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The Importance of Traits of Board of Commissioners, company Size, Profitability and Free Cash Flow in Affecting the Dividend Policy

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Abstract: This study aims to investigate further relates to dividend policy that utilize in company which affected by characteristics of board of commissioners, business size, profitability as well as free cash flow. Secondary data has been used as source of information that obtained by the publication of financial reports that submitted by the Indonesia Stock Exchange (IDX). This study implemented the purposive sampling strategy to select 180 manufacturing companies which have been registered on the Indonesia Stock Exchange between 2018 and $020 as research samples. Normality test, heteroscedastic test, autocorrelation test, multicollinearity test, coefficient determination test, linear regression analysis and t-test, those are analysis methods used in this research. The t-test revealed that the characteristics of the commissioners has impact to the company's dividend policy. While gender representative on the board of commissioners has negatively impacts on dividend policy, number of commissioners and free cash flow both positively affect the dividend policy. The policy relates to dividend distribution did not influence the proportion of independent commissioners, firm size or profitability. However, dividend policy has greatly affected by free cash flow. The research outcomes showed that the proportion of independent commissioners in a company usually lower than the total of commissioners owned by the company. Those Companies tends to allocate retained earnings to develop more profitable projects to get maximum profits. Companies that generate large inflows of free cash are more likely to make large dividend payments to reduce waste on unprofitable projects.

Keywords: Board of Commissioners, Company Size, Dividends, Free Cash Flow, Profitability

INTRODUCTION

Research which conducted by Sanan during research period of 2013-2016 towards companies on the Stock Exchange has concluded that board composition has negative influence on the amount of dividends that will be allocated by the company (Sanan 2019). Quoted from (Fauziah and Probohudono 2018) the condition of market which uncertainty leads to difficulty to anticipate risks, leave question behind on how whether to use or hold cash to mitigate risks in the future. This could be an interesting topic for further study because it turns out that board factors has its impact to the company's decision to conduct its dividend policy.

(Ardiani, Prihatni and Handarini 2021) were argues that some of investors tend to prefer returns in the form of dividends because it looks more certain with lower risk compare to those benefits which equivalent to Capital earned through arising company stock prices. Each company has a different dividend policy. According to PSAK 71 (2020) When (a) an entity has established its right to receive dividends, the dividends are included in profit or loss; b) large entities can obtain economic benefits in dividends; (c) the amount that can be accurately measured in dividends.

Dividend policy of Company plays an important decision for shareholders, there two parties who involved here, first party would be shareholder and second party is the management which affected by this policy. The two sides have different interests and even if the industries are willing to withhold some money, there isn't much money left for dividend payments. DPR (Dividend Payout Ratio) often refers to the proportion of company benefits for shareholders in the form of cash dividends (Amaliyah and Herwiyanti 2020).

This research aims to focus to the board of commissioners factors which has role as representatives from the voices of investors and owners in making dividend decisions, such as the number of commissioners, the proportion of independent commissioners and gender representatives on the board of commissioners, while other factors added are firm size, profitability as well as free cash flow. Elicited from Limited Liability Company Regulation no. 40/2007, it stated that association or fellow of the board of commissioners have its duty to provide normal inspection and suggestions for directors.

(Setiyowati and Sari 2017) conducted research on manufacturing companies during 2014 and 2015, revealing that independent commissioners have significant impact towards dividend policy. Beside that, these findings are in line with research which performed by (Padil and Adawiyah 2019), (Adamu, Ishak, and Hassan 2017), (Putri 2020), (Pucheta-Martínez and Bel-Oms 2016), and (Limbong and Darsono 2021). As a result, an independent commissioner is one of keys that can protect the interests of non-controlling shareholders. (Fauziah and Probohudono 2018) said that diverse on boards of commissioners will earned more ideas and different points of view. The more information gathered, gender diversity can be a comprehensive and rational evaluation of choices.

