

Table 4
Pearson pairwise correlations among the dependent and explanatory variables

	ETRC	ETRI	CAPINT	LEV	SIZE	POLCON1	POLCON2	MKBV	INVINT	ROA
ETRC	1									
ETRI	0.031 [*]	1								
CAPINT	−0.033 ^{**}	−0.044 ^{**}	1							
LEV	−0.051 [*]	−0.021	−0.041 ^{**}	1						
SIZE	−0.124	−0.190	−0.163 ^{**}	0.337 ^{**}	1					
POLCON1	−0.023 ^{**}	−0.047 ^{**}	0.129	0.031 ^{**}	0.146 ^{**}	1				
POLCON2	−0.011 [*]	−0.044 [*]	−0.064	0.116	0.179 ^{**}	0.138 ^{**}	1			
MKBV	0.045	−0.036	−0.051	−0.035	−0.077 ^{**}	−0.130	−0.026	1		
INVINT	0.020	−0.014	0.067 ^{**}	−0.128 ^{**}	−0.195 ^{**}	0.193 ^{**}	−0.005	−0.041	1	
ROA	0.073 [*]	0.047 [*]	0.067 ^{**}	−0.038	0.073	0.049	0.012	0.053	−0.019	1

Variable definitions: ETRC = (Tax expenses – Deferred tax expenses)/(Operating cash flows); ETRI = (Tax expenses – Deferred tax expenses)/(Profit before interest and tax); POLCON1 = Percentage of government equity ownership; POLCON2 = 1 if the firm is connected with top politicians; 0 otherwise; SIZE = Natural log of total assets; LEV = (Total debt)/(Total assets); CAPINT = (Property, plant and equipment)/(Total assets); INVINT = (Inventory/Total assets); ROA = (Pre-tax profits)/(Total assets); MKBV = (Market price of share)/(Shareholders equity/Number of ordinary shares outstanding).

^{*} Correlation is significant at the 0.05 level (2-tailed).

^{**} Correlation is significant at the 0.01 level (2-tailed).