

DIVIDEND PAYOUT, DEBT POLICY, AND INDEPENDENT COMMISSIONERS (Empirical Study on Non-Financial SOE's Listed on the Indonesia Stock Exchange for Years 2010–2019)

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Abstract: The role of SOE as a contributor to the state revenue and several cases in SOE that have emerged recently has made SOE the focus of the government and investors. Cases that arise include corruption, dysfunctional behavior, and other actions included in the impact of agency theory. It makes researchers to become interested in examining agency theory's indication in non-financial sector SOEs using dividend payouts with a dividend payout ratio, debt policy with a debt-to-equity ratio, and independent commissioners with the proportion of independent commissioners as an indicator. The samples of this study are the state-owned companies in the period of 2010–2019. This study uses SOE's financial reports that have been published by related SOE's using secondary data collection methods. The data analysis used a comparative test with the Kruskal Wallis test because the data was not normal. Further analysis was also carried out in post hoc tests and analysis of agency theory indications. This study indicates that there are differences in the indication of agency theory in SOEs in Property, Real Estate and Building Construction, Infrastructure, Utilities and Transportation, Mining, Basic Industry, and Chemicals, Miscellaneous Industry, and Consumer Goods Industry sectors.

Keywords: dividend payout, debt policy, independent commissioner, agency theory, SOE

INTRODUCTION

Agency theory is a condition when the principal gives the agent authority to make decisions in the company that may cause a potential conflict of interest (Jensen & Meckling, 1976). This potential conflict of interest triggers dysfunc-

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tional behavior, which leads to company losses. A potential conflict of interest in the relationship between principal and agent is the possibility that the agent does not act and make decisions in the principal's best interests but is more concerned with his personal interests (Bosse & Phillips, 2016). These support human nature's assumptions, namely self-interest, bounded rationality, and risk-averseness (Eisenhardt, 1989). One of agency conflicts' impacts is earnings management carried out by agents due to information asymmetry between the principal-agent (Mulumbot & Sumanti, 2020). According to Dewi & Latrini (2016), in ASEAN countries, Indonesia is at the first level in practicing earnings management. It supports the case for large-scale earnings management revealed by the Capital Market and Financial Institution Supervisory Agency. Like the cases of PT Kimia Farma Tbk., PT Indofarma Tbk., PT Timah (Persero), and PT Garda Tujuh Buana Tbk. which caused losses to principals from billions to trillions of rupiah (Abduh & Ruslanti, 2018). This study uses non-financial state-owned enterprises as the object of research due to the role of SOE as a source of state revenue (Law of Republic Indonesian No. 19 of 2003). The emergence of SOE cases related to agency theory, such as corruption cases and dysfunctional behavior, strengthens the reasons for using SOE as the object of research.

This study aims to determine differences in the indication of agency theory using three indicators, namely dividend payout with a dividend payout ratio, debt policy with a debt-to-equity ratio, and independent commissioners with the proportion of independent commissioners from the information obtained from the financial statements of non-financial SOEs within the period of 2010-2019. This study also aims to determine which sectors and SOEs have the highest indication. This study does not use the financial sector because there are differences in characteristics and regulations in the financial sector. There are three hypotheses used in this study, namely:

- H_1 : Based on dividend payouts, the indications of agency theory in SOE in Property, Real Estate and Building Construction, Infrastructure, Utilities, and Transportation, Mining, Basic Industry, and Chemicals, Miscellaneous Industry, and Consumer Goods Industry are different
- H_2 : Based on the debt policy, the indications of agency theory in the SOE sector of Property, Real Estate and Building Construction, Infrastructure, Utilities,

and Transportation, Mining, Basic Industry, and Chemicals, Miscellaneous Industry, and Consumer Goods Industry are different

H₃: Based on the proportion of independent commissioners, the indications agency theory in property, Real Estate and Building Construction, Infrastructure, Utilities and Transportation, Mining, Basic Industry, and Chemicals, Miscellaneous Industry, and Consumer Goods Industry are different

METHOD

This study used a quantitative approach, and the data used in this study is data pooling. Data Pooling is a combination of time-series and cross-section data (Ghozali, 2018). This study's data are sourced from the financial statements from the 2010-2019 period of SOE listed on the IDX and those that have been published on the related SOE website. This study uses a ratio scale.