Based on research findings of (Setiawan and Aslam 2018), (Adamu et al. 2017), (Pucheta-Martínez and Bel-Oms 2016), (Fauziah and Probohudono 2018), (Chen, Leung, and Goergen 2017) as well as (Risfandy, Radika, and Wardhana 2021), the presence of women as commissioners actually brought positive impact in increasing the dividend payments. Quoted from (Fauziah and Probohudono 2018), the role of women will guide to an increase in dividend payments due to their demand behave over management and took over the decision-making which will benefitted the shareholders that include in paying dividends. Build from opinion of (Budiman and Harnovinsah 2016) that company size could be estimated through total assets or total net sales, therefore it said if the firm size would be depend on company size itself. A company which has more assets, would certainly need more money to invest in and if it has more sales, the money would be Circling around the business.

The results from the research by (Adamu et al. 2017), (Bangun, Yuniarwati, and Santioso 2018), (Elmagrhi et al. 2017), (Cahyadi, Purwanti as well as Mardiati 2018), (Saeed and Sameer 2017) as (Budiman and Harnovinsah 2016) argues that company profitability have influences towards the decision on dividend distribution policy, meaning that it can be affected by the industry's capacity to create profits. Previous research by (Jayanti and Puspitasari 2017), (Firth et al. 2016), (Tijjani and Sasni 2016), (3 Andriani and Ardini 2016) and (Limbong and Darsono 2021) indicated if there is strong positive influence from free cash flow in supporting dividend Policy. By means the dividends that need to be paid are proportional to cash position of company. Investors and corporate management wishes to gain well comprehension relates to business as a whole as a result of the research findings by determining whether the strategic position of the directors regarding dividend payout is ideal for public company. Beside that, in an efforts to introducing the characteristics of the board of commissioners which can enhance their role in balancing the management and shareholders interests, the existence of board of commissioners would be considered as important in resolving conflicts between management and capital owners. It is hoped that the results of this research could encourage the policy makers in determining the impact cause by firm size, profitability and free cash flow owned by manufacturing companies in Indonesia in relation to dividend payments that should be made.

THEORETICAL STUDY

Agency Theory

Agency theory stated that the distribution of dividend often use as a facility in alleviating agency cost conflicts. Managers, business owners likewise to the investors, all of that have different intention that lead to the agency problems. These problems which occurs between management and shareholders In companies relates to money matters which each of shareholders and managers have different opinion, managers that might want to keep the benefits for their own sakes. Shareholders may view company’s dividend policy as a way to reduce the agency costs.

(Nurharjanto et al. 2018) claims if this principal-management relationship really exists because the shareholders elect and dismiss the board of commissioners at the General Meeting of Shareholders (GMS). Moreover fact that the board members are appointed as well as fired directly by the government which also causing this principal-management relationship problems. These Problems is also arise as a result of the responsibilities as associate of board of commissioners who are in charge of advising also supervising directors.

Theory of Bird In The Hand

Revealed by John Lintner and Myron Gordon quoted from (Muslimah, Hasan, and Savitri 2019). According to this theory, the capital owners expect a large dividend allocation from annual profits, they want to invest their shares to receive dividends. Although future capital gains can offer greater returns than present dividends, the view that receiving dividends today is less risky than receiving future capital gains encourages paying dividends today. Furthermore, there is uncertainty regarding the future cash flow of the organization (Verdian and Ispriyahadi 2020). His opinion stated that “Investors sees a bird in hand is valuable than tons of birds in the sky” Which means that cash dividends are precious than in the other forms.

Dividend Policy

A company’s dividend policy could be refers to settlement made by directors relates to amount of company’s profits can go to shareholders pockets. Dividend is the rate of return on investment for shareholders or investors in the company (Setyawan 2019). Profit dividends reduce the amount of retained earnings, which in turn reduces the company’s cash supply based on management. As a result, there are fewer opportunities to invest company cash (Septian and Lestari 2016).

