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**\*Correspondence:**

[fanani@feb.unair.ac.id](mailto:fanani@feb.unair.ac.id)

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**Office:**

Department of Accounting  
University of  
Muhammadiyah Malang  
GKB 2 Floor 3.  
Jalan Raya Tlogomas 246,  
Malang, East Java,  
Indonesia

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## Effect of Board Gender, Political Connection, Military Experience, and Board Activity Toward Company Reputation

Zaenal Fanani<sup>1\*</sup>, Linda Suci Alfiyanti<sup>2</sup>

**Afiliation:**

<sup>1,2</sup>Accounting Department, Faculty of Economics and Business, Universitas Airlangga, Surabaya, East Java, Indonesia

### ABSTRACT

This study aims to determine the effect of board gender, political connection, military experience, and board activity to the corporate reputation for the year 2014-2016. The population in this study are companies which listed in Indonesia's Top 100 Most Valuable Brand rankings from SWA magazine for the year 2014, 2015 and 2016. Purposive sampling is used to determine the sample with a total of 223 firm-year observations. Multiple linear regression analysis techniques were performed to analyze whether board gender, board activity, political connection, and military experience are associated with corporate reputation. The results show that board activity and political connection have a positive effect to the corporate reputation. Military experience has a negative effect to the corporate reputation. However, board gender does not have significant effect to the corporate reputation. This research contributes to the development of science or accounting issues by testing the political connection, military experience, and board meeting variables as independent variables and company's reputation as dependent variable, this model has never been done by researchers before.

**KEYWORDS:** Activity; Corporate Reputation; Gender; Military Experience; Political Connection

## INTRODUCTION

Each company that is oriented to make profit will give effort as maximal as possible to sell the product or offer the services in running the business. To obtain big profit, company will make the product or service to be known by society at large by creating a brand. The results of research conducted by Adstensity, a company monitoring advertising PT SIGI Kaca Pariwara, explained that the growth of advertising spending in 2016 had a positive movement. Television (TV) ad spending in 2015 gained Rp 72.5 trillion and in 2016 had a growth value of 33.52% or overall, total advertising spending in 2016 increased to Rp 96.8 trillion (Wicaksono, 2017). Kotler & Keller (2012) note that marketing communication contributes to brands. Thus, effective communication allows awareness and positive brand image. So that by spending this ad, besides causing the company to be increasingly known by the public, it will also increase the brand image while affecting the company's reputation as an intangible asset.

Some companies or a magazine measure how important the brand value in customer in form of ranking (Wasesa, 2013). In fact, the rating has increased and decreased from year to year. The effort to maintain or obtain the ranking is rather difficult because it is affected by several factors. One of these factors is how the company's ability to take strategic actions to make the managed brand of the product or service has high value, thus, it can enhance the company's reputation (Wasesa, 2013). The decision to take these actions can't be separated from the role of the chairman or chief director of the company itself as one of the company's organs. This is because the board of directors as a corporate organ has a duty and responsibility to manage the company (Republik Indonesia, 2007). In the development, the board of commissioners and directors in the company currently has a more varied background, such as having a history of education in the military, having or had served in the government, as well as the existence of a president director not only managed by men, but in the development of women's participation in the company is increasingly visible. This occurs as a result of the company's dependence to obtain external resources as explained in the theory of dependence on resources (resource dependence theory) (Pfeffer & Salancik, 1978). Besides the president director, another decisive factor is how important the supervisory components in the company are as the company's board of commissioners (Upadhyay & Zeng, 2014; Benmelech & Frydman, 2015). Because the existence of such supervision will minimize conflicts that occur between management and shareholders. By reducing the conflict, the president director can rule better.

