International Journal of Economics, Business and Accounting Research (IJEBAR)
Peer Reviewed – International Journal
Vol-7, Issue-3, 2023 (IJEBAR)
E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

BOARD GENDER DIVERSITY AND DIVIDEND POLICY IN INDONESIA: IMPACT OF OWNERSHIP STRUCTURE

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Abstract: Gender diversity in the corporate boards can determine dividend policy. The objective of this research is to conduct empirical test over the effect of gender diversity in commissioner and director boards on dividend policy with institutional ownership as moderation variable. Research sample is the companies listed at Indonesia Stock Exchange on period 2018-2022 and paying cash dividend. Data analysis is done using SEM-PLS with computer application of WarpPLS 8.0. The result of research shows that the positive effect of diversity gender in commissioner board on dividend policy is determined by institutional ownership. Gender diversity in director board has positive effect on dividend policy without moderation of institutional ownership. In general, these results are consistent to the agency theory that states that dividend payout can reduce agency problem.

Keywords: *Gender Diversity, Commissioner Board, Director Board, Dividend, Agency Theory*

Submitted: 2023-08-15; Revised: 2023-08-23; Accepted: 2023-09-08

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1. Introduction

Dividend policy has been studied by many empirical reviews. Dividend policy is considered as one determinant of corporate value (Anton & Cuza, 2016; Budagaga, 2020; Rehman, 2016; Safitri, Fuady, Wahyudi, Mawardi, & Utomo, 2020). Relating to this matter, Miller and Modigliani (1961) proposed an assumption concerning dividend irrelevancy which stated that dividend policy did not impact corporate value. This assumption was empirically supported by Budagaga (2020). Meanwhile, factors that determine dividend policy had been studied in the developing countries (Baker, Dewasiri, Koralalage, & Azeez, 2019; Basri, 2019; Dewasiri et al., 2019; Sharma & Baks, 2019; Yusof & Ismail, 2016). Dividend policy is also connected to the elements that make up the corporate governance, such as the characteristics of commissioner and director boards, transparency and disclosure indices, and corporate structure (Elmagrhi et al., 2017; Hasan, Ahmad, & Sen, 2021; D. Setiawan & Phua, 2013). Commissioner board and director board represent a mechanism in the corporate governance that makes major decisions, which one of these decisions is related to dividend policy. Whether the dividend policy is effectively created or not is greatly affected by corporate board characteristics (Elmagrhi et al., 2017).

Stakeholders of the company always presume that dividend policy effectiveness is influenced by one of corporate board characteristics, which is, the diversity of male and female genders in the corporate boards. Female attendance in the corporate boards becomes a big issue concerning gender equality. Number of female in corporate boards in the developed countries had been increased, particularly in West European countries (Smith, 2018) and United States (Solal & Snellman, 2019). One opinion said that the attendance of the talented female in the corporate boards can be the significant added-value in the board decision making. Gender diversity is the creator of value and the main differentiator for the company (Duppati, Rao, Matlani, Scrimgeour, & Patnaik, 2020).

In conformity with the agency theory, the attendance of female gender in the corporate boards is considered able to improve the effectiveness of control implemented by the commissioner board on the manager in order to reduce managerial opportunistic action. This control is applied in the form of paying free cash flow and allocating this cash flow for dividend payout (Jiraporn, Hamrouni, Bouattour, & Uyar, 2019). However, the effect of board gender diversity on dividend policy is affected by various different conditions in each company. The result of a study carried out by Benjamin and Biswas (2019) in the context of United States of America showed that the effect of female gender in the boards on dividend payout is determined by whether CEO duality exists or not. In their study, Benjamin and Biswas (2019) found that the company with *CEO duality* (CEO with double roles is acting as the member in both commissioner board and director board) tends to create board gender diversity in order to produce a policy that pays dividend higher than the dividend level given by the company without *CEO duality*.

Other relevant study was conducted by Gyapong, Ahmed, Ntim, and Nadeem (2019) in Australia context. The study revealed that the effect of board gender diversity on dividend policy is determined by corporate ownership structure, precisely by the condition whether the ownership is concentrated or distributed. In the company with concentrated ownership, board gender diversity can reduce dividend payout. Conversely, in the company with distributed ownership, the attendance of female gender in the boards sends the positive effect on dividend policy. Besides, the study also discovered that corporate ownership structure also strengthens or weakens the effect of gender diversity in commissioner and director boards on dividend policy. By this position, the question is “Are board gender diversity and dividend policy related with corporate ownership structure?”

