The Effect of Board Gender Diversity on Dividend Payments: Evidence from Indonesia

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Abstract

This research aims to analyze the impact of board gender diversity on dividend payments in Indonesia. Indonesia is one of the emerging economies. Some of the institutional specificities of emerging economies are the lack of protection of minority shareholders' rights, and market uncertainty may increase agency problems that raise doubts about future cash flows such as dividend payments. This research uses the data of listed firms from Indonesia Stock Exchange over the period 2013-2016. The data collection method uses purposive sampling. Indonesia implements a two-tier system that has directors and commissioners. We find evidence indicating that women directors are negatively related to the dividend payment, while women commissioners have positively related to the dividend payment. Moreover, we find that women independent directors, women executive directors, and women executive commissioners are positively associated with dividend payments, while women independent commissioners do not have an effect on dividend payments. The sample in this study is limited because the payment of dividends is not a necessity. This study provides the view that board gender diversity can create systems that make better decisions and encourage women to have a chance to participate in top management.

JEL: M40

Keywords: Board Gender Diversity, Dividend Payments, Agency Theory.

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1. Introduction

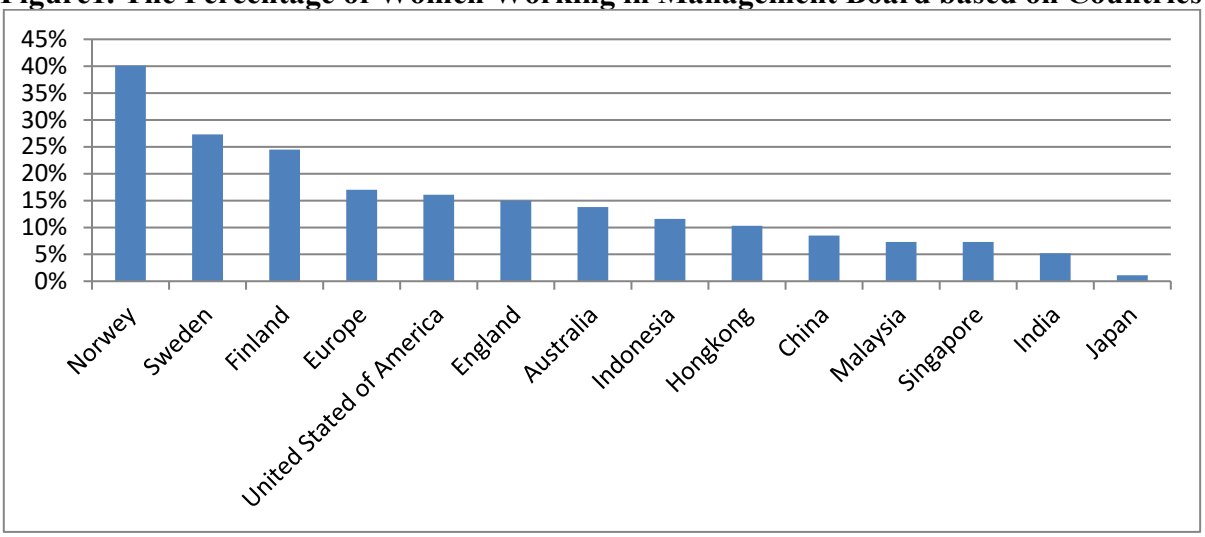
Many previous researchers have studied the characteristics of board directors, like the size of the board (Van Pelt, 2013), that can affect the dividend payment policy. However, research examining the relationship between gender diversity and dividend payment is still scarce, especially studies conducted in developing countries. Investors have had increasing concerns about companies' returns in recent years, especially in developing countries. Characteristics of a developing country include the lack of minority rights protection, broad government ownership, and market uncertainties that make predictions about dividend policy difficult (Saeed and Sameer, 2017).

Based on the agency theory, the manager can take the opportunity to harness the company's resources for their own advantage. However, the owner also has the right to give a limitation to the manager to protect the shareholders' rights. One of the ways to reduce this agency problem is by making a dividend payment to the shareholders. The higher dividend payment to the shareholders can prevent the cash from flowing to the manager (Ben-Nasr, 2015). Ang Fatemi and Tourani-Rad (1997) show that companies with abundant profits will choose to retain their earnings because the returns earned from dividend payments may not be as large as when the profit is reinvested. Based on that opinion, there is a tendency that the company will hold cash and pay dividends with a small amount. Therefore, the shareholders also try to protect their importance by insisting the company increase the independent board and gender diversity in the company's management. According to Saeed and Sameer (2017), board diversity and the existence of an independent board can protect the minority's rights and also increase supervision to reduce the chance of resources take over by management.

Diversity is when people think differently (Saeed and Sameer, 2017). So, gender diversity is expected to be able to make the process of decision-making based on different points of view easier. Based on the research done by Grant Thornton Institution (2017), it is found that men and women see the risk and opportunity from different points of view. The attributes required to succeed in a top-level position, such as firmness, resilience, and leadership skills, are closer to those usually associated with men, not women (Heilman, Block, Martell, and Simon, 1989). As a result, women are often considered deficient in the qualities required to succeed at the top level. The lack of conformity between the stereotypical attributes of women and the requirements of this work leads to the conclusion that women are less able to handle the jobs normally dominated by men. Such stereotypes can inhibit women's careers from occupying top management. In general, men are considered more competitive, confident, and braver in taking risks (Eckel, 2008). However, this result conflicts with the one stated by Sila, Gonzalez, and Hagendorff (2015) that a board with more women (a higher female proportion) takes no more or less risk-taking decisions than a board dominated by men. So it is unclear whether men or women should have the same chance to be in top management positions and whether they show the same likelihood of taking risks. Women seem to have a comparative advantage related to product diversification and tasks related to communication (Schubert, 2006). It is expected that a board's gender diversity can increase innovation and lead to broader consideration in the process of decision-making (Amason, 1996; Chen, Liu, and Tjosvold, 2005).

