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The Effect of Board Size and Gender Diversity on Company Performance Moderated by Political Connections and Family Ownership

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Abstract

The purpose of this study was to examine the relationship between board size and board gender diversity on financial performance using political connections and family ownership as moderating variables. The research population consists of all sectors except the financial sector which is listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. Purposive sampling is used in the sampling approach, using research data obtained from the company's annual report. The data analysis used in this research is panel data regression with Eviews software.
The research findings show that board gender diversity has a significant effect on company performance, while company size does not affect company performance. The findings also show that political connections cannot moderate the relationship between board size and board gender diversity on firm performance, whereas family ownership can moderate the relationship between board size and board gender diversity on financial performance.

Keywords:
Gender diversity, board size, political connections, family ownership, firm performance

Introduction

Issues related to gender are currently interesting issues to research (Cristiano & Yopie, 2021). This is because there are many pros and cons that arise regarding women serving on company boards. The gender of women in companies, especially in executive management such as the board of commissioners and board of directors in Indonesia, is not yet required or determined by the percentage of women's positions on company boards, but several companies are now starting to slowly give these positions to women even though there are no regulations that regulate this. the presence of women in companies (Ionascu et al., 2018), (Lückerath-Rovers, 2013), (Pasaribu, 2019), and (Terjesen et al., 2016).

Unlike in Indonesia, gender diversity in companies in several countries such as Europe and the US is no longer something that is considered inappropriate, even in Europe itself, especially Norway, has issued regulations regarding the percentage of women in companies. Norway stipulates that 40% of board member seats must be occupied by women, then followed by Spain which also issued regulations regarding the position of women on its company boards (Ionascu et al., 2018)

The female population in the world currently stands at 49% of the world's population. With this achievement, companies must provide equal opportunities for women, to be at the same level as men. For example, women must also be given and given the opportunity to have important positions in companies where they can utilize their skills, education and abilities to advance the company. (17309-62184-1-PB). Board diversity can bring a wider range of skills and multiple perspectives by connecting the company to external factors (arora2021).

In Indonesia itself, there are still companies that do not have gender equality. As in the case of the Alpen Food Industry (AFI) company. A female employee at this company has a history of endometriosis and has applied for a division transfer. The company ignored the request and gave the job a heavy workload. As a result, the employee experienced bleeding and was required to undergo curettage surgery. This woman is just one of many female workers whose rights are ignored by Aice.

In this era of hypercompetence, companies must have high competitiveness. Competitiveness at the company level can be seen from company performance (Tang & Fiorentina, 2021). The performance of a company can influence several things, one of which is corporate governance, which includes a board of directors and commissioners (Bazahir, 2021). The composition of the board of directors can influence the effectiveness of board decisions. This will ultimately affect financial performance. One of the characteristics of a company board is gender diversity (Lok & Phua, 2021; Karina, 2021). In connection with the continued increase in female board directors, there is a big question mark regarding the impact of the presence of a female board of directors on company finances. Most studies find that the presence of a female board of directors really helps companies improve company performance. Therefore, board diversity is increasing, creating gender equality. (Kılıç, 2016)

The board of directors of a company plays a central role in terms of corporate governance, therefore the position of corporate governance is very important. Much of the public debate about board governance centers on smaller board sizes (Maharjan, 2019). Although a larger board size in a company will initially make the company look more optimal, there comes a time when a larger board experiences a lack of coordination and communication (Awais & Siddiqui, 2020). This is widely contradicted by previous research which states that if it is true that larger board sizes do lead to worse performance, then larger boards would represent inefficient governance which might be improved by existing approaches (Guest, 2009). Indonesia has a two-tier system where companies have a board of directors and a board of commissioners. With the existence of a two-tier system, companies in Indonesia have a stronger board size (Riaz et al., 2017).

Political connections can help companies to reduce policy risks and access more important resources. On the other hand, political connections can introduce governments or politicians as influential stakeholders who can impose their own interests on other stakeholders and lead to dual agency conflicts. Although many studies have investigated the effects of political connections on firm performance in a single country, the effects of political connections worldwide are still ambiguous (Pang & Wang, 2021). Based on previous studies conducted by Pang & Wang (2021), the relationship between government and business is considered the most controversial topic of discussion in this era. High stock returns can be used to measure operational efficiency in a business context. Employees are considered more valuable assets by all companies. Therefore, there is a negative relationship between politically connected firms and operational efficiency.