Ideally, corporate ownership structure will affect corporate decisions (Giuli, Karmaziene, & Sekerci, 2020), including those about dividend policy (Dennis & Smith, 2014; Jory, Ngo, & Sakaki, 2017; Yousaf, Ali, & Hassan, 2019). Ownership structure has different effect on dividend policy. From a study in Pakistan context, Yousaf et al. (2019) uncovered that family company pays dividend lower than non-family company. In Japan context, Jory et al. (2017) informed that institutional ownership strongly affects dividend payout. However, this Japan-based finding is not earlier than Harada and Nguyen (2011) who found that concentrated ownership in Japan companies is not positioning dividend as the subtraction of *free cash flow*, which thus implicates to the lower ratio of cash to dividend. Meanwhile, the family companies in Indonesia pay lower dividend but concentrated ownership has positive effect on dividend policy (D. Setiawan, Bandi, Phua, & Trinugroho, 2016). Different finding indicated that institutional ownership in Indonesian state companies has negative but significant effect on dividend policy (Basri, 2019). All the studies above generally emphasize that different ownership structure may lead to different impact over the effect of board gender diversity on dividend policy.

On the other hand, the Indonesian studies regarding the effect of gender diversity in commissioner board and director board on dividend policy in relation with ownership structure are still limited. The studies investigating the role of female gender on dividend policy in the family company revealed that the ability of female gender in the boards to increase dividend payout is only found in the company controlled by family ownership (Risfandy, Radika, & Wardhana, 2021; R. Setiawan & Aslam, 2018). The studies above do not review the relationship between board gender diversity and dividend policy with ownership structure such as institutional ownership. Further review shall be focused on whether ownership structure in the company has different impact on the effect of board gender diversity on dividend policy.

In the social norm culture in Indonesia, husband gives livelihood to wife and the family. Although the involvement of woman in economic activity is socially acceptable, the contribution of man to the livelihood activity is still dominant. That is why woman is not supposed to lead man in the family. As reported by the data in Indonesia, woman has more difficulty than man in getting a job. There are fewer women who have access to a job with good salary. Woman who receives livelihood from man who works at formal sector is 70 percents while woman who gets their livelihood from informal sector is 50 percents (AIPEG, 2017). Gender equality issue has been explained in the policy summaries of two ministries, namely the Ministry of National Development Planning and the Ministry of Female Empowerment and Child Protection. Woman participation in the formal economic is mostly restricted by several factors such as mandatory traditional role that requires woman to take care of the family at home, difficult access to the jobs at formal sector, job expectation that is still determined by culture, and discriminant practice at the workplace (Go-Indonesia, 2011). In Indonesia context, the effect of woman attendance in the corporate boards on dividend payout is different from the findings of previous studies in the other country.

The current research contributes to the review of dividend policy, particularly concerning the type of dividend payout applied with the presence of gender diversity in commissioner board and director board and also with the influence of corporate ownership structure. In this research, gender diversity in commissioner board and gender diversity in director board are used as independent variables with dividend policy operated as dependent variable. Corporate ownership structure, which in this context is represented by institutional ownership, is applied as moderation variable. The result of this research shows that the effect of gender diversity in commissioner board on dividend policy is positive and determined by institutional ownership. Gender diversity in director board has positive effect on dividend policy without the moderation of institutional ownership.

2. Literature Review

Gender Diversity in Commissioner Board and Dividend Policy

Agency theory requires the minimization of opportunistic action from the corporate manager and recommends the use of *free cash flow* to pay dividend (Easterbrook, 1984). In addition, *corporate governance* can minimize agency conflict by increasing dividend payout (Elmagrhi et al., 2017; D. Setiawan & Phua, 2013). The increase of dividend payout is followed by the raising of external funds to satisfy the corporate investment needs. Therefore, the manager will be very busy to manage and control over the cash from internal source and external source (creditor and financial institution).

Internal control is done through corporate governance mechanisms. One mechanism is through commissioner board which is intended to ensure that corporate governance is successfully minimizing agency problem (Jensen, 1993). The attendance of female gender in commissioner board can make the control more effective than the male fellows (Chen, Leung, & Goergen, 2017). Previous studies found that gender diversity in commissioner board has increased dividend payout and that the greater proportion of female in commissioner board structure has great impact on dividend payout (Elmagrhi et al., 2017; Gyapong et al., 2019; Jiraporn et al., 2019).

