

ABSTRACT

This research supports providing information about anything related to political connections in increasing corporate value while consider the role of CSR disclosure as a mediating variable for companies listed on the Indonesia Stock Exchange in 2016 and 2017. This analysis is also supported by several control variables there are profitability, company size, sales growth, and leverage.

Purposive sampling is a sample selection method used in this research, as far as produce a sample of 444 companies on the Indonesia Stock Exchange which are then divided into 9 sectors. The analysis technique used is descriptive analysis and path analysis. Path analysis is used to determine the mediating effect of CSR disclosure. Political connections use a categorical scale (dummy), company value measured by using the natural logarithms of market value, and CSR disclosures determined using the GRI 4 Index content.

Based on the results of the regression test, political connections have a positive and significant influence on the corporate value. The positive and significant influence of political connections on CSR disclosure can also be empirically proven through the results of regression tests. The presence of four control variables that support also have a significant influence on the increase in the level of determination coefficient. This research also provides information about CSR disclosures that are able to mediate the political connections to the corporate value in all samples offered as well.

Keywords: Political connections, corporate value, CSR disclosure, profitability, company size, sales growth, and leverage.