The importance of this research is to prove company performance from the perspective of board size and board gender diversity in a company. The many issues that are still being considered regarding the impact of corporate governance on company performance also make this happen. The many prejudices of society must be corrected. With this test, you can see whether companies that have a large board size and gender diversity have a positive impact or the opposite, namely negative. This research will also prove whether family companies and companies that have political ties will weaken or strengthen the independent and dependent variables, due to the many problems that arise in these family businesses. Like only hiring people closest to him. It is difficult to refuse a request from family to join a company, usually the family company will accept people closest to them to work together. Many people view political connections as having a special and privileged place. With so many prejudices that exist, everything must be straightened out.

Theoretical Framework and Hypothesis Formulation

Tori Agency

Company performance is often linked to existing theories, one of which is agency theory. Agency theory is a theory that discusses problems that arise in the corporate environment due to the separation of owners and managers which emphasizes reducing these problems, as well as helping in implementing various governance mechanisms to control the actions of agents in limited liability companies (Panda & Leepsa, 2017). Agency theory is basically an issue or subject of discussion in organizational theory because it relates to aspects and control problems in modern organizations (Sarwoko, 2016). This theory emerged as one of the reasons that motivates companies to separate ownership and control of the company (Christiaens, 2020). Basically, this theory explains corporate governance.

The Effect of Board Size on Company Performance

Corporate governance is a driving factor for better performance that is used to manage, monitor and control company operational activities (Chancharat et al., 2019; Chandra & Junita, 2021; Chandra & Cintya, 2021). The board of directors and the board of commissioners have different roles, the board of commissioners is a group of people who form an organization who will become advisors and monitors in an organization, while the board of directors is a group of organizations who will make the best decisions in a company (Krisnadewi et al. , 2020). The board carries out two major functions, namely monitoring the company and consulting management (Ngunyen et al., 2021). One of the functions of the board is to control the main decisions in an organizational system, when there is a separation between ownership and control, it is in the hands of the board (Krisnadewi et al., 2020). Board size is also associated with external resources that will realize good company performance (Kalsie & Shrivastav, 2016).

There are several studies regarding board size on company performance. Marashdeh et al. (2021) reveal that company performance will get worse with the size of the board. This is because a small board size can provide better financial performance and control over compensation or the possibility of dismissal. In line with findings (Goel & Sharma, 2020) which reveal that board size has a negative impact on company performance. Increasing board size will bring communication and coordination problems, higher free-loader barriers and knowledge sharing costs, less expression of existing ideas and thoughts.

In contrast, Krisnadewi et al. (2020) found that board size has a positive and significant impact on financial performance, this is because a large board size can contribute to creating higher efficiency through the expertise possessed by the board in carrying out supervisory and advisory roles and also playing a role in helping solve problems. more complex problem. In line with research by Kalsie & Shrivastav (2016) who argue that a larger board size brings a variety of expertise and knowledge in various fields, providing greater monitoring capacity and increasing the company's ability to generate external relations. Furthermore, Riaz et al. (2017) found significant results from their research, that board size greatly influences company performance. He believes that the board size should not be too large for small organizations as this will affect the company's performance. In small organizations, large board size can influence company performance, but in large organizations, board size does not have much influence on company performance but it is different if board members make decisions for their personal benefit. Abdallah Mohammad Qadorah (2018) also found that the larger the size of the board, the better the company's performance can be achieved (Zheng (Jerry) & Tsai, 2019) Revealed that increasing the number of board of directors can be very important and beneficial for the company by will quickly grow business in various industries. A large board size can increase the number of strategies, improve solutions, increase multiple perspectives, offer a high level of expertise, provide a broad network, and can further monitor management performance.