The results of all studies above consistently show that board gender diversity is able to improve corporate governance quality and also compel the manager to give more monies to the shareholders, which thus restraining the managerial opportunism in using free cash flow. By this statement, the first hypothesis is proposed as follows:

H1: Gender diversity in commissioner board improves dividend policy.

Gender Diversity in Director Board and Dividend Policy

Most of strategic management and corporate governance literatures were focusing on how the demographic aspects and the attributes of the corporate boards can affect corporate performance (Cheng, Chan, & Leung, 2010; Hu, Tam, & Tan, 2010). Next empirical studies were aimed at the effectiveness of the relationship between female director and dividend policy. In contrast, Risfandy et al. (2021) discovered that female director has negative effect on dividend payout. The most cited reason is that woman in the executive position tends to be cautious and on the alert. The female executive manifests these measures by decreasing dividend distribution cash in order to keep more monies as the buffer for unpredictable situation in the future. These results are supported by the finding of Elmagrhi et al. (2017) on the context of British companies which pronounced that the greater number of female directors is associated with the lower *dividend payout ratio*.

However, few other studies confirm that female attendance in director board has positive contribution on dividend payout. Pucheta-Martínez and Bel-Oms (2016) uncovered that female executive director in Spain companies tends to set higher dividend payout. Almeida, Morais, and Coelho (2019) reported from their study on Brazilian companies that female attendance in managerial boards contributes higher income distribution and higher dividend payout. Related to those findings, the second hypothesis is written as follows:

H2: Gender diversity in director board affects dividend policy.

Gender Diversity, Institutional Ownership and Dividend Policy

Agency theory perspective believes that institutional investors use dividend policy as an instrument to reduce agency cost emanating from the diverge use of free cash flow (Jensen, 1986). The diverge use of free cash flow by the manager can cause agency conflict that will be calmed by dividend policy. Institutional shareholders usually set a long-term orientation, have better incentives, and tend to increase their control over the managers (in case of information asymmetry). Therefore, these shareholders always attempt to ensure that the company has commitment to pay dividend regularly and stable to reduce agency cost that emanates from the diverge use of free cash flow (Easterbrook, 1984; Jensen, 1986).

Several empirical studies indicated that institutional shareholders have positive effect on dividend policy. According to Miko and Kamardin (2015), the large institutional share ownership is leading to the high dividend payout by the company. This finding explains that the managers are suspected to use dividend policy opportunistically to manipulate the shareholder assets for managerial interests but institutional ownership are able to reduce this managerial opportunism. Conforming to Jory et al. (2017), institutional shareholders with large and stable ownership are found to be fond of the company that pays dividend. Reyna (2017) revealed that institutional ownership alleviates agency problem by controlling the managers through the increase of dividend payout.

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All the findings above state that institutional ownership shows a preference to higher dividend payout to reduce opportunistic action of the managers. Gender diversity in commissioner board can raise dividend payout (Elmagrhi et al., 2017; Gyapong et al., 2019; Jiraporn et al., 2019). Therefore, the goal of institutional shareholders is in line with the role of gender diversity, through female attendance, in commissioner board. In other words, institutional shareholders is helpful positively to the effect of female gender diversity in commissioner board on dividend policy. Oppositely, other studies discovered that female gender diversity in director board can reduce dividend payout (Elmagrhi et al., 2017; Risfandy et al., 2021), which is in contradiction to the goal of institutional shareholders. On the other hand, institutional ownership is able to overcome the negative effect of female gender diversity in director board on dividend policy. Based on these findings, the next two hypotheses are described as follows:

H3: Institutional ownership leads gender diversity in commissioner board to improve dividend policy.

H4: Institutional ownership leads gender diversity in director board to improve dividend policy.

In agreement with the hypotheses previously developed, empirical research model is then designed as depicted in Figure 1.

