

The Effect of Independent Commissioners and Profitability on Dividend Policy with Company Growth as a Moderating Variable in Manufacturing Companies Listed on the Indonesia Stock Exchange 2018 - 2021 Period

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ABSTRACT

The purpose of this study was to determine the effect of independent commissioners and profitability on dividend policy. To determine the effect of independent commissioners and profitability on dividend policy with company growth as a moderating variable. The population in this study were all manufacturing companies listed on the Indonesia Stock Exchange 2018 – 2021 period. Sampling used a non-probability sampling method with a purposive sampling technique. The data analysis method used in this study uses panel data regression analysis with the help of the Eviews 10 program. The results of this study indicate that over 2018-2021 period, independent commissioners have no impact on dividend policy in Manufacturing businesses listed on the Indonesia Stock Exchange. Profitability affects policy dividends for Manufacturing businesses listed on the Indonesia Stock Exchange 2018 - 2021 period. For the 2018 - 2021 period, company growth was insufficient to mitigate the impact of independent commissioners and profitability on dividend policy on Manufacturing businesses listed on the Indonesia Stock Exchange.



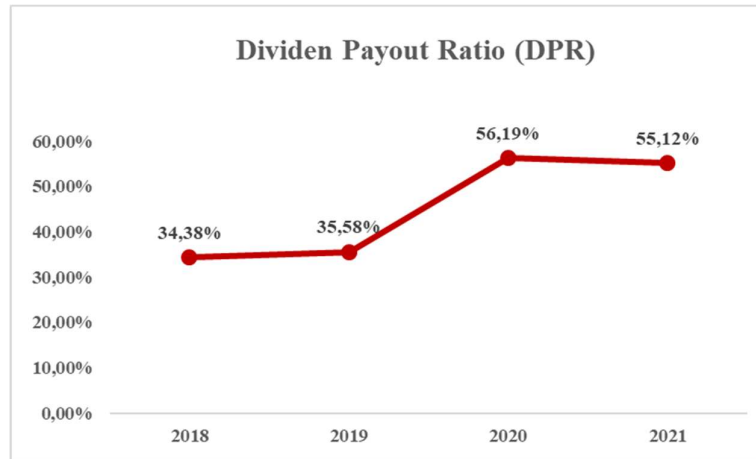
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INTRODUCTION

The current economic development in Indonesia is in a phase full of uncertainty. With the current economic situation, the company's performance is a factor that needs to be considered by the company so that the company remains in a stable condition. The ability of companies in both large and small industries tends to distribute dividends from profits earned by their superiors. Companies that earn large profits tend to distribute high dividends as well.

According to Yakubu (2021), the dividend policy seeks to maximize shareholder returns, which include both dividends and capital gains. As a result, most businesses are concerned with how much income or profit will be distributed to shareholders as well as how much will be kept for future investment. As a result, selecting the best dividend is critical. The dividend policy is very important because it allows the company to decide whether to distribute the profits it generates to shareholders or retain them to help the company grow. The dividend policy of the corporation governs dividend payment to shareholders.

The growth of the manufacturing industry shows that the manufacturing industry can create profits for companies in this sector. A profitable company will be able to provide welfare for shareholders through a dividend payment policy. The company's dividend policy is reflected in the dividend payout ratio (DPR), which is the rate of return on investment to investors. DPR is the dividend per share compared to earnings per share. During the 2018 – 2021 period, the average Manufacturing company paying dividends tends to fluctuate. For more details, see the following image:



Source: idx.co.id, processed data (2023)

Figure 1. Average Dividend Payout Ratio (DPR) Payments

Figure 1 above shows the average dividend policy value proxied by the dividend payout percentage among manufacturing businesses listed on the Indonesia Stock Exchange between 2018 and 2021. It is known that from 2018 to 2019 there has been an increase of 1.20%. Then in 2020 it again experienced a very significant increase of 20.61%. However, in 2021 the average dividend payment for Manufacturing companies has again decreased by 1.07%. The percentage of the dividend payout ratio that fluctuates every year can be caused by certain factors determined by the company. The factors considered in influencing dividend policy in this study are corporate governance proxied by independent commissioners and return on assets is a proxy for profitability (ROA).

