ABSTRACT

This study aims to examine the effect of government policies on the Domestic Component Level (TKDN) and Company Benefit Weight (BMP) **)** *on the sales performance of companies in the Indonesian security printing industry. In addition to these policy variables, this study also investigates the effects of several firm-specific factors, including firm size*, *price*, *technology investment*, *promotion expenditure*, *and firm age as control variables. The study employs panel data consisting of 10 security printing companies in Indonesia over the 2019–2023 period, resulting in a total of 50 observations. A quantitative approach using panel data regression analysis was applied. Based on the results of the Chow Test, Breusch–Pagan Lagrange Multiplier Test, and Hausman Test, the Fixed Effect Model (FEM) was selected as the most appropriate estimation model. The empirical findings indicate that, simultaneously, all independent variables significantly affect sales performance. However, partial regression results reveal that only price and firm size have a statistically significant effect on sales. Price has a significant negative effect, whereas firm size has a significant positive effect on sales performance. In contrast, TKDN*, *BMP*, *technology investment*, *promotion expenditure, and firm age do not have a statistically significant effect on sales. These findings suggest that the implementation of TKDN and BMP policies currently functions primarily as an administrative compliance requirement in government procurement rather than as a strategic instrument capable of directly improving firms' sales performance. Conversely, firm size, represented by total assets, is identified as the dominant factor influencing sales performance. This finding supports the Resource-Based Theory, which argues that strategic resources, particularly productive assets and production capacity, constitute the primary source of competitive advantage and revenue generation in capital-intensive industries such as security printing. This study recommends that security printing companies prioritize strengthening their production capacity through investment in productive assets, technological modernization, and operational efficiency improvements to enhance competitiveness and sales performance. Furthermore, the government is encouraged to refine the implementation of TKDN and BMP policies by introducing more effective incentive schemes so that these policies not only fulfill administrative requirements but also generate tangible economic benefits for firms and strengthen the competitiveness of Indonesia's security printing industry.*

Keywords: *Security Printing, Domestic Component Level (TKDN), Company Benefit Weight (BMP), Sales Performance, Price, Firm Size, Panel Data, Fixed Effect Model.*