H1: Board size has a positive effect on company performance

The Effect of Board Diversity on Company Performance

Corporate boards are one of the main governance mechanisms that help align interests among corporate managers and corporate shareholders (Reguera-Alvarado et al., 2017). The composition of the board can influence the effectiveness of board decisions which will determine company performance. One of the characteristics of board composition is gender, where increasing the number of female directors can have an impact on company finances and the company's performance will also increase (Kılıç, 2016). In some countries and industries, gender diversity is considered something valuable and even an asset that can improve productivity and decision making, therefore some investors prefer gender diversity in companies. In contrast, if gender diversity is not valued, investors may view it as detrimental to the company's future performance, and female employees may experience more discrimination and stereotyping, reducing their ability to contribute to company performance (Zhang, 2019). Satria et al. (2020)

conducted research on this matter and found that gender diversity does not affect company profitability. There are still very few women in companies who have not been able to play their role in influencing decisions that have an impact on company profitability.

In contrast, Marinova et al. (2016) found that gender diversity has a positive impact on company performance. Board diversity can improve a company's governance structure and increase effectiveness in the decision-making process by bringing different perspectives. The diversity of the Board of Commissioners and Directors is expected to encourage objective and comprehensive decision making because the decisions taken are based on various perspectives (Xiaomei et al., 2021). Board gender diversity can make it easier for the board to increase its competency profile which will improve financial performance. The presence of a female board of directors is not only ethically valuable, but also economically beneficial for the company (Brahma et al., 2021). Osazuwa (2016) recommends more women in board positions, because they play an important role in establishing transparency.

H2: Board diversity has a positive effect on company performance

The Moderating Effect of Political Connections on Board Size on Company Performance

Political relationships are a business risk that causes corruption and affects company operations which will ultimately result in inefficiency (Osazuwa, 2016). In implementing a governance system, shareholders have a higher interest in electing directors with good political connections because they believe that political connections can add value to both connected companies and their managers in many sectors (Lestari & Utama, 2021). Political connections bring benefits and costs to companies (Pang & Wang, 2021). This is supported because companies that have ties to politics gain more access to investment projects and bank loans (Wang et al., 2019). Therefore, politically connected firms should outperform those without political connections because politically connected firms can enjoy easier access to debt financing, mostly from banks (Saeed et al., 2016). Apart from considering political relations, company shareholders are also careful in appointing directors and commissioners who serve during government implementation (Lestari & Utama, 2021).

Chong et al. (2018) Examining board composition and political connections on financial performance. The results of this research state that the larger the size of the board, the higher the financial risks faced by the company and companies that are connected to politics have political and social goals to achieve, and this results in poor performance compared to companies that are not connected in any way. political.

H3: Political connections strengthen the relationship between company board size and company performance

The Moderating Influence of Political Connections on Board Diversity on Company Performance

Through political connections, companies can benefit from their connections, both directly and indirectly, which will improve company performance (Ullah & Kamal, 2022). Company performance is also enhanced by greater gender diversity (file w23454). Proxies for corporate performance and corporate governance in board diversity show that corporate governance influences corporate financial performance differently in democratic and dictatorial governments.

In contrast to the results of research (KT Wang & Shailer, 2018) which states that government ownership is negatively related to performance and private ownership is positively related to performance in emerging markets, and the difference in this regard is very important. In other words, companies owned by the government and politically connected have no relationship with company performance, while companies owned by self-owned or family-owned companies have a good influence on financial performance.

Chong et al. (2018) argue that women have an important role in improving company performance, and therefore, more opportunities should be given to women, especially in the corporate sector, to promote gender equality in maximizing company performance. Meanwhile, the effects of politically connected companies have their own risks and benefits for the company.

H4: Political Connections strengthen the relationship between board diversity and firm performance

The Moderating Effect of Family Ownership on Board Size on Company Performance

By increasing the number of boards of directors, companies have the opportunity to improve company performance as a result of reducing conflicts of interest between shareholders and managers (Fernández-Gago et al., 2016). (Bang Nguyen, Dilip, 2015) Says that family ownership is irrelevant to board size. The results of the research conducted did not find evidence that having a larger board proportion improves company performance in family companies. Family ownership has an influence on business activities which will affect the financial performance of a company (Minh Ha et al., 2022).