Independent commissioners are vital in supervising firm management in order to decrease agency expenses and conflicts. To supervise management, independent commissioners are often selected by academics or senior practitioners with substantial expertise and experience. Independent commissioners can be more successful in overseeing the corporation because of their knowledge and experience. (Benjamin & Zain, 2015). Research by Mardani & Indrawati (2018) found that the board of independent commissioners has a beneficial impact on dividend policy. This indicates that an increase in the independent board of Commissioners will press the investee to increase dividend payments. This is due to a larger independent board of commissioners, which will increase the practice of good investee governance, with good investee governance, the dividend policy will increase. The same results carried out by Hermawan et al. (2022) shows that the existence of an independent commissioner has a significant positive influence on the DPR. With an increase in the number of independent commissioners, the director's supervision action will become more effective and result in an increase in dividend payment ratios. This is supported by research by Chen et al. (2016) which states that an independent commissioner will supervise management efforts to improve their effectiveness and limit the likelihood of fraud in financial reporting. By improving the company's performance, the profit will rise, and the dividends issued will rise as well. As a consequence, more independent commissioners will provide greater supervision to enhance the company's performance, which will affect the dividends given. Nevertheless, it is different from the results of study on Turkish firms listed on the Istanbul Stock Exchange index for 2006-2014 by Sener & Selcuk (2019) which have shown a negative effect of the independent board on dividend policy. Then the study by Tahir et al. (2020) claimed that independent boards have no substantial effect on dividend policy in Malaysian non-financial corporations encompassing diverse industries from 2005 to 2018.

According to Nguyen & Nguyen (2020) Another component in determining the dividend payment ratio's capacity is to examine the company's profitability ratio. Profitability is a criterion for analyzing the results of a company's actions over a specific time period. The quantity of profit is a signal or indicator for investors and firm shareholders to dividends into huge quantities (Brigham & Houston, 2016). The profitability ratio in this study is measured by return on assets (ROA) (Gitman & Zutter, 2015). The level of profitability using ROA proxies requires companies with high profitability and scale to pay a larger portion of their income in the form of cash dividends. The results of the research are in

line with those conducted by Khan et.al. (2016); Issa (2015); Pattiruhu & Paais (2020); Tahir & Mushtaq, 2016) stated that return on assets (ROA) has a positive and significant effect on dividend policy. With higher profitability, the company will focus on retaining shareholders while inviting other potential shareholders to invest their money in the company by paying dividends. But in contrast to the other hand, Kaźmierska-Jóźwiak (2015) study on Polish public companies shows that payments are affected in the opposite direction by a company's profitability. This concludes that the company is less likely to pay dividends because it uses retained earnings as a source of capital. In contrast to the findings of Ahmed (2015); Yakubu (2021); Lin et al. (2018) this explains the lack of a relationship between profitability and dividend policy in the ROA proxy.

In addition, sales growth is a factor that can influence dividend policy. Businesses must establish the correct plan to win the market by enticing customers and providing them a consistent choice of items as sales increase. For that the factors that affect sales should really be considered. Research conducted by Salah & Amar (2022) growth has an influence on the flow of company money due to operational changes produced by expansion or a drop in business volume. The choice to expand by the issuer will have an impact on the issuer's capacity to raise financing. When a company intends to expand, the issuer must seek capital to cover the costs of expansion. The faster a company grows, the larger the requirement for future investment to support that expansion. Sales growth indicates the success of previous investments and may be used to estimate future growth. Company growth is an important factor in determining dividend policy (Hafeez et al., 2018). This study supports the results of Dempsey et.al. (2019) shown the link between the company's rate of growth and its ability to implement dividend programs. Furthermore Hakeem & Bambale (2016); Tabari & Shirazi (2015); Aqel (2016); Kulathunga & Azeez (2016) and Yusof & Ismail (2016) according to their findings, a company's growth rate has a strong beneficial influence on its dividend policy. Then research by Ulfah & Mulya (2018) claims that sales growth has no bearing on dividend policy.

Based on the phenomena that occur and comparisons with previous studies, the objectives of this study are to determine 1) the influence of independent commissioners and profitability on dividend policy, 2) to determine the effect of independent commissioners and profitability on dividends policy with company growth as a moderating variable. This research is expected to contribute ideas to users of financial statements, regulators and company management in understanding the role of company growth as a need for funds to finance future expansion and enable companies to retain profits and not pay them as dividends.

The novelty of this research involves company growth as a moderation factor, although prior research have explored more directly the link between independent commissioners, profitability, and business growth on dividend policy, the role of company growth as an important element also impacts Dividend policy is seldom engaged. Therefore, the company's growth potential is an important factor that determines dividend policy. So the researcher intends to conduct a study entitled "The Influence of Independent Commissioners and Profitability on Dividend Policy with Company Growth as a Moderating Variable in Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2018 - 2021 Period".

LITERATURE REVIEW

Signaling Theory

Signaling in financial statements refers to activities done by a company's management that provide investors with guidance in managing the company's future prospects (Ullah, 2020). Companies with promising prospects will avoid selling shares and will seek any additional funds via other means, including debt that exceeds the goal of a sound capital structure. Companies that have a grim future are more inclined to sell their shares. The announcement of a company's issue of shares frequently signals that management is pessimistic about the company's future. If a company intends to sell new shares more often than usual, the stock price will fall. This is because selling additional shares sends a negative signal, as a result, the share price may fall and the company's chances for quality may improve. According to Pattiruhu & Paais (2020), dividend -signal theory underlines the importance of information provided by companies about investment decisions from other parties other than companies. Data is an important component for investors and business people, because especially

information, notes or photos for past, present and future conditions for the existence of the company and the consequences offered. As an analytic instrument for investment decisions, capital market investors want complete, relevant, accurate and timely information.