Total Board of Commissioners

Minimum number of commissioners shouldn't less than two members based on regulation in POJK No. 33/POJK.04/2014 Article 20 Regarding Directors and Board of Commissioners or Public Companies. (Padil and Adawiyah 2019) says that businesses with large boards of directors usually have more difficulty coordinating, communicating and agree upon something than those businesses with smaller boards. According to previous study by (Adamu et al. 2017), (Bangun et al. 2018), (Elmagrhi et al. 2017), and (Uwalomwa, Olamide and Francis 2015), dividend policy is significantly influenced by the number of commissioners. On the other hand (Sanan 2019), (Limbong and Darsono 2021) and (Cahyadi et al. 2018) conducted reverse research showing opposite results.

Proportion of Independent Commissioners

Provision No. 33/POJK.04/2014 article 1 of the Financial Services Authority Regulation that has been issued which defined if independent Commissioners are associates of Board of Commissioners from external company. Regarding the number of Independent Commissioners were at least 30% of all existing members of the Board of Commissioners. Elicited from (Cahyadi et al. 2018) because there is no special connection with the company where they were appointed, the independent commissioner seeks to fulfill all the rights of minority shareholders. Previous research from (Padil and Adawiyah 2019), (Adamu et al. 2017), (Putri 2020), (Pucheta-Martínez and Bel-Oms 2016), (Limbong and Darsono 2021) and (Setiyowati and Sari 2017) stated that the proportion of Independent commissioners have a strong impact on dividend policy. Meanwhile, the opposite research was conducted by (Mangasih and Asandimitra 2017), (Cahyadi et al. 2018), (Bangun et al. 2018), (Anam and Hendra 2020) and (Elmagrhi et al. 2017).

The Impact of Gender Representatives on the Board of Commissioners

Women positions as commissioners would lead their natural characteristics to balancing as well as monitoring the governance of board of commissioners. That characteristics which will benefit the shareholders. Based on (Endraswati 2018), the position of woman as commissioner which then will use as work experience of women as commissioners and way to checking balance monitoring. The longer the experience as commissioner, the better result in pergormtheir duties as a commissioner. The results of previous studies stated that gender representatives on board of commissioners have an impact on dividend policy in accordance with that carried out by (Padil and Adawiyah 2019), (Fauziah and Probohudono 2018), (Chen et al. 2017), (Risfandy et al. 2021) and (Adamu et al., 2017). While the opposite research conducted by (Sanan 2019), (Elmagrhi et al. 2017) as well as (Saeed and Sameer 2017).

Firm Size

Based on (Budiman and Harnovinsah 2016), firm size could be said as flexibility and ability to gather funds and earn profits by looking at company sales growth. Company size could be seen from Quantity of Capital value, sales worth or total asset. Capital value indicates the amount of funds raised from the ability of the capital owner and previous activities, the sales value indicates the number of company turnover that occurred at a time while the asset value indicates the company's ability and wealth. The results from prior research argues that company size has significantly impact towards company dividend policy which quoted from (Rachmawati, Tandika, and Nurdin 2017), (Al-Qahtani and Ajina 2017), (Rais and Santoso 2018), and (Ali, Mohamad and Baharuddin 2018). On the opposite with the results research from (Budiman and Harnovinsah 2016), (Fauziah and Probohudono 2018) and (Gusni 2017).

Profitability

The capacity of business to generates profit from assets used can be demonstrated by returning assets. Since dividends are component of company's net profit, then it will be paid if there's profits occurs after the company fulfills all of its fixed obligations, such as interest and taxes, then those profits are entitled to distributed to shareholders. (Hanafi and Halim 2016) explains that profitability is capacity of company in earning benefits at predetermined rate of sales, assets and shared capital. Even from shareholder perspective it could define as ability of company in gaining net profits in accordance with invested capital and cannot be use as indicator of profitability. According to previous research by (Fauziah and Probohudono 2018), (Kurniawan and Jin 2017), (Adamu et al. 2017) and (Al-Qahtani and Ajina 2017), dividend policy brought strong influence to the level of profitability that company earned. Meanwhile (Khalid and Rehman 2015), (Widayanti 2020), (Bawamenewi and Afriyeni 2019) and (Septian and Lestari 2016) stated exactly the opposite.