Some countries have special laws to encourage women's participation in the company's board expected to be able to improve the financial performance. Some countries like Norway apply a quota system requiring companies to have 40% women on their board to support the gender equity of the workforce. Australia also applies gender diversity in their corporate governance policy. In ASEAN, there are only a few countries applying gender diversity in their corporate governance policy. In 2012, Indonesia was ranked 8th among countries that have women who occupy the ranks of management. Below is the percentage of women working on board in some countries:

Figure1. The Percentage of Women Working in Management Board based on Countries



Source: CGIO (2012)

Based on Figure 1, it can be summarized that Norway has the highest percentage of women working in management, while Japan has the lowest. Compared to other countries in ASEAN, Indonesia has the highest percentage of gender diversity compared to Malaysia and Singapore. Based on the report issued by the consultation institution Grant Thornton in 2015, ASEAN is in the second rank of the area, having the greatest number of women who work as a director after East Europe. Countries in ASEAN have quite a high level of gender diversity, such as the Philippines, Thailand, and Indonesia. By 2015, the Philippines and Thailand were able to outperform Indonesia by 39% and 37%, while Indonesia is at 36%. It is supported by the women's emancipation movement demanding gender equity that encourages women to keep going forth, have a high level of education, and have promising careers. Women are also considered to have good performance and are able to maintain a good relationship with the stakeholders. However, is it just by their existence the women directors and women commissioners can affect the dividend payment? This research will investigate the effect of women's existence in the directors and commissioner toward the dividend payment in Indonesia over the period 2012-2016.

The existence of women on the board is expected to be able to reduce the agency problem. The shareholders emphasize women's existence on the board because there is a belief that women can understand the shareholders well. Women have a tendency towards a high degree of carefulness and tend to avoid risks. Women can increase the likelihood of distributing dividends, as they will demand more control mechanisms from the management team and make better decisions that have positive impacts on shareholders. However, women also seem to be more cautious in facing risks. Their attitude tends towards risk aversion and may be able to affect the decision of the women director in approving various decisions related to the company's welfare. According to Huang and Kisgen (2013), women directors are less skilled in terms of debt management. Women directors are also less brave in making investments in the uncertain market, so they tend to reduce the cash expenditure, like dividend payments and hold the company's cash during the uncertain market period (Dwyer, Gilkeson, and List, 2002). In fact, uncertain market conditions really tend to happen in countries with developing economies. On the other hand, women also have superiority in building communication channels creating harmony with the external stakeholders to reduce agency problems (Adams and Ferreira, 2009) and ease of access to resources (Hillman, Canella, Jr, and Harris, 2002).

Ease of access to resources can reduce the intentions of women directors and women commissioners to withhold cash when market uncertainty occurs.

This study will focus on Indonesia as a country applying the two-tier system. The application of a two-tier system also encourages many women in the upper echelon level because there are both a board of directors and a board of commissioners. The writer chose Indonesia because of two reasons. First, as explained by Ferry (2016) that Indonesia does not have corporate governance guidelines discussing gender diversity. Even though there is no special regulation, Indonesia has a high gender diversity level in ASEAN because of the two-tier system application. Second, Indonesia is included as a developing country, so it tends to be weak in terms of investor protection resulting in the uncertainty of dividend payment. Thus, the writer wants to compare the effect of gender diversity on directors and commissioners towards dividend payments in Indonesia.

2. Theoretical Framework and Hypothesis Development

2.1. Agency Theory

Agency theory focuses on the conflict occurred in the company based on the contractual relationship between the principal and agent (Jensen and Meckling, 1976). Based on that theory, the manager has the chance to take the chance by using the company's resources for his/her own importance. However, the owner also has the right to limit the manager's importance in protecting the shareholders' rights. One of the ways to reduce this agency problem is by paying a dividend. According to Jensen (1986), dividend acts as a mechanism to reduce agency problems arising from the conflict between the owner and management.

The existence of agency relationships can trigger internal parties to know more information than external parties. If more corporate information is held by either party, the emergence of asymmetric information will increase. Asymmetric information between the owner and management will increase the agency problems resulting in the owners being pessimistic about the future cash flow.

La Porta, Lopez-de-Silanes, Shleifer and Vishny (2000) provide the view that companies with poor corporate governance will use dividend payouts as an alternative way to build a company's reputation in the eyes of shareholders. To avoid this, shareholders demanded gender diversity in both boards of directors and commissioners. Gender diversity at the board level is believed to be able to give effective supervision to the management and tends not to use the dividend as a tool for reputation building (Adams and Ferreira, 2009). It shows that gender diversity can also reduce agency problems. By having a diverse board, the company is expected to have better management which then can give stronger protection to the shareholders. Generally, dividend policy is the most important thing in the context of developing countries considering the government's weak condition and concentrated ownership, so it is difficult for the minority shareholders to exert their rights. In that situation, it is expected that the diverse board will be better able to protect the shareholders' rights.