The results of research conducted by (Kao et al., 2019) found that board size has a significant and positive effect on company performance. Companies with a large board size and a two-tier system, consisting of a board of directors and commissioners, perform better than companies that have a one-tier board system. Furthermore, research also finds that company performance is positively related to blockholder ownership, institutional ownership, foreign ownership and family ownership. From the explanation above, a hypothesis can be drawn, namely:

H5: Family ownership strengthens the relationship between board size and financial performance

The Moderating Effect of Family Ownership on Board Diversity on Company Performance

Family ownership has a long tradition and is a dominant contributor to world economic wealth (Bulog et al., 2017). Family ownership has a better position than companies that do not have family ownership because of the communication that occurs between families as a result of younger family members being taught about the family business process from an early age and the experience of older family members being shared with the next generation. His youth gives rise to good communication (Konopaski et al., 2015). This is in line with research which proves that companies with family ownership are more advanced because the location of the learning environment helps develop family members' understanding of the past, present and future which makes this have a positive impact on performance which is influenced by the family business which will continue over time. to time. When family goals are aligned with corporate interests, owning a majority share of the firm and participating in corporate governance or supervising managers can reduce agency costs and improve firm performance (Minh Ha et al., 2022).

Apart from family ownership, diversity among board members has the potential to influence a company's financial performance (Wagana & Nzulwa, 2016). Increasing women's participation on corporate boards will result in not only social but also economic development. The right mix of directors and commissioners with balanced representation of men and women on the board produces a positive effect on profitability (Menozzi, 2013). The role of women on a company's board of directors is to add value to the company through their good advisory role and high-quality advice that will improve company performance (Kim & Starks, 2016). The results of these findings show that gender diversity has a unique role in a company that can increase the effectiveness of board advisors by contributing with diverse skills.

The results of research conducted by Saeed et al. (2021), shows that the presence of women on the board of directors has a very high risk and family firms negatively moderate the relationship between women on the board. The attitude of female directors towards high risk is very prominent, this is what pressures them to take risks in business decisions. Various contextual factors may develop conflicting risk-taking tendencies in boards of directors, as the ownership structure (family ownership) in this context inversely influences the risk-taking attitudes of female directors.

H6: Family ownership moderates the relationship between board diversity and company performance.

Based on the explanation of the six hypotheses explained above, the following is the research model that was formed:

RESEARCH METHODOLOGY

This research uses quantitative methods. This method explains a research object containing the truth of existing data. The data obtained from this research was obtained from the annual reports of companies listed on the websitewww.idx.co.idwith a population of all companies except financial companies listed on the Indonesia Stock Exchange (BEI) for the period 2017 – 2021. Using the purposive sampling method, it was found that the number of companies without financial companieson the Indonesian Stock Exchange as many as 380 companies with a period of five years. However, after filtering various factors according to the completeness of the available reports, the number of samples that met the criteria was only 373 companies with 123 outliers removed. Due to the elimination of outliers and incomplete data, the amount of data that will be used as a research sample is 1,705 data. The sample criteria used in this research are:

Information	Amount	
Companies registered on the IDX	811	Company
Financial Company listed on the IDX	96	Company
Number of Companies with incomplete financial reports & annual reports	(335	Company)
Number of companies used as research samples	380	Company
The amount of data used as a research sample	1705	Data

The variables used in this research are company performance as the dependent variable, board size and board diversity as independent variables, political connections and family ownership as moderating variables, and company debt, company size, company age, and losses as control variables.

Company performance is measured using the Tobins Q measurement. Tobin's Q is a ratio measuring tool to define the value of a company as a form of value for tangible assets and intangible assets. Tobins'Q can also be used to see how effective and efficient a company is in managing the assets it owns. Measurements to measure Tobins'Q in a company are:

$$\frac{(Kapitalisasi\ Pasar + Jumlah\ Hutang\ Perusahaan)}{Jumlah\ Asset\ Perusahaan}$$

The company board size variable is measured by adding up the board members and commissioners in the company.

Another independent variable is board diversity. Board diversity is measured by adding up the number of female boards in a company, both the board of commissioners and the board of directors.

The political connection variable is one of the moderating variables contained in this research. This variable is measured with a dummy, which shows the number (1) if the company is politically connected, and (2) if it is not. Companies that have political connections can be seen from the company's governance, if there are former officials who worked for the state, such as members of the police, military, BUMN workers and government officials.