Free Cash Flow

The decision on Management policy would brought an impact to the cash flow. Managers and shareholders will facing conflicts of interest as a result of their unique cash. The Managers can utilize the remaining cash for their owned purpose but after accomplished their contractual debts (Kieso, Weygandt and Warfield 2019) said that free cash flow of company is total cash which may use to invest more, compensate the debts, buy back the company's own stocks (treasury stock) or enhance the liquidity. (Andriani and Ardini 2016) described the free cash flow as additional company cash that is not used for investment or operations and which can be deliver to shareholders or creditors. Managers want to use excess funds to invest in profitable projects because it will give them incentives in the future, while shareholders want the funds to be distributed to increase their welfare. That statement according to previous research by (Jayanti and Puspitasari 2017), (Firth et al. 2016), (Tijjani and Sani 2016), (Andriani and Ardini 2016) and (Limbong and Darsono 2021) who defined that free cash flow of company has strong impact towards the dividend policy. Meanwhile, those results from (Suhaimi and Haryono 2021) and (Kurniawan and Jin 2017) shows the opposites.

Hypothesis

The hypothesis of this research are consists of statement which summarizes by the findings from the literature study which come up with opinion relates to current problem. If the analysis results and empirical evidence support hypothesis, then the hypothesis will be accepted and said conversely.

H1: The number of Board of Commissioners would affects the dividend policy.
H2: Proportion of independent commissioners would affects the dividend policy.
H3: Gender representatives on Board of Commissioners would have an impact towards dividend policy.
H4: Company size would affect the dividend policy.
H5: Profitability would affect the dividend policy.
H6: Free cash flow would have an impact towards dividend policy.

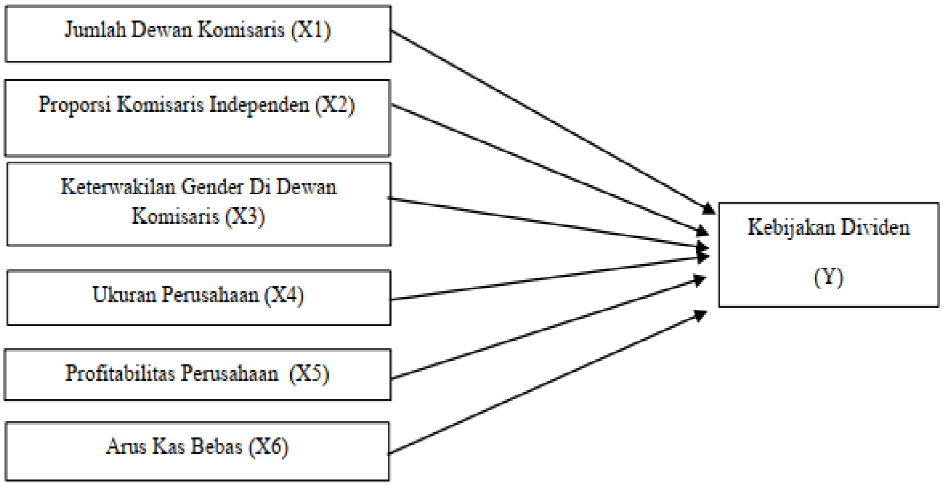

Figure 1. Presents Conceptual Framework
Source: Data Processed by the Author (2022)

RESEARCH METHODS

Data from the publication of annual financial statements by official website of Indonesia Stock Exchange (IDX) provide data variable which analyzed by this research. 193 manufacturing companies which affiliated with IDX during 2018 and 2020 which turn into population of this study. Where the categories of these companies include consumer goods, basic chemicals and various industries.

Kind of data which analyzed here is secondary data includes quantitative research which gathered by published of financial statements by the IDX. Research population were 193 manufacturing sector companies which cover 3 sectors, such as various industries, consumer goods industries and basic chemical industries that registered on Indonesia Stock Exchange (IDX) during period 2018-2020.

Parameters used at the stage of selecting manufacturing sector research data include: 1) Registered on the IDX in 2018 – 2020; 2) Companies on the IDX that allocate dividends for 2018 – 2020; 3) Companies on the IDX with complete financial reports for 2018-2020 and 4) Companies on the IDX with rupiah financial reports for 2018-2020.