The importance of this research are as follow; first, this research conducts research development of Brammer *et al.* (2009); Bravo *et al.* (2015); Kaur & Singh (2017) with political connection variables as independent variables that will be researched. This is because in some studies, there have included elements or aspects of political connections that can affect GCG and corporate value. Because there is a link between company value and company reputation, this research tries to connect political connections to company reputation. Based on previous research, it is found that companies that have political relations with the ruling party tend to have higher corporate value compared to companies that do not have political connections (Goldman *et al.*, 2009). Therefore, with a positive influence toward company value, it is expected that in this research, political connections can also have a positive impact toward the company's reputation. Yet, to ensure the relationship, this research will conduct a research or study empirically.

Second, this research does not only conduct research development by using political connection, but also using military experience that exists in company board members because while looking at government structures in Indonesia, someone with a military background has strategic positions in government. By seeing the importance of the role of the military in occupying strategic positions in government, it is expected that the military will also have an impact on the company's reputation (Benmelech & Frydman, 2015).

This research contributes to the development of science or accounting issues by examining the variables of political connections, military experience, and board meetings on company reputation, this model has never been done by researchers before. This variable was examined based on rent seeking theory (Krueger, 1974). With this connection, the company can rent seeking to certain parties to improve the company's reputation.

This research aims to find out about the role of board gender in this research, namely the WOMEN president director and the WOMEN board of commissioners, the frequency of board meetings, political connections, and military experience on the board of commissioners and directors of the company's reputation as an intangible asset that can affect investor decisions. The reason the company's reputation is chosen as a component of intangible assets that will be examined is because the company's reputation illustrates the image and credibility of the company in the eyes of stakeholders (Fombrun, 1996). Thus, the quality of these intangible assets will determine the behavior of stakeholders that will later affect the achievement of the company.

## **Theoretical Basis and Hypothesis Formulation**

### **Resource Dependence Theory**

Resource dependence theory is a theory that discusses about how external resource can affect organization behavior. This theory has the opinion that for an organization to survive, the organization must obtain resources (Pfeffer & Salancik, 1978). In this case, the organization based on Pfeffer & Salancik (1978) depends externally on resources. Thus, to regulate this interdependence relation, the organization can conduct inter-organizational relations.

The board is one of the company's organs that functions to connect the company with external parties so that the strategy and tactics of choosing the composition of the board is one way to overcome the company's environmental dependency problems. Hillman *et al.* (2000) argue that the diversity in the board will provide various benefits of resources for the company. Furthermore, Hillman *et al.* (2000) explain that diversity in this council will help expand the company's network and contacts and help place the company in relations with other companies.

### **Human Capital Theory**

Becker (2009) states that human is not only resource, but also a capital who can generate return. In which, every expenditure made in the context of developing the quality and quantity of capital is an investment activity.

Human capital theory is a complement of several concepts related to the diversity of the board which is a translation in resource dependence theory. For example, according to Terjesen *et al.* (2009), they state that differences in gender in directors can affect unique human resources. This is because the diversity in the board will bring up various new innovations for the company.

## Agency Theory

Theory of agency reveals about the relation between management and shareholder. In agency theory, Jensen & Meckling (1976) argue that the company is a collection of contracts (nexus of contract) between the owners of economic resources (principal) and managers (agents) who take care in terms of the use and control of these resources. In fact, managers often have different goals that may conflict with the goals expected by the principal.

Scott (2015) also states that company directors as insiders who manage companies have information advantages that they can use to take advantage by organizing information that needs to be published. Therefore, to deal with these problems, corporate governance is used as an effort to monitor agent behavior. This agency theory is a perspective used to understand the importance of Good Corporate Governance practices in a company. The existence of corporate governance in companies aims to protect investors and maximize corporate value while increasing company confidence in the capital market.

## Rent Seeking

Rent seeking behavior is a behavior between the rulers and entrepreneurs in the study of political economy. According to Tullock (1967), rent seeking occurs when companies manipulate the business environment or business because they want to take advantage or value that is not compensated by others. Meanwhile, business actors try to affect a party so that rules or regulations favor themselves at the expense of other parties are rent seekers (Rachbini & Sikumbank, 2006). Based on Deliarnov (2006), "profits" received by the authorities through the power they have then are used to pursue their personal interests is also called rent. The activity of wanting to obtain reward or rent is called "rent seeking behavior" (Deliarnov, 2006). Thus, according to the theory of rent seeking, there is the possibility of management making efforts to enrich or seek down rent to those who can provide benefits to the company.