Population and Sample

The population used in this research is non-financial SOEs listed on the IDX in the period of 2010–2019 (Sugiyono, 2017). This study uses the entire population that has been determined. There are 20 non-financial SOEs listed on the IDX, and the amount of data used is 187 data.

Operational Definition and Variable Measurement

Dividend payouts

Dividend payout determines the amount of profit to be distributed to shareholders as dividends and the amount of profit to be retained for re-investment (Rahmawati, 2017). Dividend payouts lead to a decrease in agency conflicts (Panda & Leepsa, 2017). This theory argues that dividends can be used as a tool to reduce agency conflicts in companies by reducing free cash flow and forcing management to enter the capital market for financing (Jensen, 1986). Dividend payouts lead-free cash flow to be reduced, allowing the company to seek external equity for project funding (Liviani et al., 2016). Companies with a high level of free cash flow could spend unnecessary expenses, causing inefficiency in the company (Lai et al., 2020). Therefore, if the company's free

cash flow is high, but the company's dividends are low, or the company does not distribute dividends, the agency theory can be indicated. According to Farzan (2017), analysts categorize the dividend payout ratio into 7 categories, namely into loss-making (less than 0 percent), good (0 - 35 percent), healthy (35–55 percent), high (55–75 percent), very high (75–95 percent), unsustainable (95–150 percent), and very unsustainable (more than 150 percent). The calculation model used is as follows:

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

$$\text{FCF} = \text{Operating Cash Flow} - \text{Investing Cash Flow}$$

Debt Policy

A debt policy is a policy for companies to determine the amount of debt to remain stable (Wijaya & Wardani, 2017). The use of debt can reduce agency conflicts. That is because agents are more careful in making investment decisions. After all, an agent should return the principal and interest arising from the use of debt (Jensen & Meckling, 1976). Wijaya & Wardani (2017) stated that when an agent fails to pay off his obligations, it can affect his reputation and career. Companies with high free cash flow tend to increase their debt (Nanggala, 2020). It is done to reduce the existing free cash flow by going into debt. Companies can reduce agency costs due to the transfer of monitoring to external parties, namely creditors (Linda et al., 2017). Therefore, a company with a high free cash flow which is not taking a debt policy or having a low debt policy indicates agency theory because it could trigger agency conflicts. According to Kusumawati & Wardani (2019), analysts consider that a good level of the debt-to-equity ratio is less than or equal to 100 percent or one time. The greater the DER, it can be said that the agent uses more debt for financing. The calculation model used is as follows:

$$\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

Independent Commissioner

An independent commissioner is a person who is not affiliated with the controlling shareholder and functions to oversee management (Hunardy &

Tarigan, 2017). Based on Anggraeni’s research (2020), the existence of independent commissioners is regulated in the provisions of the Jakarta Stock Exchange (BEJ) Listing Regulation number IA regarding the General Provisions for Listing of Equity Securities on the Exchange, which took effect from 1 July 2000 or the requirements from Bapepam-LK that listed companies on the IDX must meet the requirement for the number of independent commissioners to be at least 30% of the total number of commissioners. This is in line with qa statement by Jensen & Meckling (1976), higher the proportion of independent commissioners will reduce the chances of agency conflicts and the better the performance of independent commissioners in monitoring and controlling management. Therefore, if a company has a proportion of commissioners below 30%, then the company indicates agency theory because the functions of monitoring and controlling did not run optimally. The calculation model used is as follows:

Data Analysis Method

This study uses dividend payouts, debt policy, and the proportion of independent commissioners as indicators of the occurrence of indication of agency theory in non-financial SOEs in the financial statements for the 2010–2019 period in property, real estate, and building construction, infrastructure, utilities and transportation, mining, basic industry, and chemicals, miscellaneous industry, and consumer goods industry to perform different tests using One-way-ANOVA if the data distribution is normal and Kruskal Wallis if the data distribution is not normal.