Another moderating variable is family ownership. Family ownership is measured by the amount of family ownership in a company. If the total family ownership in the company

is more than 20%, the company can be said to be a family company.
The control variable is company debt measured by:

$$LN \ \left(\frac{Total\ Hutang\ Perusahaan}{Total\ Asset\ Perusahaan}\right)$$

Company size is measured by:
LN (Total Company Assets)

Company age is measured by subtracting the current year from the year the company was founded.

Current year – the year the company was founded

Loss is the final control variable in this study. Losses are measured with a dummy. The number (1) if the company experienced a loss in that year, while the number (0) if the company did not experience a loss in that year. Losses are seen in the company's financial statements in the profit and loss section. If it shows minus, it means the company experienced a loss that year.

RESULTS AND DISCUSSION

Descriptive statistics is a method that concerns data collection and data presentation that will provide useful information. Descriptive statistics provide information about the data that is held. Descriptive statistics do not draw conclusions about a study. In descriptive statistics there is information such as mean, maximum, minimum and standard deviation.
Below are presented the results of descriptive statistical tests in table form

Descriptive Statistical Test Results

Variable	N	Min	Max	Average	Std. Deviation
Company performance	1705	0.0843	16,941	1.7497	1,954
Board Size	1705	3	28	9.22	3,145
Board Gender Diversity	1705	0,000	2,200	0.107	0.138
Corporate debt	1705	-5.9249	2,505	0.823	0.672
Company Size (billions)	1705	23,965	34,225	28,901	1,636
Company Age (years)	1705	2	116	20.34	12,390

Based on the test results in the table above, the company performance variable has an average value of 1.7497. This shows that companies in Indonesia except financial companies listed on the IDX have performed well. This average number indicates that the level of company performance in Indonesia is quite high. The smallest board size variable shows 3 people and the largest shows 28 people. Until now there are still no binding regulations regarding the number of board members, this is because the number of board members is fully delegated to companies that have different needs. The board diversity variable obtained an average value of 10.7% of the composition of women on the boards of directors and commissioners of companies listed on the IDX except the financial sector.

The company debt variable which is a control variable is measured by calculating total debt divided by total assets. Based on the table above, the average company debt ratio is 0.823. This can be interpreted as meaning that as many as 82.3% of companies listed on the IDX show that part of the company's total assets use debt as a source of funding. The highest debt ratio has a value of 2.505. From these figures it can be assumed that it is increasingly difficult for companies to obtain additional loans because it is feared that the debt cannot be covered by the company's assets.

The company size control variable shows how big the size of the company is, which is measured using the natural logarithm of the company's total assets. The company size variable obtains the maximum value which indicates that the company is relatively more stable and able to generate profits because it has greater resources, so it is able to finance the provision of information in terms of company performance.

The company age control variable shows how long the company has been established and operational. Based on table 4.2, it shows that the average value of company age is 20.34.

Descriptive Statistical Test Results on Political Connection Dummy Variables

	Category	Frequency	Percentage
Political Connections	0 = There is no political connection	1434	84.2%
	1 = There is a political connection	269	15.8%

Based on the results of descriptive statistical tests on the political connection dummy variable, it shows that 15.8% of companies listed on the Indonesia Stock Exchange except the financial sector are politically connected, while 84.2% of companies that are not politically connected are 84.2%. These results indicate that the percentage of companies listed on the IDX that have political connections is still very low.

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Descriptive Statistical Test Results on Loss Dummy Variables

	Category	Frequency	Percentage
Loss	0 = experienced no loss in that year	1314	77.2%
	1 = experienced a loss in that year	389	22.8%

Based on the results of descriptive statistical tests on the loss dummy variable, which is a control variable, it shows that 22.8% of companies listed on the Indonesia Stock Exchange, except the financial sector, experienced losses in that year, while 77.2% of companies that did not experience losses in that year %. These results indicate that the percentage of companies listed on the IDX can be said to be low in experiencing losses.

Chow Test Results

Effects Test	Prob.	Conclusion
Chi-square cross-section	0,000	*Fixed Effect Model*

Based on the test results above, it shows a probability value of 0.000 which is in accordance with the criteria, namely the model to be used is the Fixed Effect Model (FEM). This is because the value of prob. < 0.05 and selection of the best model will be continued with the Hausman test.