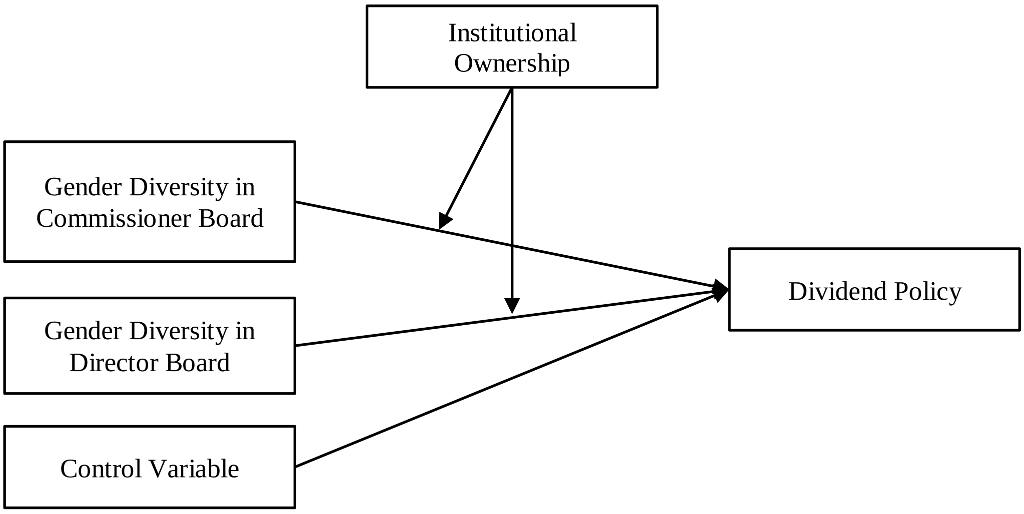

Figure 1. Empirical Model

3. Research Method

Data of Research Sample

The sample of this research is determined using non-probability sampling method with several criteria involved. Due to the involvement of criteria, this sampling method is also called *purposive sampling*. The criteria of sample require the company to be (1) listed at Indonesia Stock Exchange in a period from 2018 to 2022, (2) successfully paying dividend consecutively during research period, and (3) known as having institutional ownership structure. After using these criteria, the sample is 43 companies which therefore there are 215 observation data included in this research (43 x 5 years [2018-2022]).

Research Variable and Measurement

Dividend policy is the dependent variable of this research which is measured by dividend ratio. Referring to Elmagrhi et al. (2017), dividend ratio is the ratio of the cash dividend paid to the total asset of the company every year during research period.

Independent variable of this research is gender diversity in commissioner board and gender diversity in director board. The measurement of gender diversity in commissioner board is done using the natural logarithm of the number of female member in commissioner board plus 1 (one). Gender diversity in director board is measured by the natural logarithm of the number of female member in director board plus 1 (one) (Gula, Srinidhi, & Ng, 2011; Risfandy et al., 2021; Yea, Denga, Liub, Szewczykc, & Chend, 2019).

Moderator variable of this research is institutional ownership which is measured by the percentage of share owned by institutional investor (Jory et al., 2017; Reyna, 2017). Control variable in this research is referred to Almeida et al. (2019). There are several control variables such as: company size which is measured by the natural logarithm of total asset; leverage which is measured by the ratio of total liability to total asset; and sales growth, which is the difference between the current year sale and the previous year sale. The detail description of variable measurement is presented in Table 1.

Tabel 1. Research Variable and Research Measurement

No	Variable	Variable Measurement	Source of Reference
1.	Dividend Ratio	$\frac{Dividend\ Cash}{Total\ Asset}$	(Elmagrhi et al., 2017)
2.	Gender Diversity in Commissioner Board	Ln (Number of female member in commissioner board + 1)	(Gula et al., 2011; Risfandy et al., 2021; Yea et al., 2019)
3.	Gender Diversity in Director Board	Ln (Number of female member in director board + 1)	
4.	Institutional Ownership	Percentage of institutional share	(Jory et al., 2017; Reyna, 2017)
5.	Size	Ln (Total Asset)	(Almeida et al., 2019)
6.	Leverage	Liability / Asset	
7.	Sales Growth	$\frac{S_t - S_{t-1}}{S_{t-1}}$	

Analytical Model

Method of analysis is Partial Least Squares (PLS) - Structural Equation Modelling (SEM) which is supported by WarpPLS version 8.0. This software is also used for hypothesis test. The equation model for the hypothesis is written as follows:

$$\mathbf{Div = a + b_1Div\_com + b_2Div\_dir + b_3Size + b_4Lev + b_5Sgrowth + b_6Inst\_own{*}Div\_com + b_7Inst\_own{*}Div\_dir + e}$$

Where:
Div= dividend ratio, Div_com= gender diversity in commissioner board, Div_dir= gender diversity in director board, Size= company size, Lev = leverage, Sgrowth= sales growth, Inst_own*div_com= interaction between institutional ownership and gender diversity in commissioner board, Inst_own*div_dir= interaction between institutional ownership and gender diversity in director board.

