board accomplishment in dealing with an organization's monetary assets, particularly in speculation the executives as a work to make an incentive for investors. The increase in the value of the company's shares, the higher the company value, the higher it will be (Katharina, 2021). In the current economic development, manufacturing companies are required to be able to compete in the industrial

world (Afiezan, 2020). The existence of the company can grow and be sustainable and the company gets a positive image from the wider community (Saleh, 2019). Meanwhile, the performance of a company can also be observed through accounting and market basis. Historical data and operational performance are data viewed from an accounting basis, on the other hand, investors' reactions are the result of observations viewed from a market basis on company performance. (Wang & Shailer, 2017). This means how this variable explains the organization's capacity to create earnings in terms of assets, equity and debt as a work performance shown by the company's performance. Good control is the basis for realizing work performance, such as control over management from management or owners (Astuti, et all, 2015).

2.3 Family Ownership

Yovita, et all, (2017) mentions that family ownership can be interpreted as ownership owned by the family and or family members are members of the company's board. According to Villalonga and Amit (2006) family ownership includes the following three dimensions: one or several families take an important role in the company; relatives hold huge command over the organization; and relatives stand firm on top level positions. There are three markers that the organization is said to have embraced family possession, specifically having a blood relationship, being connected by marriage, and being said to have an individual from a family somewhere around 5% of the offer proprietorship rate. On the other hand, family ownership is also assessed as a company that has more than 20 percent ownership of outstanding shares and the CEO or board of directors is the founder of the family (Muttakin, 2015). Not only that, family ownership can also be defined if there is a minimum of 25 percent of the voting rights owned by an individual or group of individuals, who have ties or blood relations, have the main purpose of controlling a company (Bodranuk, 2017). Family ownership can be measured by looking at a command from the company that has a role in the role of the family. In this case, the role of the family has the ability as a holder of a board position, CEO, or blockholder or bondholder (with a minimum of 5% share ownership). Previous research conducted by (Muttakin, 2015) shows that family ownership have a significant positive affect on organization performance. However, research conducted by González, et al., (2012) shows that family firms have a significant negative effect on firm performance.

2.4 Political Cost

Watts and Zimmerman (1986) see that political intensity is often associated with firm size, where this view extends to the transfer of wealth or funds from firms as a result of exposure to political conditions. Meanwhile, Godfrey (2010) clarify political expenses are likewise characterized as the sum moved related size and appearance by the organization. In addition, Political costs also show that large businesses may face greater political costs than small businesses. The reason is that large companies are generally more controlled by the government and the community. If large companies generate high profits on a relatively durable basis, governments may be forced to raise taxes and require companies to provide higher levels of public services. Finally, managers of large companies may tend to choose accounting methods that delay earnings reporting to reduce the political costs borne by the entity. In addition, the political costs of the company also arise from conflicts of interest between managers and the government, the public, the media that highlight the company so that this variable includes all costs or transfers of wealth that should be borne by the organization connected with antitrust activities, guidelines, government endowments, charge rates, work requests, etc. This shows that the bigger the size of the entity, the greater the political costs that must be paid, so to reduce these costs the company tries to report its profits conservatively so that profits do not look too high (Ardina & Januarti, 2012).

Political costs include all costs (transfer of wealth) that must be borne by companies related to political actions such as taxes, guidelines, government's subsidies, tariffs, antitrust, labor demands and so on. Political costs are related to company size because large companies contain a lot of political costs compared to small companies, and companies that contain a lot of political costs quite often complete earnings management to diminish political expenses (Belkaoui, 2007) and in the end will reduce profits and company performance. Large companies are usually more controlled by the government and the public. If large companies have relatively permanent high profits, the government can be compelled to raise taxes and demand higher public services from companies (Calvin 2012). Thus, the following can be hypothesized.

2.5 Research Hypothesis

Based on the theory and argumentation above, the hypothesis proposed in this study is a follows:

H1: Family Ownership has a positive effect on Company Performance

H2: Political Costs have a negative effect on Company Performance.