2.2. Dividend Policy

Dividend payment policy is one of the most important conflicts between managers and shareholders related to the free cash flow problem. A dividend policy is the sharing of cash or stock with the shareholders. Based on Indonesian Law no 40/2007Article 70, the company can distribute dividends if the company has positive earnings. The company must spare a certain amount from its net profit each year as cash reserves at least 20% of the total amount of paid-in capital and issued capital. The whole net profit, after being reduced by cash reserves, will be shared with the shareholders as a dividend.

According to the research done by Jensen (1986), the dividend can solve agency problems. Paying a dividend can reduce the transfer of funds for the benefit of the manager, not the interests of shareholders (Bradley et al., 1998). Stability of income is one of the most important factors in making dividend decisions because of the company's concern about future cash (Lintner, 1956). Managers tend to be reluctant to pay high dividends unless they are confident of their cash flow ability to maintain such high dividends (Chay and Suh, 2009). Companies that have high cash flow uncertainty will choose to pay low dividends for fear of future cash shortfalls (Bradley et al., 1998; Chay and Suh, 2009).

2.3 Women's characteristics on boards

Currently, there are many motivations for the shareholders to increase the number of women on the board, whether in the directors or commissary. It is because of women's characteristics believed to be able to give an advantage to the shareholders. Women understand more about what the shareholders want. Women on boards usually have a strong relationship with the diverse society channel that implies ease in accessing resources (Hillman *et al.*, 2000). The easy access to resources is because women can build communication channels and harmony with the external stakeholders to reduce the agency cost, gain support and also create legitimacy in the external environment (Adams and Ferreira, 2009). A board with a greater proportion of women shows superior financial management related to loan quality in the period after the financial crisis (Ward and Forker, 2015) because women tend to take the right decision with low risk.

The benefits of gender diversity in the board of directors or board of commissioners can improve decision-making by taking in different perspectives (Adams and Ferreira, 2009). In this case, women directors have superior financial analysis ability but tend to be less brave in taking risks, while the male ones tend to be brave in taking risks, especially when the company's finance is in critical condition. That is why gender diversity is expected to help in taking an accurate decision with low risk. Board gender diversity can increase supervision (Adams and Ferreira, 2009). Women directors also tend to work in committees related to supervision more than male ones. Specifically, women tend to be put in charge of auditing corporate governance. Board gender diversity can be used to improve the legitimacy and reputation of the organization (Hillman *et al.*, 2000). It also raises the company's value because the existence of women on the board reflects that there is no gender discrimination in the company, which will give a positive impression to the investors and society.

2.4 Hypothesis Development

2.4.1 The Proportion of Women Directors towards Dividend Payment

Women are also more cautious in facing risks. There are many disturbances that can raise the chance of financial risks, like market uncertainty. Women directors tend to choose to hold cash during market uncertainty periods to protect the company's finance. According to Marter and Lighthall (2012), when faced with an uncertain condition, women tend to be afraid, while men tend to be angry. Those emotions have an impact on decision-making, such as when someone is afraid, she will try to reduce taking risks, while someone is angry, he will be brave to take risks. This condition can also strengthen the belief that men tend to be brave in taking risky decisions compared to women. De Cabo, Gimeno, and Neito (2012) investigate gender diversity in the banking sector. The percentage of women in banking sector management is believed to be low because it is prone to risks, and market conditions will be affected by each decision made. The high risk related to the developing countries market and the tendency of women directors to avoid risks make most women directors minimize the environmental risks by holding cash and paying a low dividend (Saeed and Sameer, 2017).

H1. *The Proportion of Women Directors Negatively Affects the Dividend Payment Policy*

2.4.2 The Proportion of Women Commissioner towards the Dividend Payment

The existence of women on the board is expected to be able to reduce agency problems and improve corporate governance. Shareholders emphasize the existence of women on the management board because there is a belief that women can understand shareholders well. The existence of experienced women usually has a strong relationship with various societal channels implying the advantage in access to resources (Hillman *et al.*, 2000). It is possible because women can build communication channels and harmony with the external stakeholders to reduce agency costs at the board level and gain support and also create legitimacy in the external environment (Adams and Ferreira, 2009). Ease in accessing capital can prevent commissioners from holding cash in times of crisis. In addition, women tend to focus on control mechanisms (Gul, Srinidhi, and Ng, 2011).The increase of the number of women in the commissioner will make the probability of dividend payment will be greater because women commissioners will demand more control mechanisms from the management team and also make better decisions that have positive impacts on the shareholders.

H2. *The Proportion of Women Commissioner Positively Affects the Dividend Payment Policy*

2.4.3 The Proportion of Independent Women Directors towards Dividend Payment

The stakeholders need a representative on the independent board to protect their assets. Hillman *et al.* (2002) prove that most women directors come from a non-business career; they often get to higher positions by showing professional performance and outstanding education. It implies that women directors do not have any connection channel with other parties. Independent directors are more conservative than internal ones and can help reduce agency costs incurred from asymmetric information between the shareholder and manager. They have the incentive to make the right decisions to defend the company's reputation (Probohudono, Tower, and Rusmin, 2013). According to Zhu, Ye, Tucker, and Chan (2016), independent directors can contribute to decision-making, and independent directors are considered more courageous to confront management, especially related to finances. They can also limit the manager's opportunistic behaviour, which often harms the shareholders. Thus, independent women directors tend to choose to pay dividends than to hold the profit (Prasanna, 2014).