4. Results and Discussion

4.1. Results

Descriptive Statistic

Descriptive statistic comprises elements such as maximum, minimum, mean and standard deviation. The detail about these elements is shown in Table 2.

Table 2. Descriptive Statistic

Variable	Min	Max	Mean	SD	Mode
Gender Diversity in Commissioner Board	0	1.386	0.275	0.396	0
Gender Diversity in Director Board	0	1.946	0.432	0.542	0
Institutional Ownership	0.045	0.961	0.691	0.180	0.818
Dividend Ratio	0.0001	0.445	0.060	0.093	-0.000
Size	18.195	33.495	27.794	3.695	18.195
Leverage	0.071	0.790	0.391	0.182	0.300
Sales Growth (SL)	-0.204	0.618	0.073	0.126	-0.204

Source: Secondary Data of Indonesia Stock Exchange are processed.

The contents of Table 2 reveal that gender diversity in commissioner board has mean score of 0.275 (in logarithm value) or 0.443 (in number of person). Standard deviation of this variable is 0.396 which signifies that of 215 observation data, the number of female in commissioner board is low. In other words, there are many companies where female gender is rarely found in commissioner board. This position is confirmed by mode value of 0 (the frequently emerging value). The minimum value of this variable is 0 (in logarithm value and in number of person) whereas the maximum value is 1.386 (in logarithm value) or 3 (in number of person). Standard deviation value is higher than mean score (0.396>0.275) which denotes that the data are more varied and distributed.

Gender diversity in director board has mean score of 0.432 (in logarithm value) or 0.830 (in number of person, which is rounded to 1). This position informs that of 215 observation data, there is minimally one female in director board. This variable has minimum value of 0 and maximum value of 1.946 (in logarithm value) or 6 (in number of person). Mode value that is frequently emerging is 0. Standard deviation value is higher than mean score (0.542>0.432) which indicates that the data are more varied and distributed.

Institutional ownership has mean score of 0.691, which clarifies that all the sample companies are controlled in majority by institutional ownership at the range of more than 50%, or 69.1% in average. The minimum value of this variable is 0.045 or 4.5% whereas the maximum value is 0.961 or 96.1%. Standard deviation value of institutional ownership is lower than mean score (0.180<0.691), which confirms that the data are less varied and more approaching to the mean score.

Dividend ratio, which represents dividend policy, has mean score of 0.060 which signifies that in average, the companies give cash dividend of 6% of the asset value. This variable has minimum value of 0.0001 and maximum value of 0.445. Standard deviation value of dividend ratio is higher than mean score (0.093>0.060), which denotes that data are more varied and distributed.

Size has mean score of 27.794 (in logarithm) or 17.350 trilions (in Indonesian rupiah [IDR]). After processing 215 observation data, the result shows that the size of the sample companies is in the category of large company. The size is consistent to Law of the Republic of Indonesia No.20 of 2008 which stated that the large company is the company with asset value above 15 billions Indonesian rupiah. Leverage has mean score of 0.391, or in other words, the 39.1% proportion of corporate fund comes from debt. Sales growth has mean score of 0.073, which indicates that the sale growth of the sample companies has been increasing averagely by 7.3% in five years.

Testing on Goodness of Fit

Testing on *Goodness of Fit* is aimed to find a model considered fit in with the original data. Whether the model is fit or not shall be evaluated to measure the model quality. Result of the test on *Goodness of Fit* is presented in Table 3.

Table 3. Goodness of Fit of the Structural Model

Criteria	Parameter	Rule of Thumb	Conclusion
Average path coefficient (APC)	=0.157, P<0.003	Acceptable P < 0.05	Accepted
Average R-squared (ARS)	=0.151, P=0.004	Acceptable P < 0.05	Accepted
Average adjusted R-squared (AARS)	=0.122, P=0.014	Acceptable P < 0.05	Accepted
Average block VIF (AVIF)	1.228	acceptable if ≤ 5, ideally ≤ 3.3	Accepted
Average full collinearity VIF (AFVIF)	1.188	acceptable if ≤ 5, ideally ≤ 3.3	Accepted
Tenenhaus GoF (GoF)	0.388	small ≥ 0.1, medium ≥ 0.25, large ≥ 0.36	Accepted
Sympson's paradox ratio (SPR)	0.714	acceptable if ≥ 0.7, ideally = 1	Accepted
R-squared contribution ratio (RSCR)	0.914	acceptable if ≥ 0.9, ideally = 1	Accepted
Statistical suppression ratio (SSR)	0.714	acceptable if ≥ 0.7	Accepted

Source: Secondary Data of Indonesia Stock Exchange are processed.