## Hypothesis Formulation

### The Effect of President Director toward Company Reputation

The diversity of board including women president director can't only solve company environmental dependencies, but can also trigger the emergence of new innovations in the company. According to Francoeur *et al.* (2008) women often bring new perspectives when facing complex problems, and they can improve the process of formulating strategies and decision making that can protect investors.

In addition, with the existence of a woman's president director who tends to risk averse and protect investors in dealing with problems, the women president director are expected to reduce the problems of company agencies while increasing the company's reputation itself. This is supported by research conducted by Bravo *et al.* (2015) which shows that companies that have a high reputation ranking index tend to have few women directors with a high.

***H<sub>1</sub>: The existence of Women managing director in the company will improve the percentage of company reputation.***

### The Effect of Women's Board of Commissioners towards Company Reputation

Upadhyay & Zeng (2014) argue that the diversity in board plays important role in the function of governance system in the internal of company. Luo *et al.* (2017) also find that

women's participation in the council can help effectively resist manipulation activities in the company. Carter *et al.* (2003) also states that diversity in the board has a positive relation with firm value. Because corporate governance and corporate value have things to do with the company's reputation. The existence of woman's board of commissioners in the board of commissioners is also expected to improve the company's reputation in accordance with research conducted by Bravo *et al.* (2015). It explains that the more women directors in a company, the company tends to have a high reputation. Women directors are expected to increase the independence of the board because women can ask questions and provide new insights that the board of directors will not have and the company's reputation from directors with a more traditional background. Besides, women provide important resources that can enhance a company's competitive advantage and diversity increase creativity and innovation (Bravo *et al.*, 2015).

**H<sub>2</sub>: The more the composition of the board of commissioners, the better the company reputation is.**

### **The Effect of Political Connection toward Company Reputation**

The company is considered having political connection if there is at least a major shareholder (a shareholder who controls at least 10% of the total shares with voting rights) or one of the leaders of the company (president director, president, vice president, chairman or secretary) is a member of parliament, minister, or a person closely related to the top politician or political party (Faccio, 2006). Diversity in the board will make the company connect to various parties, including in government. Through political relations, companies can also conduct rent seeking to obtain profits for their companies (Faccio, 2006).

Based on the research that has been conducted by Wirawan & Diyanty (2014). It shows that political connection is used to increase company revenue that will have an impact on the performance of the company. Pérez *et al.* (2015) state that political connections positively affects the value of companies in Spain. Thus, based on the above phenomena, a political connection to the company is expected to improve the company's reputation because investors will view the company as having a greater degree of success for the project.

***H<sub>3</sub>: The existence of a political connection in the company will make the company's reputation better.***

### **The Effect of Military Experience toward Company Reputation**

The diversity of board will make the company connects with some parties, including in military field. With this connection, based on the concept of the theory of rent seeking, companies can conduct rent seeking for certain parties. According to Krueger (1974), rent seeking is income seeking by means of monopoly, licensing and the use of capital capital in business. Through an extensive network owned by the company, investors will view the company as having a greater rate of return on projects carried out by having a board that has a background in the military field.

Besides having larger network, the board of commissioners and directors who have a military background also have a more disciplined, rigid, and resolute view of seeing an issue (Benmelech & Frydman, 2015). Research conducted by Benmelech & Frydman (2015) states that military education conducted by CEOs is related to corporate decisions, company policies, and company outcomes. In their research, Benmelech & Frydman (2015) find that CEOs who have conducted military education tend to have lower investment and

R&D, have modest levels of leverage, and are less involved in corporate fraud scandals. Furthermore, military CEOs appear to have better performance when the industry is distressed. Based on the phenomenon above, the presence of those who have experience in the military is expected to improve the company's reputation.