H3. *The Proportion of Independent Women Directors Positively Affects the Dividend Payment Policy*

2.4.4 The Proportion of Independent Women Commissioners towards Dividend Payment

Independent parties are considered to be the optimal security of shareholder value by closely monitoring the management team (Andrés, 2017). Independent commissioners can act as good supervisors for shareholders' importance to reduce agency problems (Sharma, 2011). Based on the research done by Adams and Ferreira (2009), women can monitor managers' behaviour more effectively than men by monitoring through discussion and better communication with the staff, and they can present a better independent thought. This is important to be done to check opportunistic activities and give better control to the management (Adams *et al.*, 2010). Women independent commissioners exercise direct supervision of the payment system to align shareholder and management interests such as dividends (Holmstrom and Milgrom, 1994).This is done to align shareholder and management interests. Therefore, more and more independent women commissioners will tighten supervisory management such as by monitoring dividend payments.

H4. *The Proportion of Independent Women Commissioners Positively Affects the Dividend Payment Policy*

2.4.5 The Proportion of Women President Directors toward the Dividend Payment

Women executives tend to see the interests of the company from the point of view of different shareholders, and they seem less concerned with their responsibility to distribute dividends (Lintner, 1956). Many big projects require extra attention from a director than just thinking about dividends. The women president directors can lower dividend payments because they do not have the need to use the dividend payment as a supervising mechanism (Francis, Hasan, Park and Wu, 2014). Moreover, Ruiz-Barbadillo *et al.* (2007) argue that women presidential directors tend not to support dividend payment because this mechanism needs much supervision of management activities. Van Pelt (2013) also supports the negative impacts of dividend payment by the executive director in management.

H5. *The Proportion of Women President Directors Negatively Affects the Dividend Payment Policy*

2.4.6 The Proportion of Women President Commissioner towards the Dividend Payment

The commissioner is in charge of overseeing the company's operations to fit the company's goals. Taking into account the welfare of shareholders is one of the company's goals. According to research by Petrides and Furnham (2006), there is no difference between the leadership style of a women commissioner and a male commissioner, and they are equally brave in taking financial risks. Women use interactive leadership styles by encouraging member participation and sharing of power and information (Alimo-Metcalfe, 2010). Women not only think of their own interests but also the interests of shareholders. This may encourage women commissioners to pay dividends because dividends are one of the stakeholders' greatest interests. Thus, the writer assumes that a female commissioner at the presidential level will make greater dividend payments because this mechanism is in line with the company's goals.

H6. *The Proportion of Women President Commissioner Positively Affects the Dividend Payment Policy*

3. Data and research design

3.1 Sample

This research focuses on Indonesia. The writer chose Indonesia because of several reasons. First, as explained by Ferry (2016) that Indonesia does not have corporate governance guidelines about gender diversity. Even though there are no special rules, Indonesia has a higher gender diversity level because it applies a two-tier system. Second, Indonesia is still included as a developing country. Developing countries tend to be low in investor rights protection, so there is uncertainty in dividend payment. That is why the writer wants to indicate the effect of gender diversity towards dividend payments in Indonesia.

The sampling method used in this research is purposive sampling with the criteria as follows:

1. The companies noted in the Indonesian Stock Exchange 2012-2016.
2. Those having profit with positive value.
3. Paying cash dividends during 2012-2016 to shareholders and the nominal is stated in the rupiah currency.
4. Companies providing annual reports and financial reports during the 2012-2016 period.
5. Having women as directors and commissioners.

4. Research Methodology

A dividend is a profit sharing to the shareholders in the form of cash or stock. A higher dividend payment to the shareholders can prevent some cash from flowing into the manager (Ben-Nasr, 2015), so a dividend is often used as one of the ways to reduce agency problems. Dividend measurement is done by using the dividend payout ratio (DIVPR) as used in Amidu and Abor (2006). DIVPR is often used to test the dividend in studies. DIVPR is formulated as dividend per share to earnings per share.

As an independent variable, DDW is formulated as a total of women directors to a total number of directors on the board. DKW is formulated as a total of women commissaries to a total number of commissaries on the board. DDIW is formulated as a total of women independent directors to a total number of directors on the board. DKIW is formulated as a total of women independent commissaries to a total number of the commissaries on the board. DDUW is formulated as a total of women president directors to a total number of directors on board. DKUW is formulated as a total of women presidents commissioners to a total number of commissioners.

As control variables, Firm size is formulated as total assets (log). ROA is formulated as net profit to total assets. Industry types are grouped into three industrial types issued by the Indonesian Stock Exchange consisting of: (1) main industry, (2) manufacture industry, and (3) service industry. Those variables will be measured by using a dummy variable. Two industry dummies are used to capture the industry effect since one of the three categories serves as a reference category.