RESULTS

Descriptive Analysis

Table 1 Descriptive Statistic

	N	Range	Minimum	Maximum	Mean	Std. Deviation
DPR	187	9.045	-6.541	2.504	.25952	.638783
DER	187	9.755	.003	9.758	1.71224	1.586884
ICP	187	.667	.000	.667	.32781	.142555
Valid N (Listwise)						

In Table 1, there are 187 samples used in this study. It is known that the DPR indicator has a range of 9.045 from the difference between the maximum and minimum values. The minimum value of the DPR indicator of -6,541 comes from the DPR PT Kimia Farma in 2019 and is included in the category of into loss-making because the ratio is less than 0%. DPR with a negative value occurs because of negative earnings per share but still distributes dividends so that the company that loses the money has to pay dividends. The maximum value of the DPR indicator of 2.504 comes from the DPR PT Telkom Indonesia in 2013 and is included in the very unsustainable category because the ratio is more than 150%. This occurs because dividend payments per share are greater than earnings per share, so the company uses its cash reserves to pay the difference. The mean value of the DPR indicator is 0.25952, which is smaller than the standard deviation value of 0.638783 and thus indicating that the data is heterogeneous.

The DER indicator has a range of 9,755 from the difference between the maximum value and the minimum value. The minimum value of the DER indicator of 0.003 comes from PT Adhi Karya's DER in 2016 and is in the poor category because the ratio is less than 1 or 100%. This is because the company has debt that is smaller than the equity it has. The maximum value of the DER indicator of 9,758, which comes from PT Telkom Indonesia DER in 2010 which is in the good category because the ratio is more than 1 or 100%. This is because the debt they have is much greater than their equity. The mean value of 1.71224, which is greater than the standard deviation value of 1.586884, indicates that the data is homogeneous. For the ICP indicator, it has a range of 0.667 from the difference between the maximum and minimum values. The minimum value is 0,000, which means that there are no independent commissioners who served during that period. The maximum value is 0.667, which means that there is a 67% proportion of independent commissioners from the total board of commissioners. This is said to be good because it is more than the minimum rule, which is at least 30% for the proportion of independent commissioners. The mean value is 0.32781 which is greater than the standard deviation value of 0.142555 which indicates that the data is homogeneous.

Classic Assumption Test

Normality

Table 2 Normality

		Kolmogorov-Smirnov		
		Statistic	df	Sig.
DPR	Property, Real Estate and Building Construction	.182	46	.001
	Infrastructure, Utilities and Transportation	.254	40	.000
	Mining	.110	40	.200
	Basic Industry and Chemicals	.234	41	.000
	Miscellaneous Industry		10	
	Consumer Goods Industry	.492	10	.000
DER	Property, Real Estate and Building Construction	.141	46	.023
	Infrastructure, Utilities and Transportation	.210	40	.000
	Mining	.227	40	.000
	Basic Industry and Chemicals	.267	41	.000
	Miscellaneous Industry	.117	10	.200
	Consumer Goods Industry	.223	10	.174
ICP	Property, Real Estate and Building Construction	.259	46	.000
	Infrastructure, Utilities and Transportation	.259	40	.000
	Mining	.383	40	.000
	Basic Industry and Chemicals	.226	41	.000
	Miscellaneous Industry	.329	10	.003
	Consumer Goods Industry	.263	10	.049

Based on Table 2, 13 normality test results have a significance level of <0.05 which means that the data is not normally distributed. From the DPR indicator, the test results that have abnormal data distribution are property, real estate and building construction, infrastructure, utilities and transportation, basic industry and chemicals, miscellaneous industry, and consumer goods industry. From the DER indicator, the test results that have abnormal data distribution are infrastructure, utilities and transportation, mining and basic industry, and chemicals. From the ICP indicator, the test results that have abnormal data distribution are property, real estate and building construction, infrastructure, utilities and transportation, mining, basic industry and chemicals, miscellaneous industry, and consumer goods industry. From the results of this test, it can be concluded that this research was continued using the Kruskal Wallis test (Kadir, 2015).