Table 1. Explains Research Sampling

Sector	2018	2019	2020	Total
Various Industries	14	13	7	34
Consumer Goods Industries	24	26	23	73
Basic Chemical Industries	26	26	21	73
Grand Total	64	65	51	180

Source: Data Processed by the Author (2022)

Seeing from details on sample criteria above, there were 180 manufacturing industries that were used as samples during three years of research. In 2018 there are 64 firms and then in 2019 there are 65 firms last in 2020 there are 51 companies.

The Definitions of Operational Variable

These following table are the lists of independent as well as dependent variable measurements:

Table 2. Operational Variables

Research Variable	Formula Variable Indicator	Measurement Scale
Dividend Policy (Y1)	$DPR = Dividend\ Per\ Share / Net\ Profit\ Per\ Share\ x\ 100\%$	Ratio
Source: (Elmagrhi et al. 2017; Padil and Adawiyah 2019; Pucheta-Martínez and Bel-Oms 2016)		
Total Board of Commissioners (X1)	$The\ Number\ of\ commissioners = \sum Number\ of\ commissioners$	Total
Source: (Elmagrhi et al. 2017; Padil and Adawiyah 2019; Pucheta-Martínez and Bel-Oms 2016)		
Proportion of Independent Commissioners (X2)	$(Number\ of\ Independent\ Commissioners) / (Total\ Commissioners)\ x\ 100\%$	Rasio
Source: (Bangun et al. 2018; Cahyadi et al. 2018; Setiyowati and Sari 2017)		
Gender Representatives on the Board of Commissioners (X3)	$(The\ Number\ of\ Women\ on\ Board\ of\ Commissioners) / (Number\ of\ Commissioners)\ x100\%$	Rasio
Source: (Fauziah and Probohudono 2018; Pucheta-Martínez and Bel-Oms 2016; Risfandy et al. 2021)		
Firm Size (X4)	Firm Size = Ln Total Assets	Natural Log
Source: (Al-Qahtani and Ajina 2017; Pucheta-Martínez and Bel-Oms 2016; Rais and Santoso 2018)		
Profitabilty (X5)	$ROA = \frac{Profit\ (Loss)\ Net\ After\ Tax}{Total\ Assets}\ x\ 100\%$	Rasio
Source: (Adamu et al. 2017; Al-Qahtani and Ajina 2017; Khalid and Rehman 2015; Sumartha 2016)		
Free Cash Flow (X6)	$Free\ Cash\ Flow = \frac{(Operational\ Cash\ Flow - (Investment\ Cash\ Flow)}{Total\ Assets}\ x\ 100\%$	Rasio
Source: (Firth et al. 2016; Kurniawan and Jin 2017; Tijjani and Sani 2016)		

RESULTS AND DISCUSSION

Descriptive Statistics Results

Table 3. Decribes Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Number of Commissioners	180	2.00	8.00	4.2389	1.73483
Proportion of Independent Commissioners	180	.29	.67	.4198	.09611
The Gender Representatives on the Board of Commissioners	180	.00	.33	.0714	.11946
Firm Size	180	25.80	32.73	28.8763	1.46899
Profitability	180	.00	.24	.0739	.05715
Free Cash Flow	180	-.12	.37	.1367	.09685
Dividend Policy	180	.00	1.29	.4317	.30803
Valid N (listwise)	180				

Source: Data Processed by the Author (2022)

Descriptive statistical tests produce the dependent variable data which is the dividend policy which has mean value of 0.4317 by minimum value of 0.001 and maximum value of

1.29. The number of Commissioners has mean value of 4.2389 with minimum of 2 and maximum of 8. The average percentage of Independent Commissioners is 0.4198 through minimum of 0.29 and maximum of 0.67 . The percentage for Independent Commissioners has mean value of 0.4198 through minimum of 0.29 and maximum of 0.67. The gender representatives of commissioners has mean value of 0.0714 through minimum 0.001 and maximum 0.33. Company size has mean value of 28.8763 through minimum is 25.80 and maximum is 32.73.