4.1 Research Model

The writer uses dividend payout ratio to measure the dividend payment to the shareholders. The model to test our hypotheses is as follows:

$$DIVPR = \alpha + \beta_1 DDW_{it} + \beta_2 DKW_{it} + \beta_3 DDIW_{it} + \beta_4 DKIW_{it} + \beta_5 DDUW_{it} + \beta_6 DKUW_{it} + \beta_7 FIRMSIZE_{it} + \beta_8 ROA_{it} + \beta_9 IND_{it} + \varepsilon_{it}$$

Legends: DIVPR (Dividend Payout Ratio) = dividend per share/earning per share; DDW = women directors/total number of directors; DKW=women commisioner/total number of commisioner; DDIW = women independent directors/total number of directors; DKIW = women independent commisioner/total number of commisioner; DDUW= women president directors/total number of directors; DKUW= women president commisioner/ total number of commisioner; Firmsize= total asset (log) ; ROA (*Return of Asset)* = net profit/total asset; IND (Industry types) = grouped into three industry types measured by using dummy variable.

5. Discussion

The object of this research is Indonesia because it has the third highest gender diversity after the Philippines and Thailand, according to the report of Grant Thornton in 2015. This research uses secondary data collected from the annual report or financial report of the companies enlisted in the Indonesian Stock Exchange in 2012-2016. This research uses the method of purposive sampling with the criteria as follows:

Table 1. Sample

The population of the companies enlisted in 2012-2016	1312
Not paying a dividend for five years consecutively	(953)
Paying dividends in US dollars	(40)
Negative value profit	(24)

Not having a women director or commissioner	(124)
Outliers data	(11)
The number of samples	160

Source: Secondary data that has been processed

From the data retrieval process, there are 171 companies that meet the criteria to be sampled. However, there are 11 data belonging to data outliers, so these were omitted from the sample. Thus, the sample to be used in this study amounts to 160.

5.1 *Descriptive Statistics*

Descriptive statistics can give the data description through the comparison of minimum value, maximum value, mean, and standard deviation.

Table 2. Descriptive Statistics based on the Year

PANEL A 2012					
	N	Minimum	Maximum	Mean	Std. Deviation
DIVPR	31	,08	,61	,2649	,14976
DDW	31	0,00	,67	,1910	,17251
DKW	31	0,00	,60	,1866	,16317
DDIW	31	0,00	,33	,0307	,07968
DKIW	31	0,00	,50	,0760	,13183
DDUW	31	0,00	,33	,0148	,06323
DKUW	31	0,00	,25	,0287	,07351
FIRMSIZE	31	178227000000,0	111749000000000,0	16045660677419,4	29001210026051,4
ROA	31	,02	,26	,0887	,05679
IND1	31	0,00	1,00	,7742	,42502
IND2	31	0,00	1,00	,0968	,30054
PANEL B 2013					
	N	Minimum	Maximum	Mean	Std. Deviation
DIVPR	31	,10	,58	,3135	,15100
DDW	31	0,00	,50	,1860	,17260
DKW	31	0,00	,60	,1803	,16873
DDIW	31	0,00	,50	,0559	,11418
DKIW	31	0,00	,67	,0935	,16400
DDUW	31	0,00	,33	,0280	,08907
DKUW	31	0,00	,33	,0297	,07878
FIRMSIZE	31	199353000000,0	131170000000000,0	14844340225806,5	26648834082963,5
ROA	31	,01	,32	,0839	,06375
IND1	31	0,00	1,00	,7419	,44480
IND2	31	0,00	1,00	,1290	,34078
PANEL C 2014					
	N	Minimum	Maximum	Mean	Std. Deviation
DIVPR	34	,07	,72	,3096	,16642
DDW	34	0,00	,57	,1898	,18342
DKW	34	0,00	,67	,1805	,16120
DDIW	34	0,00	,50	,0659	,12180

DKIW	34	0,00	,33	,0642	,10922
DDUW	34	0,00	,33	,0326	,08815
DKUW	34	0,00	,25	,0328	,07058
FIRMSIZE	34	242605000000,0	144582000000000,0	20432106617647,1	35694214549963,8
ROA	34	,00	,38	,0773	,06659
IND1	34	0,00	1,00	,7647	,43056
IND2	34	0,00	1,00	,1176	,32703
PANEL D 2015					
	N	Minimum	Maximum	Mean	Std. Deviation
DIVPR	32	,09	,58	,3213	,14845
DDW	32	0,00	,55	,1889	,17632
DKW	32	0,00	,67	,2432	,15914
DDIW	32	0,00	,33	,0532	,10298
DKIW	32	0,00	,33	,0987	,11814
DDUW	32	0,00	,33	,0289	,08176
DKUW	32	0,00	,33	,0398	,08593
FIRMSIZE	32	282333000000,0	171808000000000,0	23539154468750,0	43108607656289,5
ROA	32	,00	,16	,0583	,03757
IND1	32	0,00	1,00	,7500	,43994
IND2	32	0,00	1,00	,1250	,33601
PANEL E 2016					
	N	Minimum	Maximum	Mean	Std. Deviation
DIVPR	32	,03	,75	,3027	,19002
DDW	32	0,00	,50	,2022	,16546
DKW	32	0,00	,67	,2310	,15053
DDIW	32	0,00	,33	,0631	,09737
DKIW	32	0,00	,33	,0910	,11373
DDUW	32	0,00	,25	,0294	,07144
DKUW	32	0,00	,25	,0255	,06550
FIRMSIZE	32	386460000000,0	214168000000000,0	28407285312500,0	49950379185276,6
ROA	32	,00	,18	,0589	,04338
IND1	32	0,00	1,00	,7500	,43994
IND2	32	0,00	1,00	,1250	,33601