Pursuant to the contents of Table 3, research model has good fit because all *P-value* of APC, ARS and AAR are < 0.05, which respectively are APC value = 0.157, ARS value = 0.151 and AARS value = 0.122. The value of AVIF is 1.1228 while the value of AFVIF is 1.1880, which all satisfy the criterion of ≤ 3.30. This position signifies that there is no multicollinearity problem across exogenous variables. The value of Tenenhaus GoF is 0.388 (≥ 0.36), which indicates that the predictive power of research model is very strong and therefore, the model is accepted.

Sympson's paradox ratio (SPR) has a value of 0.714 (≥ 0.7), which denotes that there is no causality problem in the model. The value of RSCR is 0.914 (≥ 0.9), which informs that the model is free of negative *R-squared* contribution. *Statistical Suppression Ratio* (SSR) has a value of 0.714 (≥ 0.7), which explains that the model is free of statistical problem regarding *effect suppression*. The problem of *effect suppression* is when the path coefficient value is higher than the path correlation value. In general, the results of testing on *Goodness of Fit* show that research model has very good fit. This position confirms that model fit evaluation is compatible to (supported by) the data.

Result of estimated relationship across variables

The relationship across variables, either for main variables or control variables, will be used to answer the question of research and also to explain the hypothesis developed in this research. The estimated relationship across variables is displayed in Table 4.

Table 4. Testing on The Effect Across Variables

Description of Path	**Path Coefficient**	**R^2**	**Q^2**
Gender Diversity in Commissioner Board → Dividend Ratio	- 0.249***	0.122	0.204
Gender Diversity in Director Board → Dividend Ratio	0.337***		
Institutional Ownership * Gender Diversity in Commissioner Board → Dividend Ratio	0.121**		
Institutional Ownership * Gender Diversity in Director Board → Dividend Ratio	0.081		
Size → Dividend Ratio	0.089*		
Leverage → Dividend Ratio	-0.184***		
Sales Growth → Dividend Ratio	0.035		

****, **, * denote significance levels at 0.001, 0.05 and 0.1, respectively.*
Source: Secondary Data of Indonesia Stock Exchange are processed.

As shown in Table 4, the value of adjusted R Square (R^2) is 0.122, which points out that the variation of gender diversity in commissioner board and of gender diversity in director board, the interaction of institutional ownership with gender diversity in commissioner board and with gender diversity in director board, and the control variables, can affect dividend policy by 12.2%. The remaining 87.8% is affected by other factors beyond research model. The value of Q Square (Q^2) is 0.204 (>0), which signifies that research model has predictive validity.

By making reference to the outputs in Table 4, the result of hypothesis test will be elaborated as follows. Hypothesis 1 states that "gender diversity in commissioner board improves dividend policy". Based on the output in Table 4, gender diversity in commissioner board has negative but significant effect on dividend ratio with path coefficient value of -0.249. This result does not support the hypothesis, which then can be said that Hypothesis 1 is rejected. Meanwhile, Hypothesis 2 declares that "gender diversity in director board affects dividend policy". Referring to the output in Table 4, gender diversity in director board has positive and significant effect on dividend ratio with path coefficient value of 0.337. This result supports the hypothesis, which therefore can be ascertained that Hypothesis 2 is accepted. Hypothesis 3 pronounces that "institutional ownership leads gender diversity in commissioner board to improve dividend policy". The output in Table 4 shows that the interaction between institutional ownership and gender diversity in commissioner board has positive and significant effect on dividend ratio with path coefficient value of 0.121. In other words, institutional ownership moderates positively the effect of gender diversity in commissioner board on dividend policy. This result supports the hypothesis, which then explains that Hypothesis 3 is accepted. Hypothesis 4 proclaims that "institutional ownership leads gender diversity in director board to improve dividend policy". The output in Table 4 indicates that the interaction between institutional ownership and gender diversity in director board has positive effect, but not significant, on dividend ratio with path coefficient value of 0.081. In other words, institutional ownership cannot moderate the effect of gender diversity in director board on dividend policy. The result does not support the hypothesis, which thus confirms that Hypothesis 4 is rejected.