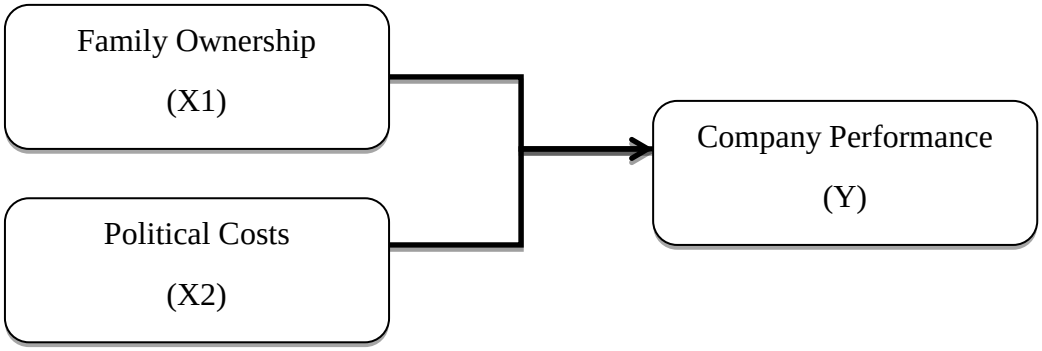

Figure 1. *Conceptual Framework*

(Source: Created by Researcher, 2022)

III. Research Methods

3.1 Research Design

The object of this research is the Company Performance variable with data obtained through financial reports and annual reports of companies in the manufacturing industry sector listed on the Indonesia Stock Exchange during 2016 to 2020. The manufacturing industry was chosen because the manufacturing industry is an industry that is more attractive to investors. According to the Head of the World Bank Representative in Indonesia, Rodrigo Chaves, Indonesia's industry has a high income and absorbs a lot of manpower so that it can reduce the unemployment rate. The manufacturing industry also plays an important role in international trade because by expanding the quality and amount of result delivered, it can build the seriousness of the business in the worldwide market (Eka, 2016). In the mean time, the scope of study is restricted by the factors of family ownership and political costs.

Based on the object and scope of the research, this research uses a quantitative approach. Quantitative research is research that has been structured and quantifies the data and population under study so that it can be generalized (Anshori & Iswati, 2009). This study uses secondary data sources obtained by taking data from financial reports or annual reports

got from the authority site of the Indonesia Stock Trade (www. idx.co.id) and other supporting sources from writing, books, diaries, articles, and web locales.

Meanwhile, the research method used is multiple linear regression to determine each direction and influence between the independent variable and the dependent variable. The research data that has been obtained will be processed, processed, and further analyzed using a tool or application, namely Eviews 10.

3.2 Variable Operations

The variables in this paper are divided into two, namely the dependent variable and the independent variable. The dependent variable (Y) in this paper is Company Performance, while the independent variable (X) used in this study is Family Ownership (X1) and Political Costs (X2).

a. Company Performance

The company's performance is a benchmark to see the company's ability to provide benefits to the company in terms of assets, equity, and debt. Not only that, this variable can also be interpreted as the company's work performance achieved by good control between the management function and the ownership function (Astuti et al., 2015; Muttakin., 2015). The accomplishment of an organization in a period mirrors the degree of soundness of the organization as far as organization performance. In this study, accounting and market base proxies are used which are based on historical data and reflect previous operating performance. This is because market-based company performance reflects the reaction of investors when assessing a company (Villalonga & Amit, 2006). Market-based company performance using *TobinsQ* measurement , namely:

$$TOBSQ = \frac{(MVS + D)}{TA}$$

Information:

MVS = Market value of all outstanding shares.