Legends : DIVPR(Dividend Payout Ratio) = dividend per share/earning per share; DDW = women directors/total number of directors; DKW=women commisioner/total number of commisioner; DDIW= women independent directors/total number of directors; DKIW = women independent commisioner/total number of commisioner; DDUW= women president directors/total number of directors; DKUW=women president commisioner/ total number of commisioner; Firmsize= total asset (log) ; ROA (*Return of Asset)*=net profit/total asset; IND (Industry types) = grouped into 3 industry types measured by using dummy variable.
Source:Secondary data that have been processed

Based on table 2 it can be seen that the dividend fluctuates every Year. Increases in 2013 but in 2014 decreased by 0.0039. Then there was an increase in 2015 of 0.0117 and a decline again in 2016. The highest average DIVPR variable occurred in 2015 at 0.3213.

Figure 2 shows the proportion of women directors experiencing fluctuations. The women board of directors (DDW) decreased in 2013 by 5% from 2012. Then, the increasing number of women directors continue to occur from 2014 to 2016. Based on table 2, the highest DDW average was in 2016 at 0, 2022. Figure 2 shows the proportion of women commissioners

(DKW) also decreased in 2013 by 1%. Subsequently, an increase in the number of women commissioners continued to occur from 2014 to 2016. Table 2 shows the highest average of 0.2432 occurring in 2015. Overall, figure 2 shows that the number of women in 2012-2014 was mostly in director positions, but in 2015-2016 there was a significant increase in women who became a commissioner.

Table 2 shows the highest average in the independent women director variable (DDIW) in 2014 of 0.0659. Figure 3 shows the number of independent women directors continuing to increase. While the proportion of women independent commissioners (DKIW) variable showed an increase and decrease. The increase occurred in 2013 but declined in 2014 by 1%. A significant increase in the number of DKIW re-occurs in 2015 and 2016. Table 2 shows the highest average occurred in 2015 amounted to 0.0987. As a whole, Figure 2 shows that more women are in independent commissioners positions. Women also tend to sit on committee-related supervision, particularly in assigned to audit corporate governance (Adams and Ferreira 2009).

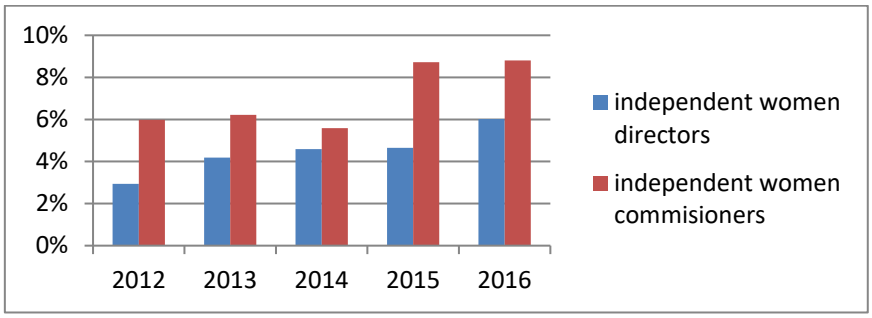
Figure 4 shows the number of women president directors (DDUW) having increased and decreased. The number of directors that occurred in 2014 was as many as six people. Table 3 shows the highest mean for president women directors variable (DDUW) of 0,0326 in 2014. The president-women commissioner variable (DKUW) also fluctuated. There was a 0.2% decrease in 2013 and a significant increase in 2014 by 1%. Table 3 shows the highest average of 0.0398 in 2015 and the lowest average of 0.0255 in 2016. Overall the number of women who occupy the positions of president, director and president commissioners tends to be low. Schein's (1975) study results show the profile of successful managers closer to the profile of men than to ordinary women so that the position of men as leaders is considered more appropriate than women.

The highest ROA value was in 2014 at 0.38, and the highest average of 0.0887 in 2012. The firm size variable (FIRMSIZE) continues to increase every year, and the highest average is Rp 28.407.285.312.500 in the year 2016.

Figure 2. Comparison of Proportion of Women Directors and Women Commissioners Per Year

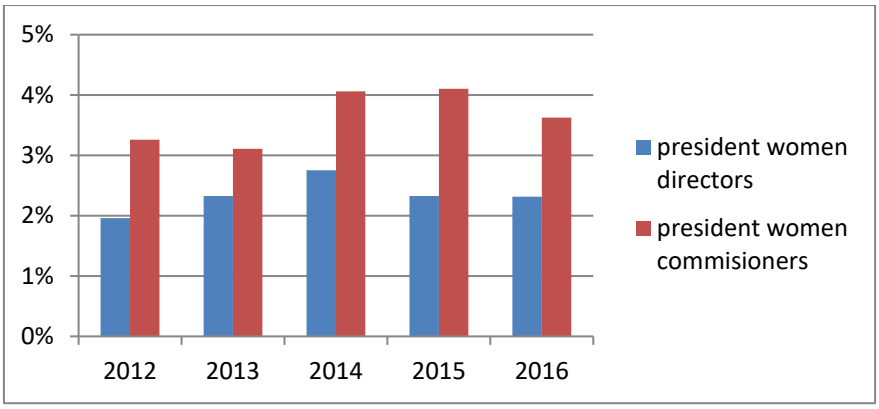
Source: Secondary data that has been processed