The relationship between control variable and dependent variable has also been put on the test. Size has positive and significant effect on dividend ratio, which signifies that the larger size of the company is associated with the higher dividend ratio. Leverage has negative but significant effect on dividend ratio, which denotes that the higher debt incurred by the company is associated with the lower dividend ratio. The effect of sales growth on dividend ratio is positive but not significant, which informs that sale growth does not impact the fluctuation of dividend policy.

4.2. Discussion

Effect of Gender Diversity in Commissioner Board on Dividend Policy

Hypothesis 1 proclaims that "gender diversity in commissioner board improves dividend policy". The result of the test on this hypothesis shows that path coefficient value of this hypothesis is negative but significant (p-value<0.01). Based on this result, Hypothesis 1 is not supported and thus rejected. This position is not in line with agency theory that requires the minimization of opportunistic action from the corporate manager and recommends the use of *free cash flow* to pay dividend (Easterbrook, 1984). Moreover, this position is not in accord with the previous studies which generally found that gender diversity in commissioner board increases dividend payout and the greater proportion of female in commissioner board structure has great impact on dividend payout (Elmagrhi et al., 2017; Gyapong et al., 2019; Jiraporn et al., 2019).

According to the descriptive data, the number of female in commissioner board is very low. This fact clarifies that female attendance in commissioner board is not yet giving a color and also a positive effect on dividend policy. This low attendance (female gender in commissioner board) makes the female finding difficulty in voicing their participation or in competing the domination of male gender in commissioner board. However, Indonesian culture believes that woman shall be led by man. Therefore, woman in commissioner board is still overpowered by man. The result of analysis indicates that the negative effect of gender diversity in commissioner board on dividend policy is non-linear with the shape of U curve. This result confirms that the negative effect occurs due to the low proportion of female in gender diversity in commissioner board. Non-linear pattern of this relationship is illustrated in Figure 2.

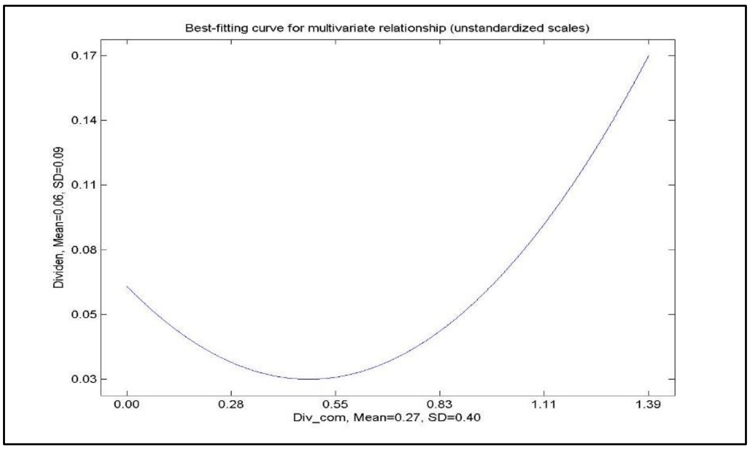

Figure 2. Non-linear relationship between gender diversity in commissioner board and dividend policy

As shown in Figure 1, in the range of 0 – 0.55, gender diversity in commissioner board has negative effect on dividend policy. Number of female in commissioner board is still possible to increase. If the increase is above the range of 0.55, the effect sign may change from negative to positive, which signifies that gender diversity in commissioner board can improve dividend policy. This finding is not disclaiming agency theory and previous studies that support the positive effect of gender diversity in commissioner board on dividend policy.

Effect of Gender Diversity in Director Board on Dividend Policy

Hypothesis 2 states that "gender diversity in director board affects dividend policy". The result of the test on this hypothesis points out that path coefficient value of this hypothesis is positive and significant (p-value<0.01). Following this result, Hypothesis 2 is said to be supported and thus accepted. This result specifies that female attendance in director board is in correspond to *trade off theory* that supports external funding (from debt, for instance) to finance the corporate projects (Myers & Majlub, 1984). The increase of female gender in director board implicates to the higher dividend payout.

Furthermore, the result is also in conformity with the findings given by Pucheta-Martínez and Bel-Oms (2016) and Almeida et al. (2019) which generally confirm that female attendance in director board contributes the higher dividend payout. However, female in commissioner board behaves differently from female in director board. In other words, there is a non-linear conflict of interest between commissioner board and director board. The positive effect of gender diversity in director board on dividend policy is supported by the fact that female attendance in director board is not quite different in every company because each company has at least 1 female in director board.