Companies that disclose profits can create signals to investors, this is because companies can increase dividend distribution when profit growth increases. Consequently, the more the company's profit, the greater the company's ability to issue dividends (Issa, 2015). There is an information imbalance between managers and investors. There are still disparities in knowledge held by investors and management, so managers feel compelled to communicate signals to the market about the company's state. Managers feel that if the dividend distribution is increased, the firm will eventually have enough income to meet the existing dividend payout method. More information asymmetry will arise when chances for growth increase. Company size and growth are two proxies that may be used to gauge the extent of information asymmetry in organizations between management and shareholders (Asiri et al., 2018).

Dividend Policy

Hoang et al. (2020) to shareholders, which is then reinvested or kept in the company (Nam, 2019). The retained earnings will be lowered if the firm chooses to distribute profits as dividends, as would the overall internal or internal financing sources. Dividends are a corporate tool for shareholder advantages that originate from an organization. Dividends are the distribution of earnings to shareholders based on the percentage of specific forms of capital. According to Financial Accounting Standards Report (SFAC) Number 23, the company's net profit has an effect on detained revenue. If the income withheld is paid to shareholders, the amount allocated to lower revenue is retained (IAI, 2018). Dividend payments will provide investors with faith that the firm will be valuable. On the other hand, it is envisaged that the continuance of the distribution of cash dividends for corporations would contribute to the national economy and deliver benefits for shareholders.

According to Asiri et al. (2018) Dividends are a percentage of a company's profits distributed to shareholders. The dividend policy of the corporation is established by its management. Every organization makes a different decision. The choice involves whether the company's gains from its performance will be dispersed to shareholders as dividends or maintained as retained earnings to support future investments. Dividend payments are calculated as a proportion of dividends paid to shareholders. This examines the connection between shareholder income and dividend payouts. This ratio also has an impact on the proportion of revenue that firms manage for reinvestment or debt payments. Dividend payments, in brief, refer to corporate choices about the amount of dividend payments made and the proportion of profits given to shareholders in the form of dividends (Foong & Malek, 2022). The dividend payout ratio is used to measure dividend policy in this study (DPR). The dividend payout ratio was chosen because it can better represent management opportunism, namely how much profit is delivered to shareholders as dividends vs how much is kept by the corporation (Pattiruhu & Paais, 2020). The DPR is calculated using the following formula (Pattiruhu & Paais, 2020):

$$DPR = \frac{\text{Dividend Payout Ratio}}{\text{Earning Per Share}}$$

Independent Commissioner

According Rajput & Jhunjhunwala (2019) states that regulatory and legislative entities put more pressure on corporations to enhance the Good Governance Board's independence in order to protect the interests of shareholders. The Independent Board of Commissioners in Indonesia was appointed, in accordance with the Financial Services Authority No. 33/POJK.04/2014 Regulation. OJK needs at least 30% of the total number of independent Board of Commissioners members. These conditions are met in order to increase the performance of the firm. Nonetheless, there are several inconsistencies in study findings about the influence of board independence on dividend distribution policies. According to Acero & Alcalde (2016) independent commissioners are firms that have no personal links with the management team or corporate stockholders that might compromise their independence. The establishment of an independent commissioner is intended to foster a corporate governance atmosphere

that is free of the involvement of owners or controlling shareholders and more objective in decision-making.

The findings of this are consistent with previous studies Imamah et al. (2019) show that an independent board is positively related to dividend policy. Then Baker et al. (2019) reveal One of the most important factors of dividends in Sri Lanka is corporate governance, as mediated by an independent board. A study by Rajput & Jhunjhunwala (2019) It was discovered that corporate governance has a strong beneficial effect on dividend payment choices and plays an essential role in setting the dividend payout ratio. A greater share of independent commissioners typically results in bigger dividends and a higher payout ratio. Hermawan et al. (2022) measure the independent board of commissioners by proportioning the number of independent commissioners to the number of commissioners. The formula used is as follows:

$$KI = \frac{\text{Number of Independent Commissioners}}{\text{Number of Commissioners Members}}$$