D = Debt

TA = company assets

b. Family Ownership

Family ownership is characterized if no less than 25% of the democratic freedoms are claimed by an individual or gathering of people, who are connected by blood, having the primary reason for controlling an organization (Bodnaruk et al., 2017). In addition, this variable also includes ownership by founders, family members, or insiders, such as the CEO or chairman of the board of directors (Muttakin, 2015; Bodnaruk et al, 2017; Wang & Shailer, 2017). According to research by Mulyani et al (2016), Andres (2008), and Setia-Atmaja et al (2009) in measuring family ownership using the percentage of shares owned by families or family groups in the company.

$$\text{FAMOWN} = \frac{\text{Number of shares owned by Family}}{\text{Total number of outstanding shares}} \times 100\%$$

c. Political Cost

Political costs reveal that large firms are likely to face greater political costs than small firms. This variable is proxied by firm size. Company size is measured by the following formula (Reskino & Vemiliyarni, 2014):

$$\text{BPOL} = (\text{SIZE} = \text{LN}(\text{Asset}))$$

3.3 Data Analysis Method

This study utilizes methods to investigate the information that has been gotten. The author uses descriptive statistics, classical assumption test, multiple linear regression analysis, and hypothesis testing. The explanation of the data analysis technique used is as follows:

3.4 Descriptive Data Analysis

Descriptive statistics are measurements used to dissect information by describing or describing that has been gathered all things considered without aiming to cause ends that to apply to speculations (Anshor and Iswati, 2009). Descriptive statistics describe data through the mean, standard deviation, variance, maximum, minimum (Ghozali, 2013).
The basic calculations in descriptive statistics are:

a. *mean* is the average obtained by adding up all the data and dividing by the number of data. The formula used is:
   $\bar{X}$= *Mean* of data
   ΣXi = *Total* sample of data
   n = Number of data
b. Maximum and minimum are the largest values in the data and the smallest values in the data.
c. The standard deviation or standard deviation is the most widely recognized proportion of factual dispersion. So, it estimates how information values are scattered. It can likewise be characterized as the normal deviation distance of the data focuses estimated from the average value of the data. The formula used is:

$$S = \sqrt{\frac{\sum (Xi - \bar{x})}{n-1}}$$

3.5 Classic Assumption Test

Classical assumption test is an analysis in assessing whether there is a problem with classical assumptions in the linear regression model. The classical assumption test that was carried out in this study was the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. The classical assumption is one of the prerequisite tests for multiple linear regression. A valid regression model must meet the BLUE criteria (*Best, Linear, Unbiased, and Estimated*), so that the regression equation can be used properly are as follows:

1. Normality Test

The normality test expects to test whether in the relapse model, there are perplexing factors or residuals have an ordinary dissemination. Meanwhile, in the theory of the Central limit theorem (CLT) or the central limit theorem which is a hypothesis clarifying that the inspecting dispersion bend (for an example size of at least 30) will focus on the populace boundary values and will have every one of the attributes of normal distribution (Gujarati, 2004). CLT explains that if the number of variables is not too large or if these variables are not completely independent, their number is still normally distributed. Therefore, CLT explains that if the sample reaches or is more than 100, the residual is still said to be normally distributed.

2. Multicollinearity Test

The multicollinearity test plans to test whether there is a relationship between's the autonomous factors in the relapse model. On the off chance that there is no connection between's factors, the relapse model has great outcomes. Multicollinearity in practice can use the Pearson correlation coefficient test between each independent variable. The data will describe the outcomes that assuming the coefficient worth of the relationship of every independent factor is under 0,8. It can be said that there is no correlation between each independent variable. Therefore, each variable does not experience multicollinearity problems in the regression model used. (Ghozali, 2013).