***H<sub>4</sub>: The existence of a board of commissioners or directors who have a military background will make the company reputation better.***

### **The Effect of Board Meeting toward Company Reputation**

Board meeting is controlling activity to monitor so that the functions and responsibilities of each of these company organs can run well (Komite Nasional Kebijakan Governance, 2006). The board meeting shows that the responsibilities and coordination between the board of commissioners and directors are going well. The more often the company holds meetings, the company's performance will be more maximal because the problems within the company will be more often discussed intensively. Thus, the more often companies do board meetings, it can improve the company's reputation as well.

***H<sub>5</sub>: The more companies hold board meetings, the better the company's reputation***

## **METHOD**

### **The Definition of Operational Variable**

Corporate Reputation (Y) is representation of company perception in past time and prospect in the future that show overall company performance when compared to competitors in the opinion of observers (Fombrun, 1996). In this research, the company reputation is measured through the natural logarithm of the brand value contained in the list of Indonesia's Top 100 Most Valuable Brands for 2014, 2015 and 2016 issued by SWA Magazine.

The woman president director (X1) is a woman who leads or manages on the board of directors as one of the organs of the company that is authorized and fully responsible for managing the company for the benefit of the company. She rules based on the aims and objectives of the company and representing the company, both inside and outside the court in accordance with the provisions of the articles of association (Republik Indonesia, 2007) and (Suryadi & Idris, 2004). To determine the variable woman president director in this research, it measures using a dummy variable by giving a value of 1 if the company has a woman director and a value of 0 if the president director of the company is not a woman.

Political connection (X3) is a company that is considered having connection in politic of one of the leaders of the company (president director, president, vice president, chairman or secretary) is a member of parliament, minister, or person closely related to a top politician or political party (Faccio, 2006). In this research, to determine the presence or absence of political relations in a company is measured by a dummy variable, it is given a value of 1 if the company has board members who are and have served in government, members of political parties, members of the legislature, members of the judiciary, former members of the cabinet, former or government expert staff and will be given a value of 0 if the company does not have that political relationship.

Military experience (X4) is a man or woman who usually joins the military when they are in their early twenties (Marquis & Lee, 2013). In this research, military experience is projected on members of the board of commissioners and directors and measured using a dummy variable. It is giving a value of 1 if the company has a board of commissioners or directors

who have military experience in their curriculum vitae and a value of 0 if the company does not have a board of commissioners or directors who has experience in the military.

Board meeting (X5) is meeting conducted by board of commissioners and directors which can be in the form of separate meetings or joint meetings, namely in the form of a board of commissioners meeting that invites the directors (Otoritas Jasa Keuangan, 2014). In this study, the board meeting variable is measured by the number of company meetings conducted by the board of commissioners and the board of directors of the company for one year.

### Population and Sample

Population in this research is go public companies listed in Indonesia's Top 100 Most Valuable Brands in 2014, 2015 and 2016 published by SWA Magazine. The reason why only companies listed in Indonesia's Top 100 Most Valuable Brands used in this research is because these top 100 companies are considered to represent the company's best overall reputation.

Technique of taking sample data is using purposive sampling technique. The purposive sampling criteria used in this research are as follows: 1) Companies listed on the Indonesia Stock Exchange and publish company annual reports for 2014-2016; 2) Companies that have complete data for the purpose of this study, namely companies that present background data on the board of commissioners and directors and publish the number of board meetings that have been conducted for one year in the annual reports of companies listed on the Indonesia Stock Exchange for the period 2014-2016 . Based on these criteria, it is obtained a total sample of 223 firm-year observations.