Kruskal Wallis

Table 3 Kruskal Wallis

	DPR	DER	ICP
Kruskal-Wallis	28.058	90.219	19.796
df	5	5	5
Asymp. Sig	.000	.000	.001

Based on Table 3, all indicators have a significance value <0.05 , which means that there is a difference. The DPR indicator has a significance of 0.000, which means that there is a difference so that H1 is accepted. For the DER indicator, it has a significance of 0.000, which means that there is a difference so that H2 is accepted. For the ICP indicator, it has a significance of 0.001 which means that there is a difference so that H3 is accepted. From the results of the Kruskal Wallis test, it can be concluded that there are differences in indication of agency theory in BUMN in the property, real estate and building construction sector, infrastructure, utilities and transportation, mining, basic industry and chemicals, miscellaneous industry and consumer goods industry based on dividend payment indicators (DPR), debt policy (DER), and the proportion of independent commissioners (ICP). This difference occurs because each BUMN has different decisions on dividend payments, debt policies, and the proportion of independent commissioners in a certain period. After the Kruskal-Wallis test was carried out, the researcher conducted a post hoc follow-up test to find out in more detail the location of the differences that occurred in the data.

Post-Hoc

Table 4 Post Hoc

Sample 1 – Sample 2		Adj.Sig
DPR	Miscellaneous Industry – Consumer Goods	1.000
	Miscellaneous Industry – Property, Real Estate, and Building Construction	.041
	Miscellaneous Industry – Basic Industry and Chemicals	.011
	Miscellaneous Industry – Infrastructure, Utilities, and Transportation	.000
	Miscellaneous Industry – Mining	.000
	Consumer Goods – Property, Real Estate, and Building Construction	1.000
	Consumer Goods – Basic Industry and Chemicals	1.000
	Consumer Goods – Infrastructure, Utilities, and Transportation	.491
	Consumer Goods – Mining	.474

	Property, Real Estate and Building Construction – Basic Industry and Chemicals	1.000
	Property, Real Estate, and Building Construction – Infrastructure, Utilities, and Transportation	.215
	Property, Real Estate, and Building Construction – Mining	.202
	Basic Industry and Chemicals – Infrastructure, Utilities, and Transportation	1.000
	Basic Industry and Chemicals – Mining	1.000
	Infrastructure, Utilities, and Transportation – Mining	1.000
DER	Mining – Consumer Goods	1.000
	Mining – Basic Industry and Chemicals	1.000
	Mining – Miscellaneous Industry	.136
	Mining – Infrastructure, Utilities, and Transportation	.000
	Mining – Property, Real Estate, and Building Construction	.000
	Consumer Goods – Basic Industry and Chemicals	1.000
	Consumer Goods – Miscellaneous Industry	1.000
	Consumer Goods – Infrastructure, Utilities, and Transportation	.343
	Consumer Goods – Property, Real Estate, and Building Construction	.000
	Basic Industry and Chemicals – Miscellaneous Industry	.588
	Basic Industry and Chemicals – Infrastructure, Utilities, and Transportation	.005
	Basic Industry and Chemicals – Property, Real Estate, and Building Construction	.000
	Miscellaneous Industry – Infrastructure, Utilities, and Transportation	1.000
	Miscellaneous Industry – Property, real Estate, and Building Construction	.202
	Infrastructure, Utilities, and Transportation – Property, Real Estate, and Building Construction	.004
ICP	Miscellaneous Industry – Basic Industry and Chemicals	.688
	Miscellaneous Industry – Mining	.408
	Miscellaneous Industry – Infrastructure, Utilities, and Transportation	.020
	Miscellaneous Industry – Property, Real Estate, and Building Construction	.006
	Miscellaneous Industry – Consumer Goods	.030
	Basic Industry and Chemicals – Mining	1.000
	Basic Industry and Chemicals – Infrastructure, Utilities, and Transportation	.776
	Basic Industry and Chemicals – Property, Real Estate, and Building Construction	.186
	Basic Industry and Chemicals – Consumer Goods	.822
	Mining – Infrastructure, Utilities, and Transportation	1.000
	Mining – Property, Real Estate, and Building Construction	.498
	Mining – Consumer Goods	1.000
	Infrastructure, Utilities, and Transportation – Property, Real Estate, and Building Construction	1.000
	Infrastructure, Utilities, and Transportation – Consumer Goods	1.000
	Property, Real Estate, and Building Construction – Consumer Goods	1.000

From Table 4, it is known in detail that 13 pairs have indications of differences in agency theory after the post hoc test. This can be seen from the significance level <0.05 . For the DPR indicator, the pairs that have differences include miscellaneous industry - property, real estate, and building construction, miscellaneous industry - basic industry and chemicals, miscellaneous industry - infrastructure, utilities, and transportation, miscellaneous industry - mining. For the DER indicator, pairs that have differences include mining - infrastructure, utilities, and transportation, mining - property, real estate, and building construction, consumer goods - property, real estate, and building construction, basic industry and chemicals - infrastructure, utilities, and transportation, basic indus-

try and chemicals - property, real estate, and building construction, and infrastructure, utilities and transportation - property, real estate, and building construction. For the ICP indicator, partners who have differences include miscellaneous industry - infrastructure, utilities, and transportation, miscellaneous industry - property, real estate, and building construction, and miscellaneous industry - consumer goods.

