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EFFECT OF POLITICAL RELATIONSHIP AND BOARD CHARACTERISTICS OF COMPANY PERFORMANCE AND VALUE OF COMPANIES IN INDONESIA

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ABSTRACT

This study aimed to analyse the influence of antecedents of political connections and the characteristics of the board in the form of board size, board gender and the degree of independence of the board on the performance of companies whose measurements use market values and book values. The political connection is a common phenomenon that occurs in Indonesia. There are many Indonesian companies whose commissioners are filled by individuals who have strong political relations both past and present. The characteristics of the board of commissioners and board of directors that are attached with elements of political connections are predicted to be able to influence the overall performance of the company.

This research explored in detail the various forms of political connections and the characteristics of the board that exist in public companies in Indonesia. This study used panel data by quoting information from financial statements and annual reports of companies on the Indonesia Stock Exchange. This research was tested using Eviews and SPSS software.

The results of the study concluded that the board of directors in terms of the number of members greatly affect the operational and decision-making process in the company. In terms of gender and level of independence does not affect the performance or value of the company. Political connections also have significant negative effect on company performance and value.

Keywords: *political relations, company performance, company value, board characteristics*