Profitability

A company's profitability is its capacity to create profits. Net income is the most essential metric of profitability. Investors and lenders are keen to assess a company's capacity to earn current and future profits (Brigham & Houston, 2016). According to Gitman & Zutter (2015) the The profitability ratio is a ratio used to assess a company's potential to generate profits with a proportion that is acceptable. In this study, the profitability ratio is defined as return on assets (ROA) (Gitman & Zutter, 2015). At the rate of return by proxy for ROA, large profitable companies must pay an increased portion of earnings in the form of cash dividends. The results of research by Pattiruhu & Paaïs (2020); Khalid & Rehman (2015); Khan et al. (2016); Issa (2015) indicates that ROA has a large and favorable impact on dividend policy. With higher profitability, the company will focus on retaining shareholders while inviting other potential shareholders to invest their money in the company by paying dividends. On the same hand, the hope of investors to invest their money in the company is to receive dividends, so companies with higher profitability will attract more new shareholders. ROA is calculated by dividing net income by total assets. The following is the formula for ROA (Gitman & Zutter, 2015):

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}}$$

Company Growth

According to Issa (2015) defining growth is the company's ability to remain at the same level of development at a certain level which tends to be higher than the growth rate compared to other companies. Furthermore, growth is a ratio that reflects a company's capacity to retain its economic position in the face of economic expansion and the business sector in which it operates. According Hakeem & Bambale (2016) sales growth is a company's sales are assets that are utilised in the company's operations. It is hoped that as a company's sales increase, so will its operational outcomes. Research Arrozraq et al. (2022) show that sales growth can influence dividend policy. This implies that a growth in revenue is unquestionably required in order for the company's operations to be profitable. When a company focuses on increasing company sales, costs will increase and of course dividends will be lower or not paid at all.

Research conducted by Rajput & Jhunjhunwala (2019) reveals CGC has a substantial beneficial impact on dividend payment choices and is a key factor in establishing the DPR. One issue that might affect a company's dividend policy is revenue growth. The moderating variable in this study is sales growth. Kulathunga & Azeez (2016) and Yusof & Ismail (2016) in their research, the company's growth rate has a positive and significant effect on dividend policy. This indicates because the higher a company's growth rate, the larger the demand for future investment to support its expansion. Sales growth is used to determine how fast the company is growing. When distributing dividends, it's best to be able to consider the sale of the company. Companies in high-growth sectors must supply enough money to finance the company. Businesses that develop quickly may afford to pay greater dividends

(Kulathunga & Azeez, 2016). The formula used to measure company growth according to Asiri et al. (2018) are as follows:

$$\text{GROWTH} = \frac{(\text{Sales}_t - \text{Sales}_{t-1})}{\text{Sales}_{t-1}}$$

Based on the theory described above, it can be described in Figure 2 shows the research model used in this study:

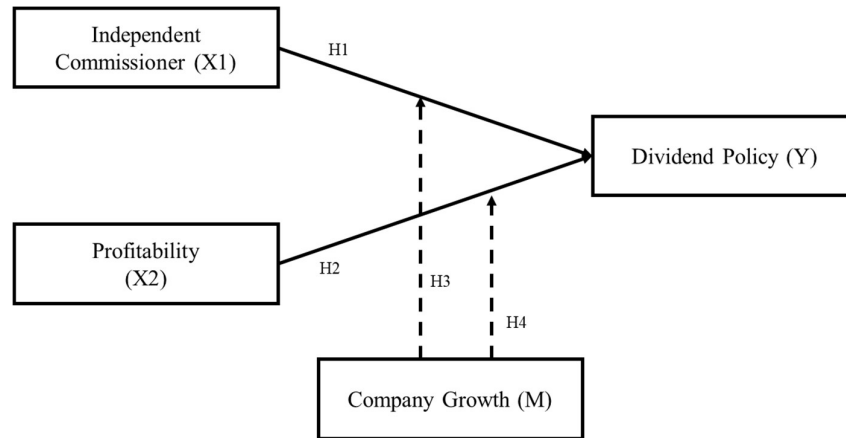


Figure 2. Framework

Referring to the framework above, the hypotheses proposed in this study are:

- H1 : Independent commissioners have a positive effect on dividend policy
- H2 : Profitability has a positive effect on dividend policy
- H3 : Independent commissioners have an effect on dividend policy with company growth as a moderating variable
- H4 : Profitability has an effect on dividend policy with company growth as a moderating variable

RESEARCH OF METHODS

This sort of study employs a quantitative approach with associative approaches to understand the interrelationships between variables. In this study, two independent variables were used, namely independent commissioners and profitability, one dependent variable, namely dividend policy, and one moderating variable, namely corporate growth. This study population consists of manufacturing companies listed on the Indonesia Stock Exchange Period 2018 to 2021, namely 160 companies. In this study, the sampling used non-probability sampling method with purposive sampling technique. Secondary data includes research data in the form of firm financial reports that were registered and released between 2018 and 2021. The data was obtained from Indonesian Stock Exchange's website, www.idx.co.id. The panel data regression analysis was performed with the help of the Eviews 10 program.