Analysis of Agency Theory Indication

The analysis of agency theory indications was carried out using the scoring method. A score of 1 is awarded if there is an indication of agency theory. For the DPR indicator, it is said to be indicated if you find dividend payments in the category of into loss making but with a positive amount of free cash flow. This indication still does not consider the reasons or the backgrounds for BUMN to not distribute dividends due to business expansion or other matters due to liquidity. For the DER indicator, it is said to be indicated if you find DER in the poor category with positive free cash flow. For the PKI indicator, it is said to be indicated if it finds that the proportion of independent commissioners does not meet the Jakarta Stock Exchange (BEJ) Securities Listing Regulations number IA concerning general provisions for listing of equity securities on the exchange which took effect from 1 July 2000 or a requirement from Bapepam-LK that listed companies on the IDX must meet the requirement for the number of independent commissioners to be at least 30% of the total number of commissioners.

Table 5 Score of Agency Theory Indication in Property, Real Estate, and Building Construction

Indicator	Property, Real Estate, and Building Construction				
	ADHI	PP	WIKI	WSKT	PPRO
DPR Total Score	0	0	0	2	0
DER Total Score	0	0	0	0	0
ICP Total Score	0	0	0	0	0
Indication Total	0	0	0	2	0
Total Sector	2				

From Table 5 it is known that there is 1 BUMN that is indicated by agency theory in the property, real estate, and building construction sectors. The BUMN

that was indicated and found the highest indication was PT Waskita Karya Tbk. with a total score of 2 from the DPR indicator. This indication is because the DPR PT Waskita Karya Tbk. did not distribute dividends so that it is included in the category of into loss making but with positive free cash flow in 2010–2011. This needs to be explored deeper for the reasons or background that PT Waskita Karya Tbk. did not distribute dividends during that period.

Table 6 Score of Agency Theory Indication in Infrastructure, Utilities, and Transportation

Indicator	Infrastructure, Utilities, and Transportation			
	TLKM	GIAA	JSMR	PGAS
DPR Total Score	0	2	0	0
DER Total Score	9	0	0	4
ICP Total Score	0	5	0	0
Indication Total	9	7	0	4
Sector Total	20			

From Table 6, it is known that there are 3 BUMNs indicated by agency theory in the infrastructure, utilities, and transportation sectors. The indicated BUMNs are PT Telkom Indonesia Tbk., PT Garuda Indonesia Tbk., and PT Perusahaan Gas Negara Tbk. The BUMN with the highest indication is PT Telkom Indonesia Tbk. with a total score of 9 from the DER indicator. This is because the debt held is smaller than equity so that DER is in the poor category but with positive free cash flow in the 2011–2019 period. High free cash flow has the potential to trigger agency conflicts and by increasing debt, companies can reduce agency costs by shifting monitoring to creditors.

Table 7 Score of Agency Theory Indication in Mining

Indicator	Mining			
	ANTAM	PTBA	TINS	ELSA
DPR Total Score	0	0	0	1
DER Total Score	2	9	4	4
ICP Total Score	0	0	8	0
Indication Total	2	9	12	5
Sector Total	28			

From Table 7 it is known that there are 4 BUMNs indicated by agency theory in the mining sector. The indicated BUMNs are PT Aneka Tambang, PT Bukit Asam Tbk., PT Timah (Persero) Tbk., and PT Elnusa Tbk. The BUMN with the highest indication of agency theory is PT Timah (Persero) Tbk. with a total score of 12 from the DER and PKI indicators. This is because the debt held is smaller than equity, so that DER is in the poor category but with positive free cash flow in 2010, 2012, and 2015-2016. The high free cash flow has the potential to cause companies to spend unnecessary expenses resulting in inefficiency. Apart from the DER indicator, PT Timah (Persero) Tbk. is indicated by the PKI indicator because the proportion of independent commissioners who did not meet the rules is less than 30% in 2010–2014 and 2017–2019.