### Analysis Method

Analysis used in this research is multiple linear regression analysis with the consideration that this analysis can be used as a prediction model for the dependent variable with the independent variable. The regression equation used is shown below:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Information:

Y	:	company reputation
a	:	Constant
$\beta_1 \dots \beta_n$	:	Coefficient of regression direction
X1	:	Woman President Director
X2	:	Women's Board of Commissioners
X3	:	<i>Political Connection</i>
X4	:	<i>Military Experience</i>
X5	:	<i>Board Meeting</i>
e	:	<i>Error</i>

## RESULTS AND DISCUSSION

### JRAK 10.2

#### Descriptive Statistics

Based on descriptive statistic test in Table 1, it shows that Women's Commissioners have an average value of 0.0843 with a standard deviation of 0.11545. In this research, the minimum value of the composition of the board of commissioners of women is 0.00 which

means that the company does not have a woman's board of commissioners on the board of commissioners.

**Table 1.**  
Descriptive  
Statistic Result

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Women's Board of Commissioners (X2)	223	0,000	0,400	0,084	0,115
Board Meeting (X5)	223	1	183	35,210	28,528
Company Reputation (Y)	223	2,400	7,940	4,436	1,325

Meanwhile, the maximum value of the composition of the woman's Commissioner is 0.40. The board meeting variable has an average of 35.21 with a standard deviation of 28.528. In this research, the minimum value of board meetings is one meeting. Meanwhile, the maximum value of board meetings is 183 meetings. The average corporate reputation projected by the natural logarithm value of the brand value is 4.4366 with a standard deviation of 1.32563. The minimum value of the company's reputation is 2.40 while the maximum value of the company's reputation is 7.94.

Based on the result, it is known that the number of woman directors is only 15 or 6.7% of the total 223 samples and the remaining 93.3% do not have a woman president director. Furthermore,, there are 51 or 22.9% of the total sample of this research that do not have political connections while the remaining 172 or 77.1% of the samples has political connections. of 51 or 70.4% of the total sample do not have a council with a military background while the remaining 66 or 29.6% of the sample have a council with a military background.

**Table 2.**  
Frequency  
Statistic  
Result

Variable	Ket.	Frequency	Percent
Woman President Director (X1)	No	208	93,3
	Yes	15	6,7
	Total	223	100
Political Connection (X3)	No	51	22,9
	Yes	172	77,1
	Total	223	100
Military Experience (X4)	No	157	70,4
	Yes	66	29,6
	Total	223	100



**The Result of The Research and Discussion**

The regression result can be seen in Table 3. Based on the table the political connection (X3), military experience (X4) and board meeting (X5) variables show significant numbers while the other variables, namely the woman president director (X1) and the woman’s board of commissioners (X2) do not show significant figures.

Variable	t-statistic	Sig.
Woman President Director (X1)	-0,775	0,439
Women's Board of Commissioners (X2)	-0,028	0,977
<i>Political Connection</i> (X3)	2,059	0,041**
<i>Military Experience</i> (X4)	-2,259	0,025**
<i>Board Meeting</i> (X5)	5,327	0,000***
<b>R Square</b>	0,178	
<b>Adjusted R Square</b>	0,159	
<b>Sign F</b>	0,000***	

**Table 3.**  
Result Of  
T-Test  
Statistic

\*\* Significant in level 5%, \*\*\* Significant pada level 10%,

**The Effect of President Director toward Company Reputation**

Based on the result of the research, it is known that woman president director do not affect significantly toward company reputation. H1 test results obtains a significance value of 0.439, the value is above 0.1, the number indicates an insignificant value. It means that there is no effect between the woman president director on the company's reputation. Therefore, H1 was rejected. The lack of influence of the woman president director on the company's reputation can be caused by the ability of male and woman directors today to be considered relatively equal. This is because the level of education obtained by women is getting higher and the experience of the board of directors of women is also increasing. Because of the similarity of experience and ability to work and produce decisions that are as good as men, this does not make the community judge the reputation of the company based on gender from the company's chief director because both woman directors and male directors have the same ability reliable. This is supported by research conducted by Terjesen et al. (2009) that states that women have quality resources that are as good as men on several things including in terms of education level.