Figure 3. Comparison of Proportion of Independent Women Directors and Independent Women Commissioners Per Year



Source: Secondary data that has been processed

Figure 4. Comparison of Proportion of President Women Directors and President Women Commissioners Per Year



Source: Secondary data that has been processed

5.2 *Hypothesis Examination Result*

Table 4. Regression Result based on Variable (Pooled Data)

VARIABLE	TAHUN	N	MEAN	t	Sig
DDW	2012	31	,1910	-4,220	,000*
	2013	31	,1860		
	2014	34	,1898		
	2015	32	,1889		
	2016	32	,2022		
	TOTAL	160	,9580		
DKW	2012	31	,1866	1,821	,071***
	2013	31	,1803		
	2014	34	,1805		
	2015	32	,2432		
	2016	32	,2310		
	TOTAL	160	1,0215		
DDIW	2012	31	,0307	2,221	,028**
	2013	31	,0559		
	2014	34	,0659		
	2015	32	,0532		
	2016	32	,0631		

	TOTAL	160	,2687		
DKIW	2012	31	,0760	-,513	,609
	2013	31	,0935		
	2014	34	,0642		
	2015	32	,0987		
	2016	32	,0910		
	TOTAL	160	,4235		
DDUW	2012	31	,0148	2,547	,012**
	2013	31	,0280		
	2014	34	,0326		
	2015	32	,0289		
	2016	32	,0294		
	TOTAL	160	,1337		
DKUW	2012	31	,0287	2,150	,033**
	2013	31	,0297		
	2014	34	,0328		
	2015	32	,0398		
	2016	32	,0255		
	TOTAL	160	,1565		
ROA	2012	31	,0887	1,245	,215
	2013	31	,0839		
	2014	34	,0773		
	2015	32	,0583		
	2016	32	,0589		
	TOTAL	160	,3670		
IND1	2012	31	,7742	,222	,824
	2013	31	,7419		
	2014	34	,7647		
	2015	32	,7500		
	2016	32	,7500		
	TOTAL	160	3,7808		
IND2	2012	31	,0968	,776	,439
	2013	31	,1290		
	2014	34	,1176		
	2015	32	,1250		
	2016	32	,1250		
	TOTAL	160	,5935		
FIRMSIZE	2012	31	1,60457E+13	-1,457	,439
	2013	31	1,48443E+13		
	2014	34	2,04321E+13		
	2015	32	2,35392E+13		
	2016	32	2,84073E+13		
	TOTAL	160	1,03269E+14		

*significant at 1% level, **significant at5% level, ***significant at 10% level

Legends : DIVPR(Dividend Payout Ratio) = dividend per share/earning per share; DDW = women directors/total number of directors; DKW=women commisioner/total number of commisioner; DDIW = women independent directors/total number of directors; DKIW = women independent commissioner/total number of commissioners; DDUW= women president directors/total number of directors; DKUW= women president commissioner/ total number of the commissioner; Firmsize= total asset (log); ROA (*Return of Asset)* = net profit/total asset; IND (Industry types) = grouped into three industry types measured by using a dummy variable.
Source: Secondary data that has been processed

Table 4 gives results based on predictor variables. Regression results from the predictor variables in five years revealed that there was a significant influence with significance values at the level of 10%, 5%, and 1%. Table 4 shows the women director (DDW) negatively affecting dividend payouts and having a significance value of 0,000 (p-value <0.01). This indicates that more and more women directors will reduce the dividends paid. Then, the existence of women on the board of commissioners (DKW) has a positive effect on dividend payments with a significance value of 0.071 (p-value <0.1). This indicates that more and more women commissioners will increase the dividends paid. The woman who served as an independent commissioner (DDIW) also positively influenced the payment of dividends with a value of 0.28 (p-value <0.05). So more and more independent women directors will encourage higher dividend payouts. The president director of women (DDUW) also positively influences the payment of dividends with a value of 0,012 (p-value <0,05). This indicates that women directors will pay more attention to the interests of shareholders, such as dividends. The president women commissioner (DKUW) also positively influences the dividend payout with a value of 0.033 (p-value <0.05). This indicates that presidential women commissioners will pay more attention to the welfare of shareholders.

In the women's independent commissioner (DKIW) variable, ROA, industry type, and firm size have significant values more than equal to 10%, so it can be said that those variables do not affect dividend payout. So there are other factors outside the research that may affect dividend payouts.

4.3.Discussion

The hypothesis examination result shows that the effect of women directors on dividend payment is negatively significant; it means that the increase in the number of women directors will increase the chance to pay a lower dividend because women directors will tend to hold the cash during the market uncertainty which mostly happens in the countries with developing economy. Based on the research result, H1 is accepted. The result of this research supports the research done by Saeed and Sameer (2017) that the existence of women directors negatively affects dividend payment. It is proven that women tend to avoid risk because their attitude is more sensitive to risks (Hillman *et al.*, 2007). Based on the research done by Marter and Lighthall (2012), there is a tendency for a woman to be cautious when she faces risky conditions so that she will tend to avoid risk. Therefore, conditions of market uncertainty may cause a woman director to hold the cash by reducing the dividend payment.