Normality Test

Table 4. Presents Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		180
Normal Parameters[a,b]	Mean	.000
	Std. Deviation	.28701738
Most Extreme Differences	Absolute	.099
	Positive	.099
	Negative	-.060
Kolmogorov-Smirnov Z		1.322
Asymp. Sig. (2-tailed)		.061

a. Test distribution is Normal.
b. Calculated from data.
Source: Data Processed by the Author (2022)

Normality test through Kolmogorov-Smirnov test earned its probability value which indicates that data is normally distributed. It could be seen through significance level which is higher than or equal to 0.05. And vice versa if probability value less than or equal to 0.05. By means the data is not normally distributed Because the P's (Asymp.) test results show that the significant probability level is on the level of 0.061 which higher than 0.05, meaning that the regression model are normally distributed.

Multicollinearity Test

Table 5. Explains Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Number of Commissioners	.540	1.853
Proportion of Independent Commissioners	.928	1.077
Gender Equality on the Board of Commissioners	.977	1.024
Firm Size	.492	2.031
Profitability	.710	1.408
Free Cash Flow	.667	1.500

Source: Data Processed by the Author (2022)

Multicollinearity test has purposes to estimate whether regression model creates correlations in each independent variables. Multicollinearity examination could be done by tolerance value (Toll) and VIF value. Multicollinearity will not violated if the Toll value higher than 0.1 through VIF value less than 10. Then this indicate tolerance are higher than

0.1 and VIF value is less than 10, so It can be concluded that the multicollinearity did not occurred.

Autocorrelation Test

Table 6. Autocorrelation Test Results

D-W	dL	dU	Decision
1.937	1,6761	1,8374	There's no autocorrelation occurs

Source: Data Processed by the Author (2022)

Autocorrelation test plays an important test to check whether there is strong correlation between the factors that cause differences in the t period with the t-1 period of the linear regression modeling. The calculation results are 1.8374 < 1.937 < 2.16260, so the formula would be du<d< (4 – du) which proves that no autocorrelation occurs in this study.

Heteroscedasticity Test

Table 7. Describes the Results of Heteroscedasticity

Model	T	Sig.
(Constant)	-.428	.669
Number of Commissioners	1.148	.253
Proportion of Independent Commissioners	1.587	.114
Gender Equality on the Board of Commissioners	-.850	.396
Firm Size	.718	.474
Profitability	-.921	.358
Free Cash Flow	-.128	.898

Source: Data Processed by the Author (2022)

Heteroscedastic aims to clarify whether the residuals from one observation to other are not the same as in regression model. The output shows that there is no significant variables at the base of 0.05. The research results determined that there were no heteroscedasticity problems occurs in each variable.

Coefficient of Determination

Table 8. Presents Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.363[a]	.132	.102	.29195

Source: Data Processed by the Author (2022)

Coefficient of determination (R-square) viewed the contribution of independent variables could interpreted variations in the independent variables. Coefficient of determination in this study is 0.102, meaning that 10% from variation in dividend policy is influenced by the x variable which being studied.

The Analysis of Multiple Linear Regression

The formula for multiple linear regression analysis in connection with dividend policy in this research could be obtained as follows:

$$DIV = 0.084 + 0.036\ (JML) + 0.392\ (IND) - 0.464\ (GEND) + 0.0003\ (SIZE) - 0.262\ (PROF) + 0.556\ (FREE).$$

Constant value = 0.084 meaning that independent variables are considered fixed then dividend policy which is 0.084. The coefficient of the number of commissioners (JML) is 0.036, this indicates that an increase of 1 will lift the value of dividend policy by 0.036. The Coefficient of Proportion of Independent Commissioners (IND) is 0.392, this illustrates that an increase of 1 unit can increase dividend policy by 0.392. Coefficient of Gender Equality on Board of Commissioners (GEND) is -0.464, this indicates that there is an increase of 1 unit, it can reduce the value of the dividend policy by 0.464. Firm size coefficient (SIZE) is 0.0003, which illustrates that an increase of 1 can improve the value of the dividend policy by 0.0003. Profitability Coefficient (PROF) is -0.262 which illustrates that an increase of 1 can reduce the value of the dividend policy by 0.262. The coefficient of Free Cash Flow (FREE) is 0.556, which illustrates that if there is an increase of 1 unit, then it will boost the dividend policy by 0.556.