Hausman Test Results

Effects Test	Prob.	Conclusion
Chi-square cross-section	0.007	*Fixed Effect Model*

Based on the results of the Hausman test, the probability value was 0.0171 and the probability value was <0.05. This shows that the best model to use is the Fixed Effect Model (FEM) and the Random Effect (REM) is the Fixed Effect Model (FEM). Judging from the Hausman test

Once this has been done, the model that will be used in this research is the Fixed Effect Model (FEM).

Variable	*Model1*		*Model 2*		*Model 3*		*Model 4*		*Model 5*	
	Coef	*Prob*	*Coef*	*Prob*	*Coef*	*Prob*	*Coef*	*Prob*	*Coef*	*Prob*
Board Size	*0.010*	*0.286*								
Board Diversity	*0.809*	*0,000***								
*UD*KK*			*-0.007*	*0.471*						
*UD*KP*					*0.017*	*0.005***				
*KD*KK*							*1,180*	*0.004***		
*KD*KP*									*-0.702*	*0.117*
Family Ownership	*-0.219*	*0.073*								
Political Connections	*0.120*	*0.105*								
Corporate debt	*0.295*	*0,000****	*0.297*	*0,000****	*0.296*	*0,000****	*0.297*	*0,000****	*0.298*	*0,000****
Company Size	*-0.190*	*0,000****	*-0.177*	*0,000****	*-0.197*	*0,000****	*-0.174*	*0,000****	*-0.178*	*0,000****
Company Age	*-0.008*	*0,000****	*-0.008*	*0,000****	*-0.009*	*0,000****	*-0.008*	*0,000****	*-0.008*	*0,000****
Loss	*0.165*	*0.009***	*0.140*	*0.019*	*0.158*	*0.013*	*0.161*	*0.011*	*0.153*	*0.017*
C	*7,207*	*0,000*	*21.54*	*6,944*	*7,472*	*0,000*	*6,744*	*0,000*	*6,944*	*0,000*
R-Squared		*0.126*		*0.112*		*0.116*		*0.119*		*0.113*
Adjusted R - Squared		*0.121*		*0.6834*		*0.114*		*0.116*		*0.111*
F – Statistics		*28,848*		*40,795*		*42,451*		*43,489*		*41,231*
Prob (F – Statistics)		*0,000*		*0,000*		*0,000*		*0,000*		*0,000*

Based on tests conducted, it shows that board size does not have a significant effect on a company's performance for companies listed on the Indonesia Stock Exchange except in the financial sector. These findings are in line with research conducted by (Bazhair, 2021; Latif et al., 2020; Maharjan, 2019; Merendino & Melville, 2019; Gambo et al., 2018) which found that board size has no effect on company performance. Companies with large board sizes tend to have conflicts that will prevent the company from operating optimally, which occurs because of the many different opinions held by each board (Latif et al., 2020). The board size should also not be too large for a small company because this will affect the company's performance. Company performance will get worse with larger board size because a small board size can provide better company performance and control over compensation or the possibility of dismissal (Marashdeh et al., 2021). Increasing board size will bring communication and coordination problems, and higher free-loader barriers (Goel & Sharma 2020).

Gender diversity on the board has a significant positive influence on a company's performance in companies listed on the Indonesia Stock Exchange except the financial sector. So it can be concluded that H2 is proven. This is in line with research conducted by (Lok & Phua, 2021; Awais & Siddiqui, 2020; Arora, 2022; Brahma et al., 2021; Nguyen et al., 2021) which found that gender diversity has a positive impact on performance. company. By looking at good performance, conflicts around the company can be handled in the right way, due to the differences between women and men in resolving problems

(Awais & Siddiqui, 2020). Board diversity can improve a company's governance structure and increase effectiveness in the decision-making process by bringing different perspectives (Marinova et al., 2016). Women play an important role in establishing transparency, therefore it is better for more women to occupy board of directors positions (Osazuwa 2016).

The moderating variable of family ownership cannot strengthen the relationship between board size and company performance. These results are not in accordance with the third hypothesis, so H3 is not proven, which means that the amount of connected family ownership in the company cannot influence the relationship between board size and company performance. Family ownership cannot moderate the board of directors' influence on company performance (Bhatt & Bhattacharya, 2015; Saeed et al., 2016; Hady & Chariri, 2022). Families use their position to consolidate their control, which leads to an increase in company costs, therefore companies should consider limiting the number of management consisting of families who can maintain their ownership proportion (Makhlouf et al., 2018).