RESULTS AND DISCUSSION

Test of Descriptive Statistics

Table 1 summarizes the findings of the descriptive statistical test on all variables:

Table 1. Results Descriptive Statistical Test

	Mean	Maximum	Minimum	Standar Deviation
Independent Commissioner	0.401314	0.750000	0.166700	0.092863
Profitability	0.100269	0.446800	0.001200	0.085210
Dividend Policy	0.437181	1.623900	0.013000	0.349526
Company Growth	0.103106	1.110800	-0.222500	0.180361

Source: Results of Eviews 10 (2023)

Based on the results of the descriptive statistical test, it is known that the independent commissioner variable has a mean value of 0.401314 with a maximum value of 0.750000 and a minimum value of 0.166700 with a standard deviation value of 0.092863. It was explained that from the average value of the Manufacturing score, members of the independent commissioners were quite good, so they could be more effective in supervising the actions of the directors. This is in accordance with OJK regulations regarding the number of commissioners.

Furthermore, the profitability variable has a mean value of 0.100269 with a maximum value of 0.446800 and a minimum value of 0.001200 with a standard deviation value of 0.085210. On average, manufacturing companies' ability to generate returns is quite good because they have a profitability value (ROA) of 10% above the risk-free interest rate (SBI) of 4% (BPS, 2022).

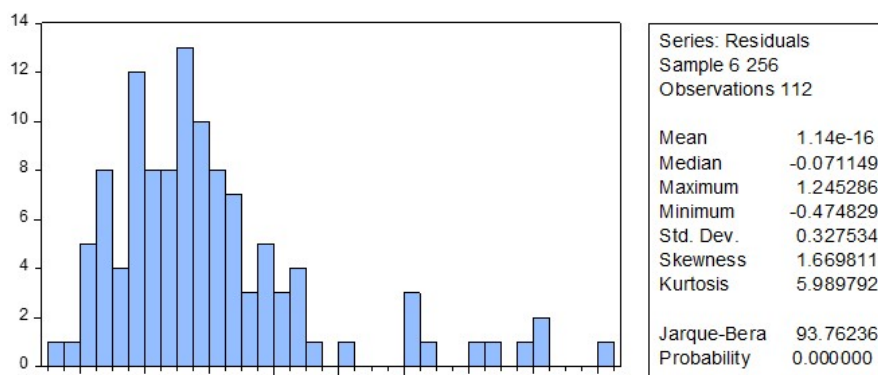
The dividend policy variable has a mean value of 0.437181 with a maximum value of 1.623900 and a minimum value of 0.013000 with a standard deviation value of 0.349526. In this case the DPR is quite healthy because it has an average percentage of 43.7%. Then the growth of the company has a mean value of 0.103106 with a maximum value of 1.110800 and a minimum value of -0.222500 with a standard deviation value of 0.180361. It can be seen that the growth of companies in the Manufacturing sector is quite good because it has reached an average growth of 10%.

Classic Assumption Test

Before implementing the regression model, the classical assumption test was performed to determine whether the residual variable in the regression model had a normal distribution.

a. Normality Test

The normality test will be performed with Jarque-Bera (J-B) using the EViews statistical program in this investigation. If the p-value is less than 5%, the data is not normal; conversely, if the p-value is larger than 5%, the data is normally distributed. Figure 3 shows the normalcy test findings from this investigation.



Source: Eviews 10 Results (2023)

Figure 3: Results of the Normality Test

The normality test results in Figure 3 show the Jarque-Bera value of 93.76236 and a probability value of 0.000000 which is less than 0.05 which indicates that the research data is not normal.

b. Multicollinearity Test

According to Ghozali (2018), the multicollinearity test examines the VIF value and checks the connection between independent variables. If the VIF value is more than 10, the study data contains multicollinearity, and vice versa. The study's findings are as follows:

Table 2. Results Multicollinearity Test

	Nilai VIF	Kesimpulan
Independent Commissioner	1.025103	No Multicollinearity Occurs
Profitability	1.053875	No Multicollinearity Occurs
Company Growth	1.028425	No Multicollinearity Occurs

Source: Results of Eviews 10 (2023)

The multicollinearity test results in Table 2 demonstrate that the VIF value on the independent commissioner variables, profitability, and company growth is < 10 . The three variables are free of multicollinearity concerns because the VIF value is 10.

c. Heteroscedasticity Test

Heteroscedasticity testing in this study used the white test. In the white test, confounding error regression was carried out on each suspected independent variable. From the test results a decision will be made, if the significant number is greater than 0.05 then heteroscedasticity does not occur, and vice versa. The following table shows the findings of the heteroscedasticity test in this study:

Table 3. Results Heteroscedasticity Test

Prob. Obs*R-Squared	Conclusion
0.2452	There is no Heteroscedasticity

Source: Eviews 10 Results (2023)

Based on the heteroscedasticity test findings in Table 3, it has a Prob value. Obs*R-Squared of 0.2452. So it was concluded that the results of this study did not experience heteroscedasticity problems because the Prob value was obtained. Obs*R-Squared is greater than 0.05.

d. Autocorrelation Test

The autocorrelation test in this study uses the Breusch-Godfrey or is called the Serial Correlation Langrange Multiplier Test. The criteria for assessing the autocorrelation test are if the Prob. > 0.05 implies that there is no autocorrelation, whereas 0.05 indicates the presence of autocorrelation. The results of the autocorrelation test are shown in Table 5:

Table 4. Autocorrelation Test Results

Prob. Obs*R-Squared	Conclusion
0.6147	No Autocorrelation Occurs

Source: Eviews 10 Results (2023)

Table 4 reveals that the Obs*R-squared value is more than 0.05 with Prob. Chi-Square 0.6147. As a result, it is asserted that no autocorrelation exists in this study model.

Regression Model for Panel Data

In this section, testing will be carried out to determine the model that is most suitable for this research. Three models may be used to examine panel data: the common effect model, the fixed effect model, and the random effect model.

a. Chow Test

The following criteria are recommended for evaluating the chow test:

Ho: A model based on common effect model.

H1: A model based on fixed effect model.

Alphas: 5%

Conditions: If the value of the cross-section Chi-square is smaller than alpha, reject Ho.

The table below describes the Chow test findings.

Table 5. Results Chow Test

Predictor	Alpha	Cross-section Chi-square (Prob.)	Model Estimation
<i>Redundant Fixed Effects</i>	< 0,05	0.0000	<i>Fixed Effect Model</i>

Source: Eviews 10 Results (2023)

Based on the hausman test findings in table 5, the cross-sectional Chi-square value is $0.0000 < 0.05$. As a result, the fixed effect model outperforms the common effect model.

b. Hausman Test

The following criteria are used to choose the best model in the Hausman test:

Ho : Using a random effects model.

H1: Using a fixed effect model.

Alphas = 5%;

Note: If the random Cross-section value is less than 0.05, reject Ho.

The following are the findings of the Hausman test:

Table 6. Results Hausman Test

Predictor	Alpha	Cross-Section Random (Prob.)	Model Estimation
<i>Correlated Random Effects - Hausman Test</i>	< 0,05	0.0004	<i>Fixed Effect Model</i>

Source: Eviews 10 Results (2023)

Based on the results of the Hausman test in table 6 above, the probability value for the random cross-section test is $0.0004 < 0.05$. Thus, Ho is rejected and H1 is accepted. As a result, the fixed effect model outperforms the common effect model.

c. Lagrange Multiplier Test

The following is the hypothesis for evaluating the LM test:

Ho: Based on the general effects model.

H1: Based on random effects model.

Alphas: 5%

Description : Reject Ho if the value of Prob. Chi-Square is less than 0.05.

The following table summarizes the LM test results:

Table 7. Results Lagrange Multiplier Test

Predictors	Alpha	Prob. Chi-Square(2)	Model Estimation
<i>Breusch-Godfrey Serial Correlation LM Test</i>	> 0,05	0,6742	<i>Common Effect Model</i>

Source: Eviews 10 Results (2023)

The LM test findings indicate a Prob. Chi Square of 0.6742, this value is greater than alpha (0.05). Therefore, the general effects model outperforms random effects model.

Suggestions for the Best Models

The table below summarizes the findings of the best model selection process in this investigation.

Table 8. Summary of the Best Model Results

Name Test	Information	Results
<i>Chow Test</i>	CEM Vs FEM	<i>Fixed Effect Model</i>
<i>Hausman Test</i>	REM Vs FEM	<i>Fixed Effect Model</i>
<i>Langrage Multiplier Test</i>	CEM Vs REM	<i>Common effect model</i>

Source: Eviews 10 Results (2023)

Based on the table above, it is known that the results of selecting the Panel Data Regression Model vary. From the results of the chow tests and hausman tests, it can be determined that the fixed effect model is the optimal test model for the regression equation.

Panel Data Regression Analysis

After carrying out the traditional assumption test, it is known that there has been a violation of the classical of the normality test. Then the best panel data regression model was determined in this study using the fixed effect model and using the HAC Newey-West Test method. When there is data heterogeneity or non-homogeneous data versions, this strategy is one of the countermeasures. The table below displays the outcomes of panel data regression testing using HAC Newey-West Test.