3. Autocorrelation Test

The autocorrelation test plans to test whether there is a relationship between's the mistakes in the direct relapse model and there is a connection between's the puzzling blunder in the current time frame (t) and the bewildering blunder in the past period (t-1). Autocorrelation emerges when progressive perceptions over the long run are connected with one another on the grounds that the residuals (frustrating blunder) are not free starting with one observations then onto the next. Autocorrelation does not occur if the regression has a significance value > 0.05 (Ghozali, 2013). Usually, the issue of autocorrelation is brought about by the residual (interference error) not being independent with one observation then onto the next. Regression that is free from autocorrelation is a good regression model. The autocorrelation test in this study used the *Durbin Watson model* (DW-test). Detecting autocorrelation symptoms can use statistical tests, namely the *Durbin-Watson test* with the following decision-making criteria:

Table 2. Durbin-Watson Grades

If	**Zero Hypothesis**	**Decision**
$0 < d < d_l$	There is no positive autocorrelation	Reject
$d_l \leq d \leq d_u$	There is no positive autocorrelation	*No Desiction*
$4 - d_l < d < 4$	No negative correlation	Reject
$4 - d_u \leq d \leq 4 - d_l$	No negative correlation	*No Desiction*
$d_u < d < 4\text{-}d_u$	There is no autocorrelation, positive or negative	Not Rejected

Source: Ghozali (2013)

4. Heteroscedasticity Test

Heteroscedasticity test expects to test whether in the regression model there is an imbalance of fluctuation from the lingering of one observation to another observation. If the residual variance from one observation to another observation remains, it is called homoscedasticity. One way to detect heteroscedasticity is to perform the Glejser test by regressing the absolute residual value with the independent variable and judging from the statistical probability results of each independent variable. If, each variable exceeds its significance level of 0.05, it can be said to be free from heteroscedasticity.

3.6 Multiple Linear Regression Analysis

In analyzing the secondary data, it is necessary to process data using data analysis techniques. This study uses multiple linear regression and multiple linear regression. Multiple linear regression analysis is a data analysis technique that connects linearly between two or more independent variables and the dependent variable. (Ghozali, 2013). This study uses multiple linear regression analysis, with the equations of multiple linear regression analysis, namely:

$$TOBQ = \alpha + \beta 1FAMOWN + \beta 2BPOL + e$$

Information :

TOBQ	: Tobin's Q Ratio
FAMOWN	: Family Ownership
BPOL	: Political costs
α	: value of an equation
$\beta 1 - \beta 2$	: The value of the regression coefficient of each variable
e	: Error

1. Hypothesis Testing

According to Anshori and Iswati (2009) hypothesis testing using a sample is a decision-making process through an inference process that requires the accuracy of the researcher in making an estimate. This study uses the t test to test the hypothesis. The stages in statistical testing, namely:

a. Determining statistical hypotheses
   Based on the equation of the first hypothesis, the statistical hypothesis is determined:
   $H_{0,1}$: $\beta_i = 0$, family ownership has no significant effect on company performance
   $H_{1,1}$: $\beta_i \neq 0$, family ownership has a significant influence on company performance
b. Choose statistical test
   This study uses the t test to see the effect of the independent variable on the dependent variable.
c. Select the desired level of significance
   This study uses a significance level of 5 percent
d. Calculate the difference in value
   1) If the significance of $t \leq 0{,}05$, then H_o is rejected and H_1 is accepted.
   2) If the significance of $t > 0{,}05$, then Ho is accepted and H1 is rejected.
a. Making conclusions from the results of statistical tests

2. Coefficient of Determination (R^2)

The coefficient of determination test (R^2) is utilized to quantify how much the model's capacity to clarify the variety of the free factors (Winarno, 2011). The value of the coefficient

of determination that is near one implies that the independent factors nearly give all the data expected to foresee the dependent variable (Ghozali, 2013). The level of accuracy of the regression is expressed in the coefficient of multiple determination (R^2) whose value is between 0 and 1. The value of *Adjusted R Square* which is getting closer to 1 (one) indicates the stronger the ability of the independent variable in explaining the dependent variable. The coefficient of completed to distinguish the best exactness in this relapse investigation, in particular by contrasting the extent of the worth of the determinant coefficient, in the event that R^2 is drawing nearer to 1 (one) the model is more exact.