This research is inline with research conducted by Brammer *et al.* (2009). He finds that the presence of a woman director in a company has no significant impact on the company's reputation. However, different from the results of research conducted by Alfiero *et al.* (2015); Bravo *et al.* (2015); Kaur & Singh (2017) which state that the more woman directors on the board will also be followed by an increase in the company's reputation.

**The Effect of Women's Board of Commissioners towards Company Reputation**

Based on the result of the research, it is known that the woman’s board of commissioners has no significant effect on the company's reputation. H2 test results obtained a significance value of 0.977, the value is above 0.1, the number indicates an insignificant value, which means there is no influence between the composition of the women’s board of commissioners on the company's reputation. Therefore, H2 is rejected.

There are some reasons why woman’s board of commissioners do not affect company reputation. First, the role of women in the board of commissioners is still not prominent in the company. This is because women in the board of commissioners are still a minority and

only a few companies have a woman's board of commissioners. Thus, the presence of the woman's board of commissioners do not contribute significantly to the company's reputation. Second, the community has currently a view that the capabilities of women and men are relatively equal in terms of both education and experience which causes the ability of the woman's board of commissioners to supervise and advise the board of directors as well as the capabilities of the male council. Therefore, differences in the gender board on the board of commissioners do not have a different effect on the decisions taken by the board of directors. Thus, this causes the woman's board of commissioners have no effect on the company's reputation.

The result of the research is in line with logic theory by Brammer *et al.* (2009) which states that the presence of a woman director in a company does not have a significant impact on the company reputation. The conclusion of the absence of a significant impact can be drawn on the woman's board of commissioners because the woman's board of commissioners is an integrated unit in the board of directors whose research has been carried out by Brammer *et al.* (2009) in Spain.

### **The Effect of Political Connection toward Company Reputation**

Based on the result of the research, political connection affects positively toward company reputation. Thus, the more members of a company board that have political connections with the government, the better the company's reputation will be. H3 test results obtain a significance value of 0.041. The value is below 0.05, the number indicates a significant value. It means that there is an influence between the number of political connections on the company's reputation. The positive effect of 2.059 means that if the number of political connections increases, the company's reputation will also increase. Thus, H3 is not rejected.

The result of the research shows H3 is not rejected. With the political connection, companies can obtain wider resources that can benefit the company so that these conditions make the company's reputation will increasingly increase in the eyes of the public. In addition, the results of the study also support the theory of rent seeking which states that companies can engage in relationships with certain parties to benefit from these relationships. Thus, the more political connections a company has, the opportunity for a company to benefit for its own company will be even greater. Therefore, the company's reputation will increase as well.

Besides, if company has board members well-known known to have a good image, it politically can also increase public confidence because the public will assume that the company will be well managed by the politically connected board so that the company's reputation will also increase. Pérez *et al.* (2015) stated that the presence of politically connected directors had a significant positive effect on the value of the company. So far, research on political connections on company reputation is still rarely done so the theoretical logic of Pérez *et al.* (2015) is used as a rationale for this research because the company's value is still closely related to the company's reputation.

### **The Effect of Military Experience toward Company Reputation**

The results show that military experience variable in board affects negatively toward company reputation. It means that the more members of the board who have background experience in the military field, the company's reputation will decrease. H4 test results obtained a significance value of 0.025 that value is below 0.05. then, the number indicates a significant value which means there is an influence between the board that has military experience on the company's reputation, but the negative effect of 2.259 means that if the

number of board meetings increases then the company's reputation will decrease further so that H4 is rejected.

The results show that company can't obtain beneficial rewards for the company if the company has relations with the military. Thus, this makes the company's reputation will decline. There are things that make the more boards that have military experience, the less reputable the company is. The military in this research is represented by the army, navy, air force and the police, which basically these military parties have their own territorial territories that have been designated to guard based on the territorial rules. Thus, if the company has a relationship with the military, there will be some perceptions that arise in the minds of investors. The first is that the military can secure the assets of the company if something happens to the company.