Table 9. Outcomes of Fixed Effect Model Testing with HAC

Variable Relations	Coefficient (β)	Prob.	Conclusion
KI $\rightarrow$ DPR	0.070628	0.8996	H1 Rejected
ROA $\rightarrow$ DPR	1.217566	0.0066	H2 Accepted
KI*GROWTH $\rightarrow$ DPR	-0.704413	0.7902	H3 Rejected
ROA*GROWTH $\rightarrow$ DPR	0.078599	0.9518	H4 Rejected

Source: Eviews 10 Results (2023)

Hypothesis Testing

Based on the findings of panel data regression testing utilizing the fixed effect model with HAC, as well as the results of hypothesis testing, will be discussed further below.

a. Partial Hypothesis Test (t test)

The t statistical test is used to examine the influence of an independent variable on explaining variances in the dependent variable on an individual basis. (Ghozali, 2018). The significance level (α) used is 5% (0.05). The criteria for accepting and rejecting the hypothesis are based on the significance value of the p-value. If the prob. > alpha (0.05), the research hypothesis is rejected; otherwise, the research hypothesis is approved. The following is an explanation of the hypothesis testing results in table 9.

- First Hypothesis (H1)

The results of testing the first hypothesis in table 9 obtained a coefficient value (β) with a positive direction of 0.070628 and a prob value. of 0.8996 > 0.05 (5% significance level). Thus, it was concluded that the first hypothesis was rejected. This means that over the period 2018-2021, independent commissioners have no impact on dividend policy in Manufacturing businesses listed on the Indonesia Stock Exchange.

- Second Hypothesis (H2)

The results of testing the second hypothesis in table 9 obtained a coefficient value (β) with a positive direction of 1.217566 and a prob value. of 0.0066 < 0.05 (5% significance level). Thus, it can be concluded that the second hypothesis is accepted. This suggests that over the period 2018-2021, profitability and dividend policy have a positive and significant association with Manufacturing businesses listed on the IDX.

- Third Hypothesis (H3)

The results of testing the third hypothesis in table 9 obtained a coefficient value (β) with a negative direction of -0.704413 and a prob value. of 0.7902 > 0.05 (5% significance level). Thus, it was concluded that the third hypothesis was rejected. This indicates that for the period 2018-2021, business growth will not be able to mitigate the effect of independent commissioners on dividend policy in Manufacturing firms listed on the Indonesia Stock Exchange.

- Fourth Hypothesis (H4)

The results of testing the fourth hypothesis in table 9 obtained a coefficient value (β) with a positive direction of 0.078599 and a prob value. of $0.9518 > 0.05$ (5% significance level). Thus, it can be concluded that the fourth hypothesis is rejected. This suggests that for the 2018-2021 timeframe, firm growth will be unable to mitigate the influence of profitability on dividend policy in Indonesia Stock Exchange-listed manufacturing enterprises.

b. Determination Coefficient Test

According to Ghozali (2018) The coefficient of determination (R^2) quantifies how well the model explains the influence of the independent variable on the dependent variable. The coefficient of determination has a value between 0 and 1. A low R^2 value indicates that the independent factors' capacity to explain the dependent variable is restricted. A score close to one indicates that the independent variables supply almost all of the information required to forecast the dependent variable's variance. The following are the findings of the test for the coefficient of determination in this study:

Table 10. Results of the Coefficient of Determination

Value R-Squared
0.122678 (12,26%)

Source: EvIEWS 10 Results (2023)

Based on the coefficient of determination test findings, the R-Squared value is 0.122678. This means that the independent commissioner variables, profitability and company growth jointly affect dividend policy by 12.26%, and the remaining 87.84% is influenced by other factors outside the research model.

c. Simultaneous Hypothesis Test (F test)

The F test was used to determine if all of the independent factors utilized had a combined influence on the dependent variable. The results of the simultaneous test (F test) in this study are as follows:

Table 11. Statistical Test Results F

	<i>F-statistic</i>	<i>Prob(F-statistic)</i>
Independent Commissioner, Profitability, and Company Growth	0.015192	0.001174

Source: EvIEWS 10 Results (2023)

In this investigation, the F-Statistics value is 0.015192, with a probability value of 0.001174. Because the probability value of the F statistic is less than the significant value = 5%, it may be inferred that the independent factors in this study, namely the independent commissioner, profitability, and business growth, have a significant influence on the dependent variable on dividend policy.

Discussion

The Effect of Independent Commissioners on Dividend Policy

Based on the results of testing the first hypothesis which states that independent commissioners do not affect dividend policy in Manufacturing companies listed on the Indonesia Stock Exchange for the period 2018 – 2021. The function of independent commissioners in companies is limited to overseeing the operations and policies of the board of directors and providing advice to the board of directors. Independent commissioners shall carry out their duties not only for the advantage of the firm, but also for the benefit of shareholders, specifically regarding dividend distribution in the corporation. This shows that the role of the independent commissioner does not influence the company's dividend policy. The results in this study support the study by Tahir et al. (2020) claimed that independent boards have no substantial effect on dividend policy in Malaysian non-financial corporations encompassing diverse industries from 2005 to 2018. The same result was also found by Hamid et al. (2022); Elmagrhi

et al. (2017) which revealed that the independent board of commissioners had a positive and insignificant effect on profitability. The results with the influence of the direction of a positive relationship with the objective attitude of the independent commissioners tend to make management disclose large profits even though they will pay large taxes.