IV. Discussion

Table 3. Descriptive Statistical Analysis Results

	Y	X1	X2
Mean	4.098808	0.537720	12.50801
Median	0.440000	0.420000	12.46000
Maximum	373.1600	9.600000	14.55000
Minimum	0.000000	0.000000	8.470000
Std. Dev.	31.28764	1.057808	0.804613
Skewness	9.367669	7.899897	-0.710419
Kurtosis	93.85331	67.91009	7.006951
Jarque-Bera	171389.6	88887.16	359.9825
Probability	0.000000	0.000000	0.000000
Sum	1959.230	257.0300	5978.830
Sum Sq. Dev.	466943.2	533.7424	308.8110
Observations	478	478	478

(Source: Results processed by Data Eviews 10, 2022)

4.1 Descriptive Statistics

Based on the table above, it can be seen that the sample in this study was 478 with details of 95 manufacturing companies. Furthermore, the company's performance variable (Y) has the lowest value of 0.000 with the highest value of 373.1600, the average value of 4.098 and the standard deviation of 31.287. The family ownership variable (X1) has the lowest value of 0.000 with the highest value of 9.600, the average value of 0.537 and the standard deviation of 1.057. Meanwhile, the political cost variable (X2) has the lowest value of 8.470 with the highest value of 14.550, the average value of 12.508 and the standard deviation of 0.804.

4.2 Classic Assumption Test

This study also tested the classical assumptions before performing regression analysis, this was done to ensure the regression model was valid and met the BLUE criteria (Best, Linear, Unbiased, and Estimated). Classical assumption test consists of multicollinearity test, autocorrelation test, and heteroscedasticity test. The following are the results of testing the classical assumptions of this writing:

a. Multicollinearity Test

Multicollinearity test intends to see whether the regression model observed there is a relationship between's the free factors (independent variables). We will see the multicollinearity test in this paper from:

Table 4. Results Multicollinearity Test

	Y	X1	X2
Y	1.000000	0.020535	-0.458134
X1	0.020535	1.000000	0.186931
X2	-0.458134	0.186931	1.000000

(Source: Results processed by Data Eviews 10, 2022)

Based on the table above, it shows that the correlation value in each variable is smaller than 0.85. So, we can conclude that this study is free from multicollinearity symptoms.

b. Autocorrelation Test

The autocorrelation test is expected to test whether in the direct relapse model there is a connection between's the bewildering blunder in period t and the confounding error at t-1 (previous). This writing uses an autocorrelation test tool, namely the Runtest test. The results of the autocorrelation test can be seen in:

Table 5. Autocorrelation Test Results

R-squared	0.202346	Mean dependent var	0.000210
Adjusted R-squared	0.198980	S.D. dependent var	24.49752
S.E. of regression	21.92521	Akaike info criterion	9.019420
Sum squared resid	227858.8	Schwarz criterion	9.045631
Log likelihood	-2148.132	Hannan-Quinn criter.	9.029726
F-statistic	60.12132	Durbin-Watson stat	2.047792
Prob(F-statistic)	0.000000		

(Source: Results processed by Data Eviews 10, 2022)

Based on the table above, it can be seen that the value of Durbin Watson is 2.047792. Previously it was known that the value of dL = 1.6015 and 4-dU = 2.2684. This indicates that the DW value is greater than dL and less than 4-dU. So it can be concluded that in this study there were no symptoms of autocorrelation.

c. Heteroscedasticity Test

This test has the aim of showing whether in the regression model there is an imbalance of change from the residuals of one observation to another observation. In the event that the leftover difference starting with one observation then onto the next observation stays, there is homoscedasticity and in the event that it is unique, there is heteroscedasticity. To detect the the presence or nonappearance of heteroscedasticity is by taking a gander at the Harvey test.