T-Statistical Test

Table 9. T- Statistical Test Results

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.084	.552		.153	.879
Number of Commissioners	.036	.017	.200	2.078	.039
Proportion of Independent Commissioners	.392	.236	.122	1.662	.098
Gender Equality on the Board of Commissioners	-.464	.185	-.180	-2.512	.013
Firm Size	.000	.021	.001	.014	.989
Profitability	-.262	.453	-.049	-.578	.564
Free Cash Flow	.556	.276	.175	2.015	.045

Source: Data Processed by the Author (2022)

The T-statistical test results above could be interpreted that the Number of Commissioners (X1) and Free Cash Flow (X5) the amount of influence will be 0.039 and 0.045 below 0.05 the conclusions H1 and H6 are accepted, meaning that the total of Commissioners and Free Cash Flow have strong positive role for Company dividends Policy. The proportion of the Commissioner's Gender has significant negative impact with value of 0.013. While the other independent variables Independent Commissioner (X2), Firm Size (X4), Profitability (X5) have different results which have no impact with significant value which exceed 0.05 to the dividend policy of company..

Discussion

In accordance with the tests results which have been conducted previously, so for this discussion would be divided into six parts, namely the impact from the number of commissioners, the proportion of independent commissioners, gender representatives on the company's board of commissioners, firm size, profitability and free cash flow on dividend policy.

This research results has been confirmed that a huge number of commissioners are actually plays crucial parts in decision making of dividend policy. Huge number of commissioners brought impact to the company's capacity to overcome the agency conflicts with shareholders and management in the company. This statement based on (Padil and Adawiyah 2019), (Adamu et al. 2017), (Bangun et al. 2018), (Elmagrhi et al. 2017) and (Putri

2020). While the opposite result has been found on research from (Sanan 2019), (Limbong and Darsono 2021) and (Cahyadi et al. 2018) who stated the results otherwise.

Research results stated the proportion of independent commissioners in a company is usually lower than the number of commissioners in a company. According to (Cahyadi et al. 2018) the voting rights for independent commissioners have insignificant influence towards the dividend policy of company because the number of independent commissioners is only act as complement to the company. These results are in accordance with previous research from (Mangasih and Asandimitra 2017), (Cahyadi et al. 2018), (Bangun et al. 2018), (Anam and Hendra 2020), and (Elmagrhi et al. 2017). Whereas research by (Padil and Adawiyah 2019), (Adamu et al. 2017), (Putri 2020), (Pucheta-Martínez and Bel-Oms 2016), (Limbong and Darsono 2021), and (Setiyowati and Sari 2017) shows the different results which stated that the independent commissioners has significant influence towards dividend distribution policy.

The data has been proven that the role of female commissioners in decision-making will lead to a wider variety of ideas and diverse perspectives which actively added in corporate strategic decisions which is the decision to pay or not pay dividends within the company. The uncertainty of market will causes the position of women as commissioners are tend to make decisions in order to maintain funds through reduction in dividend distribution. Based on (Fauziah and Probohudono 2018) part of women in the board of commissioners is to anticipate problems where women have the character of prioritizing their own interests, with the involvement of women in the decisions making which will capable to influence and fix the problems which raise between the capital owners and management. This outcomes supported the research from (Padil and Adawiyah 2019), (Fauziah and Probohudono 2018), (Chen et al. 2017), (Risfandy et al. 2021) and (Adamu et al. 2017). But the opposite results had been revealed by (Sanan 2019), (Elmagrhi et al. 2017), and (Saeed and Sameer 2017) who found that the effectiveness of women as commissioners which will not impact to the dividend payments.