The hypothesis examination result also shows that the effect of women commissioners on dividend payment is positively significant; it means that the increase in the number of women commissioners can increase the number of dividends paid. Based on the research result, H2 is accepted. The result of this research supports the research done by Purcheta-Martinez and Bel-Oms (2015), Chen *et al.* (2017), Byoun (2016), and Van Pelt (2013) stating that the existence of women on the commissioner board positively affects the dividend payment. Easy access to resources is possible because of women's ability to build communication channels and harmony with the external stakeholders to reduce agency problems and gain support and also create legitimacy in the external environment (Adams and Ferreira, 2009). Women seem to have comparative superiority regarding product diversity and tasks related to communication

(Schubert, 2006). The harmony with the shareholders makes the commissioner knows what is wanted by the shareholders and act for the importance of the company or the stakeholders. So, there is no reason for them to hold the cash

The results of hypothesis testing show that the effect of the existence of independent women directors on dividend payout is positively significant. Based on the result of this research, H3 is accepted. This study supports Prasanna (2014) that independent directors prefer to pay dividends because independent directors can limit the opportunistic behavior of managers that often harms shareholders. They can supervise directly with an adequate payment system to align shareholder and management interests such as dividends (Holmstrom and Milgrom, 1994). Independent parties are representatives of shareholders, so they will act in accordance with shareholder expectations, one of which is to distribute dividends. These results indicate the role of independent women directors able to play effectively.

The hypothesis examination shows that there is no effect caused by the women independent commissioner on dividend payment. Based on the research result, H4 is rejected. It shows that the role of women independent commissioners seems less effective in reducing asymmetric information between the owner and the management. The result of this research supports the research done by Chen (2017) and Abdelsalam, El-Masry and Elsegini (2008). Women independent commissioners may participate less in the decision-making process. Based on the research done by Darmadi (2013), an independent commissioner is less independent because most of the companies in Indonesia are owned by families, so the control from the family dominates the process of decision-making, so it is hard for an independent commissioner to act independently. The independent party may not have the mandate, incentive and ability to monitor management strictly (Gutierrez and Sáez, 2012).

The hypothesis examination result shows that the effect of the existence of women president directors towards dividend payment is positively significant; it means that an increase in the number of women executive directors can increase the number of dividends paid. Based on the research result, H3a is rejected. Improving control mechanisms can also help the company to reduce agency problems. Based on the research result, the hypothesis is rejected. The result of this research contradicts the one done by Ruiz-Barbadillo *et al.* (2007), stating that executive directors tend not to support dividend payment because this mechanism needs a lot of supervision of the management actions. This research proves that paying attention to the shareholders' welfare is the main goal of a company. One of the ways to improve the shareholders' welfare is by paying a dividend.

The hypothesis examination result shows that the effect of the women president commissioner's existence on dividend payment is positively significant. It means that women president commissioners may increase dividend payments. Based on the result of this research, H6 is accepted. Women tend to focus on control mechanisms (Gul et al., 2011). Improving control mechanisms on management can also help companies reduce agency problems and encourage higher dividend payouts because stricter controls can reduce the opportunistic actions of managers. This study proves that there is a positive influence between women directors and dividend payouts. The governance structure in Indonesia shows that both directors and commissioners are responsible to shareholders. So, the managers of the company will act according to what the shareholders want, such as paying dividends to protect his/her position.

6. Conclusion

Based on the result of this research, it can be concluded that the existence of women directors can reduce the dividend payment because women directors tend to reduce financial risks often occurring in developing countries because of the market uncertainty condition. It indicates that dividend payment is not able to reduce agency problems that happen from the conflicts between

the owner and management. However, the existence of women commissioners can also increase dividend payments because they will demand more control mechanisms from the management team and make better decisions that positively impact the shareholders. An independent women director can pay a higher dividend because they can reduce opportunistic actions that can harm shareholders.Women independent commissioners have no effect on the dividend payment because most big companies in Indonesia are owned by some families. The dominating family control causes the independent commissioners to be uneasy about acting independently. They are not able to give effective supervision to the management yet, so there is a possibility that agency problems will arise. Furthermore, women president directors and women president commissioners positively affect the dividend payment because, as a leader, it is a must for her to pay attention to the shareholders' welfare. One of the ways to do that is by paying a dividend. The existence of ROA, type of industry, and firm size do not affect dividend payment.

Domestic and international institutions are getting more and more focused on the gender equity of workforces in developing countries. That is why this research recommends that companies increase gender diversity at the management level to create a better decision-making system because women and men can see risks from different points of view. Investors also have to insist that companies give a chance for the women to sit at the executive level because they can show good performance and can satisfy the shareholders. The government also has to strengthen and develop gender equity in the workforce to raise more awareness about the benefits of gender diversity at the top of the leadership.

In this research, there are several limitations. One of them is the limited sample. In Indonesia, the dividend payment is not an obligation. The dividend will be shared if the company gets profits. Moreover, women are still regarded as a minority on the board, whether as directors or commissioners. Based on those limitations, the writer suggests several things for future research; they are: (1) making a comparison with other countries because there is a possibility that each developing countries have different characteristics; (2) researching further the background of women director and women commissioner because the characteristics of women avoiding risks may be affected by their background.

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