Table 6. Heteroscedasticity Test Results

Heteroskedasticity Test: Harvey

F-statistic	16.36159	Prob. F(2,475)	0.0000
Obs*R-squared	30.80750	Prob. Chi-Square(2)	0.0000
Scaled explained SS	29.48870	Prob. Chi-Square(2)	0.0000

(Source: Results processed by Data Eviews 10, 2022)

Based on the table above, it can be seen that the value of Obs*R squared has a value of 0.000 which is smaller than 0.05. So it can be concluded that in this study there were no symptoms of heteroscedasticity.

d. Multiple Regression Analysis

This study uses multiple linear regression analysis, with the equations of multiple linear regression analysis, namely:

$$TOBQ = 235.1783 + 3.254123 – 18.61441 + e$$

Table 7. Multiple Linear Regression Test Results

Dependent Variable: Y
Method: Least Squares
Date: 02/05/22 Time: 11:19
Sample: 1 478
Included observations: 478

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	235.1783	19.97093	11.77603	0.0000
X1	3.254123	1.218858	2.669813	0.0078
X2	-18.61441	1.602406	-11.61653	0.0000

R-squared	0.221568	Mean dependent var	4.098808
Adjusted R-squared	0.218291	S.D. dependent var	31.28764
S.E. of regression	27.66276	Akaike info criterion	9.484308
Sum squared resid	363483.4	Schwarz criterion	9.510477
Log likelihood	-2263.750	Hannan-Quinn criter.	9.494596
F-statistic	67.60059	Durbin-Watson stat	0.633933
Prob(F-statistic)	0.000000		

(Source: Results processed by Data Eviews 10, 2022)

1. In light of the table above, it tends to be seen that the prob-value of the Family Ownership variable (X1) obtained a result of 0.0078 which is smaller than 0.05. So it can be concluded that these variables have a significant positive effect on company performance. This is in line with previous research by Gonzales et al. (2012) that companies with family involvement make policies that can grow company performance, because of their internal involvement in management. In addition, this study is also in line with the results (Muttakin, 2015) which show that family companies have a significant positive effect on company performance. Meanwhile, referring to agency theory, agency theory also explains that family ownership has the potential to achieve personal gain by utilizing the authority within the company, in a target that describes family ownership to make the interests of the principal and agent aligned so that later they will be able to control management so that they can carry out policies according to their needs. direction of the owner of the company.
2. Furthermore, the prob-value of the X2 variable is 0.000 which is smaller than 0.05. So it can be concluded that the political cost variable has a significant positive effect on the company's performance. Therefore, this study can be said to be in line with research (Calvin, 2012), where this variable is closely related to company size so that large companies are likely to face greater political costs than small companies. Large companies are usually more controlled by the government and the public. In addition, the government may be compelled to raise taxes and demand higher levels of public services from companies. Finally, company managers potentially tend to choose accounting methods that delay earnings reporting to reduce the political cost borne by the company and will ultimately reduce company profits and performance.
3. In the table above, it is also shows that the Probability value (F-statistic) is 0.0000 which means it is smaller than 0.05. So it can be concluded that the variables of family ownership and political costs simultaneously or together can have a significant effect on company performance.

e. Coefficient of Determination Test (R2)

Based on the results of table 4.5 shows the R-squared value of 0.221, which means that 22.1% of the company's performance variables can be explained by the variables of family ownership and political costs, while the rest can still be clarified by different factors outside this exploration model.

V. Conclusion

There are conclusions that can be drawn from this study, where in view of the aftereffects of multiple linear regression analysis, it tends to be presumed that family ownership positively affects company performance, while political expenses negatively affect organization performance. Meanwhile, at the same time, family proprietorship and political expenses significantly affect organization performance with the commitment of the impact of R2 of 22.10%, while the rest isn't inspected in this review.

This study only uses two variables that are used in exploring the depth of the relationship between the dependent and independent variables as a step to measure the level of company performance so that the contribution of the influence of R square is so small, which means that there are still various variables that can be included.

The author recommends applying this study with reference to other industries, considering that this research focuses on taking manufacturing samples. In fact, research can also be done by extending the exploration factors that might affect the level of application of company performance.

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