Moderation Role of Institutional Ownership in Effect of Gender Diversity in Commissioner Board on Dividend Policy

Hypothesis 3 declares that "institutional ownership leads gender diversity in commissioner board to improve dividend policy". The result of the test on this hypothesis reveals that path coefficient value of this hypothesis is positive and significant (p-value < 0,05). In accordance with this result, Hypothesis 3 is supported and thus accepted. This result informs that institutional ownership can moderate positively the effect of gender diversity in commissioner board on dividend policy.

The result above is consistent with agency theory which mentions that institutional investors tend to create gender diversity in commissioner board by using dividend policy as an instrument to reduce agency cost emanating from the diverge use of free cash flow (Jensen, 1986). The result is also in agreement with previous studies which found that institutional ownership has positive effect on dividend policy (Jory et al., 2017; Reyna, 2017). By the result in Hypothesis 1 which shows that gender diversity in commissioner board has negative effect on dividend policy, then the institutional ownership structure changes the effect toward the interest of institutional investors. In this situation, institutional investors act as the genuine moderator that can change and strongly influence commissioner board, precisely through female attendance, to improve dividend policy. This position confirms that gender diversity in commissioner board is supported by institutional investors. As said previously, the negative effect of female attendance in commissioner board on dividend policy is not linear. In a certain number, female member of commissioner board is growing that will improve or give positive effect on dividend policy. Female gender in commissioner board, therefore, is in line with the goal of institutional investors to reduce agency conflict by decreasing free cash flow used to pay dividend.

Moderation Role of Institutional Ownership in Effect of Gender Diversity in Director Board on Dividend Policy

Hypothesis 4 pronounces that "institutional ownership leads gender diversity in director board to improve dividend policy". The result of the test on this hypothesis uncovers that path coefficient value of this hypothesis is positive but not significant (p-value > 0.1). According to this result, Hypothesis 4 is not supported and thus rejected. This result demonstrates that institutional ownership cannot moderate the effect of gender diversity in director board on dividend policy.

The result is not in harmony with agency theory which states that institutional investors show great preference on higher dividend payout to reduce agency problem (Jensen, 1986). This result is also not in compliance with the empirical model which asserts that the role of institutional ownership has positive effect on dividend policy (Jory et al., 2017; Reyna, 2017). Putting female in director board is not surely improving dividend policy.

Besides, the result above also signifies that the moderation role of institutional ownership does not impact or affect the behavior of female director board in the context of improving dividend policy. This result is in opposition to the previous finding which affirms that female attendance in director board brings positive effect on dividend policy. Precisely, female gender in director board has oriented their financial decision to support dividend policy despite the absence of institutional investors.

On the other hand, the moderation effect of institutional ownership impacts female gender in commissioner board. Indeed, institutional owners have close relationship with some members of commissioner board who are also the investors or shareholders. The relationship between institutional investors and director board is not directly connected. That is why the moderation effect of institutional ownership on dividend policy is positive but not significant. The goal of improving dividend policy through female attendance in director board is a direct goal without intervention of institutional investors.

5. Conclusion

Dividend policy in Indonesian companies has a general pattern which emphasizes more or less on the improvement of dividend policy. Gender diversity in commissioner board is found to have negative but significant effect on dividend policy and this effect relationship is not linear (in the shape of U curve). The greater gender diversity in commissioner board can reduce dividend policy but at certain degree, the increase of gender diversity in commissioner board may change the effect sign from negative to positive. In other words, gender diversity in commissioner board will improve dividend policy. Female attendance in director board can improve dividend policy.

Institutional ownership positively moderates the effect of gender diversity in commissioner board on dividend policy. Institutional investors contribute the effect of gender diversity in commissioner board toward the improvement of dividend policy. However, institutional ownership cannot moderate the effect of gender diversity in director board on dividend policy. The positive effect of gender diversity in director board on dividend policy is direct in nature.

The research suggests that the elements that make up the sample companies shall synergize one another in making corporate decision in order to ensure that the decision will improve dividend policy. In the context of gender diversity in commissioner board, dividend policy can be improved by inviting the institutional investors who may then convince the corporate stakeholders that female attendance in commissioner board can improve dividend policy. In the context of gender diversity in director board, dividend policy can be improved by increasing the number of female in director board.

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