The Effect of Profitability on Dividend Policy

Based on the results of testing the second hypothesis which states that Profitability influences dividend policy in Manufacturing firms listed on the Indonesia Stock Exchange for the 2018 – 2021 period. The higher the profitability of a company, the higher the dividend payout ratio. The results of this study are in line with the findings of Pattiruhu & Paais (2020) which suggest that the association between return on assets (ROA) and dividend policy is favorable and substantial. This shows that a relatively significant asset value presupposes that in terms of corporate performance, the use of working capital as well as investor financing is utilized to enhance the firm's so that the financial accounts seem healthy in terms of current ratio and total assets. Additionally, in the event of an apparently minor dividend policy, corporate distributions are likely to use the asset dividend approach, or dividend distribution to investors through the distribution of firm assets. The same result was also found by Asiri et al. (2018); Issa (2015) which shows that profitability influences dividend policy positively. That instance, the amount of the company's profit implies that the net profit is similarly large. Strong corporate profitability generates a large amount of cash that may be utilized to pay dividends to shareholders.

The Effect of Independent Commissioners on Dividend Policy with Company Growth as a Moderating Variable

Based on the results of testing the third hypothesis which states that company growth is not able to moderate the influence of independent commissioners on dividend policy in Manufacturing companies listed on the Indonesia Stock Exchange for the period 2018 - 2021. As has been stated by Sener & Selcuk (2019) and Tahir et al. (2020), The findings of this study are conceptually consistent with the substitution hypothesis, which asserts that corporations with excellent governance standards, as assessed by the size of their independent boards, are less likely to issue dividends. This is because board independence and dividend payouts serve as replacements for cutting agency expenses. The results of this study are in line with the study of Elmagrhi et al. (2017) for UK SMEs, indicating that there is no statistically meaningful relationship between the independent board and the dividend distribution rate.

The Effect of Profitability on Dividend Policy with Company Growth as a Moderating Variable

Based on the results of testing the fourth hypothesis which states that company growth is not able to moderate the impact of profitability on dividend policy in Indonesia Stock Exchange-listed manufacturing enterprises for the period 2018 - 2021. The findings of this investigation are consistent with previous studies Asiri et al. (2018) which claimed that sales growth could not mitigate the effect of profitability on dividends policy. Profitability may be defined as a company's capacity to make profits based on the findings of the analysis. Businesses that are extremely profitable prefer to pay out cash dividends to shareholders. Sales growth represents the company's productivity in selling things that the market can consume, as well as the company's market competitiveness. As a result, the more the company's growth, the greater the company's income, which influences cash dividends paid to shareholders. This is because the firm's profits are more likely to be utilized to satisfy the demands of extending the business or developing the company rather than just paying dividends. The results support Yakubu (2021); dan Kaźmierska-Jóźwiak (2015) Furthermore, it was said that there is no association between profitability or ROA and dividend policy.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study's findings are as follows:

1. The Independent Commissioner has no effect on dividend policy in manufacturing companies listed on the Indonesia Stock Exchange between 2018 and 2021.

2. Profitability has a positive effect on dividend policy in Manufacturing companies listed on the Indonesia Stock Exchange for the period 2018 - 2021.
3. Company growth is unable to moderate the influence of independent commissioners on dividend policy in Manufacturing companies listed on the Indonesia Stock Exchange for the period 2018 - 2021.
4. Company growth is unable to moderate the impact of profitability on dividend policy in Indonesia Stock Exchange listed manufacturing enterprises for the period 2018 - 2021.

Suggestions

It is advised that corporations pay more attention to dividend policy management so that they can make the best dividend distribution decisions. As a result, establishing a decent dividend policy will encourage investors to invest in the firm. The firm is then expected to be able to grow profitability in the company's capacity to utilise its assets successfully throughout company operations, generating profits for the company and increasing the dividend policy. It is suggested for investors who seek dividends or long-term investments to examine factors that impact a company's dividend policy before considering an investment. Because this study primarily focuses on one sector, namely manufacturing organizations, it is proposed that future research broaden the observations analyzed so that the test findings in this study may be generalized and more representative. Then, future research should be able to include a longer time range and not only employ the variables included in this study, but also additional variables that might impact dividend policy, such as leverage, liquidity, firm size, and so on.

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