Second, there is a possibility that companies that are related to the military can be seen as companies that have dangerous activities or practices that have a high risk, so they must involve the military or the police. Third, the presence of parties related to the military will make investors feel threatened because with their own existence will make investors feel afraid to deal with these companies. In addition, the presence of the military can also indicate the possibility of something that is covered by companies that are not known to the public so that the public will view companies that have members of the military background who have less reputable companies.

However, the phenomenon above and the results of the research are not in line with the logic of the theory put forward by Benmelech & Frydman (2015) which states that the CEO of the military looks to have better performance when dealing with industry distress. It means that based on this theory. the presence of the military in the company should be able to increase the sense of public trust in the companies they manage. Thus, the community will take a good look at the company's reputation.

### **The Effect of Board Meeting toward Company Reputation**

Based on the results, it is known that board meeting affects positively toward company reputation. H3 test results obtained a significance value of 0,000 that value is below 0.01 then the number indicates a significant value which means there is an influence between the number of board meetings on the company's reputation. The positive effect of 5.327 means that if the number of board meetings increases, the company's reputation will also increase. Thud, H5 is not rejected.

The results show that the more often the company conducts board meetings, the better the company's reputation. This is because if problems arise within the company, these problems will be discussed at a board meeting that will later be taken a decision on the problem. Thus, if the company holds more frequent board meetings, the problems that arise will soon find a solution. It will have a good impact on the company's reputation . In addition, with the transparency of the company's activities and the more frequent companies holding board meetings, investors will view that the company has a good performance so that this will affect the company's reputation.

The research abu the effect of board meeting toward company reputation is not often conducted. However, the results of this research are in accordance with the logic of the theory put forward by Brick & Chidambaran (2010) which states that board meeting activities have a positive impact on company value. Because the company's reputation is related to the company's value so this theory is used as a rationale that board meetings have a good effect on the company's reputation. However, the results of this research contradict

the results of a study conducted by Bravo *et al.* (2015) which states that board meeting activities do not significantly influence the company's reputation.

## CONCLUSION

This research aims to examine the effect of board gender, board activity, political connection and military experience on the company's reputation. Thus, the conclusions based on the results of previous studies are that the gender board projected on the variable of the woman president director and the variable of the woman board of commissioners did not significantly influence the company's reputation, the political connection variable had a positive effect on the company's reputation. the military experience variable had a negative effect on the company's reputation, and Board activity projected on board meeting variables has a positive effect on the company's reputation.

The limitation and suggestion based on results and research analysis are as follow: First, a company can increase company's reputation by increasing the frequency of board meetings and recruiting politicians as councils into the company. However, an increase in the number of board meetings must also be accompanied by the quality of the meeting itself, such as holding meetings shortly when problems arise in the company. Thus, the impact of increasing the frequency of these meetings can be directly felt by the company for example problems in the company can be resolved. faster. Second, there are still not many studies that discuss the reputation of the company itself. This causes the limitation of previous research which can sustain strongly the results of this study even though it is based on existing theories. This causes in this study the results of the analysis of several variables using only theoretical logic that exists in studies that are closely related to the company's reputation. In addition, in several other countries there are also separate institutions to calculate and rank companies' reputation in their countries, however, in Indonesia alone such institutions have not yet been found. Therefore, the phenomenons above indicate that public awareness about the importance of the company reputation is still lacking.

Because the limitations above, this research use brand value that has been measured and rated by SWA magazine to measure the reputation of a company that is considered the most appropriate measure of company reputation. However, weaknesses are found from using this brand value, namely in the ranking list there are more than one brand that belongs to one company. In this research, this solves by dividing the average amount of all brand value that the company obtained in the current year. In fact, each brand should have a different weight value for the company.

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