Large companies tends to allocate their working capital to investments and other strategic projects compared to paying dividends. According to (Budiman and Harnovinsah 2016) and (Ali et al. 2018) companies which catagorized as large did not necessarily convenient to the loan and capital markets because business conditions and competition are very tough. These statement are supported the research from (Budiman and Harnovinsah 2016), (Ali et al. 2018), (Fauziah and Probohudono 2018)and (Gusni 2017). While, there are research which opposite to this results such as (Rachmawati et al. 2017), (Al-Qahtani and Ajina 2017), and (Rais and Santoso 2018) who declared that company size has strong impact towards dividend policy of company.

These Companies tend to allocate its retained earnings in order to developed projects which more profitable in an effort to get maximum profits and increase the company equity for the coming year (Rais and Santoso 2018). Furthermore, to anticipate uncertain economic conditions in the future, companies are likely to withhold company profits to remain on the company's side. Thus, its profitability has no influence on the company's ability to make dividend decisions. Those results based on results by (Rais and Santoso 2018), (Widayanti 2020), (Bawamenewi and Afriyeni 2019), (Septian and Lestari 2016), and (Gusni 2017). According to the research results of (Gusni 2017) which indicates that profitability did no affect the dividend policy. The negative influence which occurs between profitability and dividend policy shows that companies with higher profitability will pay less dividends when viewed with companies that have lower profitability, conversely, and low levels. Meanwhile, the opposite results has been found in the research of (Fauziah and Probohudono 2018), (Kurniawan and Jin 2017), (Adamu et al. 2017) and (Al-Qahtani and Ajina 2017) who revealed that company level of profitability has significant impact towards dividend policy.

Shareholders aims to the excess funds which need to distributed in order to increase their welfare and profits from the company, compared to funds invested in unprofitable company projects in the future. Thus, for those companies who generate large free cash flows are likely to settle off a huge sum of dividends in order to reduce wastage on unprofitable projects. The agency theory suggests that those companies which have a lot of free cash flow, need to pay higher the dividends thereby reducing agency conflicts with shareholders. Likewise through the theory of Bird In The Hand which suggests similar thing such as investors will not invest in companies if they receive dividend allocations for a long time. Investors will be willing to pay a higher price for dividend-paying companies. These results based on previous study which performed by (Jayanti and Puspitasari 2017), (Firth et al. 2016), (Tijjani and Sani 2016), (Andriani and Ardini 2016) and (Limbong and Darsono 2021).

Research (Jayanti and Puspitasari 2017) shows the higher cash position, the higher dividend would be paid off. For those Companies who have greater free cash flow will pay higher dividends in order to decrease the possibility of these funds being wasted on high-risk investments. While the research results from (Rais and Santoso 2018), (Kurniawan and Jin 2017), (Budiman and Harnovinsah 2016) and (Sanan 2019) said the opposites which stated that the free cash flow of company did not have significant impact on dividend policy.

CONCLUSIONS

Build from the research results and those analysis conducted towards companies in the manufacturing industry sector which have been registered on the IDX during 2018-2020, therefore it is interpreted that number of Commissioners and Free Cash Flow have significantly positive influence towards Dividend policy, however, Gender Representative on Board of Commissioners has significantly negative impact towards the dividend policy. Furthermore, proportion of Independent Commissioners, firm size and Profitability did not have significant affect on dividend policy.

This study has limitations which cause the analysis results has less than perfect, for instance the research data is processed only in manufacturing industrial companies with sampling period for 3 years (2018 – 2020). There are also the limitations in research variable which is only board of commissioners for company without looking at management side, such as the directors of company who plays fundamental role in running the company directly and determine dividend decisions. In addition, other independent variables used, such as firm size, profitability and free cash flow it is hope that it could be replaced in the next analysis with other independent variables. Therefore, it is expected that future researchers can perform similar research with using other than manufacturing company which have been registered on the IDX. For further dividend research, it is expected can adding those variables from the company's internal management such as company directors who play significant role in running the company directly and have crucial part in Influencing the dividend policy.

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