The moderating variable political connections can strengthen the relationship between board size and company performance. These results are in accordance with the fourth hypothesis, so that H4 is proven, which means that the presence of many politically connected board members in a company can improve a company's performance. These results show that although the presence of a board is associated with greater company performance, this applies to companies with political connections, because the greater the presence of a company board with political connections, the better the company's performance will be. In line with research conducted by (Pang & Wang, 2021), this is supported because companies that have ties to politics get more access to investment projects and loans. The larger the board size in companies with political connections, the greater the likelihood of them getting loans (Wang et al., 2019). The more politically connected the board is in the company, the greater influence it will have on the company's ability to optimize company performance, and can avoid various problems that can occur in government (Hady & Chariri 2022). The more politically connected the board is in the company, the more company performance can be optimized and can avoid various problems that can occur in government (Hady & Chariri 2022).

There is a significant effect of gender diversity on company performance, which means the variable can strengthen the relationship between gender diversity and company performance. These results are in line with research conducted by (Saeed et al., 2021; Konopaski et al., 2015; Menozzi, 2013). Gordini & Rancati (2017) found that the gender diversity of boards with family ties has a positive and significant effect on the company's corporate performance. This suggests that the most important focus for companies should be the right balance between women and men, not just the presence of women. Board diversity on company performance moderated by family ownership leads to greater gender diversity of knowledge and skills for decision making (Reddy & Jadhav 2019). Companies should act in a culture of transformation regarding stereotypes that limit women's advancement in the workplace when women are underrepresented in board positions within companies (Cano & Perez 2019).

There is no significant effect between gender diversity on company performance and political connections as a moderating variable, which means the variable cannot moderate the relationship between gender diversity and company performance. This result is not in accordance with the sixth hypothesis, so it can be concluded that H6 is not proven. These results are in line with research conducted by (Satiti et al., 2021) which states that companies that have female boards with ties to politics cannot improve company performance. This is because politically connected companies mostly use their connections to manage tax aggressiveness. Apart from that, companies will also use relationships to guarantee the company's image, and not to improve company performance. Singh (2016) finds that board diversity and political connections are unrelated. Firms that have more stable political connections such as politically connected female board directors show positive outcomes for firm performance, but such relationships are absent for connections that are considered less stable such as entrepreneurs and family members. Not all politically connected companies have a good impact, therefore it is important to differentiate the type of connections a company has. Innayah et al., (2022) found that political connections do not have a moderating effect on gender diversity or company performance because the majority of businesses are run by families, as a result women on boards are only there because they have familial relationships with dominant shareholders, not because of their competence or experience. . As a result, female director management has little impact on good performance. Osazuwa, (2016) recommends more politically connected women be considered for director positions, as they play an important role in shaping board transparency for better performance.

Closing

The aim of this research is the importance of the role of board size and diversity on the board so that the company has good and optimal company performance. The measurement for company performance is by Tobins'q, board size uses the number of commissioners and directors in a company, while gender diversity uses the number of women on the board of directors and commissioners. This research also uses a moderating variable which proves whether the variable can strengthen or weaken the relationship between dependent and independent. The moderation used is political connections by adding up boards that have ties to the government and family ownership using the percent of family ownership in a company. And finally the control variables, namely company size, company debt, company age, and losses.

Board size has no relationship to company performance, which is contrary to the hypothesis proposed previously. This is because an increase in board size occurs with increasing agency problems (such as: free-riding directors) within the board and the board becomes less effective. Therefore, Companies seeking some improvement in their performance should form a small-sized board of directors consisting of several non-executive/independent directors. Second, there may be a need for industry-wide regulation in the area of board size that would balance the interests of executives and shareholders (Nnado & Ugwu, 2016).

Suggestions for further research include expanding the research by adding research samples from other company sectors, such as the financial sector listed on the Indonesia Stock Exchange, and can also use measurements other than Tobins'Q to measure company performance variables so that the research results obtained have variations.

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