Table 8 Score of Agency Theory Indication in Basic Industry and Chemicals

Indicator	Basic Industry and Chemicals				
	SMGR	KRAS	SMBR	WSBP	WTON
DPR Total Score	0	2	3	0	0
DER Total Score	7	0	4	1	0
JL Total Score	5	1	6	4	1
Indication Total	12	3	13	5	1
Sector Total	34				

From Table 8, it is known that there are 5 BUMNs indicated by agency theory in the Basic Industry and Chemicals sector. The indicated SOEs are PT Semen Indonesia Tbk., PT Krakatau Steel Tbk., PT Semen Baturaja Tbk., PT Waskita Beton Precast Tbk., and PT Wijaya Karya Beton Tbk. The BUMN with the highest indication of agency theory is PT Semen Baturaja Tbk. with a total score of 13 from the indicators of DPR, DER, and PKI. The indication in the DPR indicator occurs because PT Semen Baturaja Tbk. did not distribute dividends so that it is included in the category of into loss making but with positive free cash flow in 2010–2012. The indication in the DER indicator occurs because the debt held is smaller than equity so that DER is in the poor category but with positive free cash flow in 2010–2012 and 2014. The indication in the PKI indicator occurs because the proportion of independent commissioners did not meet the rules, which is less than 30% in 2010–2014 and 2017.

**Table 9 Score of Agency Theory Indication
in Miscellaneous Industry**

Indicator	Miscellaneous Industry
	INDF
DPR Total Score	7
DER Total Score	2
ICP Total Score	5
Indication Total	14
Sector Total	14

From Table 9 it is known that there are 1 BUMN which is indicated by agency theory in the Miscellaneous Industry sector. The BUMN indicated by the highest agency theory is PT Indofarma Tbk. with a total score of 14 from the indicators of DPR, DER, and PKI. The indication in the DPR indicator occurs because PT Indofarma Tbk. did not distribute dividends so that it is included in the category of into loss making but with positive free cash flow in 2010–2012, 2014–2015, 2017, and 2019. The indication in the DER indicator occurs due to the debt hekd is smaller compared to equity, so DER is in the unfavorable category but with positive free cash flow in 2011–2012. The indication in the PKI indicator occurs because the proportion of independent commissioners did not meet the rules, specifically less than 30% in 2010–2014.

**Table 10 Score of Agency Theory Indication
in Consumer Goods**

Indicator	Consumer Goods
	KAEF
DPR Total Score	1
DER Total Score	4
ICP Total Score	2
Indication Total	7
Sector Total	7

From Table 10, it is known that there is 1 BUMN indicated by agency theory in the Consumer Goods sector. The BUMN indicated by the highest agency theory is PT Kimia Farma Tbk. with a total score of 7 from the indicators of DPR, DER, and PKI. The indication in the DPR indicator occurs because PT Indofarma Tbk. did not distribute dividends so that it is included in the category

of into loss making but with positive free cash flow in 2010. The indication in the DER indicator occurs because the debt held is smaller than equity so that DER is in the unfavorable category. but with positive free cash flow in 2010–2013. The indication in the PKI indicator occurs because the proportion of independent commissioners did not comply with the rules, which is less than 30% in 2016–2017.

DISCUSSION

From the data that has been processed in this study, it is known that there are differences in indication of agency theory in non-financial SOEs in the sectors. Property, real estate and building construction, infrastructure, utilities and transportation, mining, basic industry and chemicals, miscellaneous industry, and consumer goods industry uses the dividend payout ratio, debt-to-equity ratio, and proportion of independent commissioners.

The difference in dividend payout indicators is supported by previous research which states that there are BUMNs that are motivated to pay higher dividends and there are also BUMNs that state the failure of several BUMNs to pay dividends which causes the burden on the national budget to increase (Setiawan, 2016; Al-Najjar & Kilincarslan, 2016). This is also in line with research conducted by Le & Le (2020), which stated that there are differences in dividend payments between companies and government ownership. With the difference in dividend payments to BUMN, there are also different indications for agency theory using the dividend payout indicator. According to Rodoni & Ali (2010) in Bahri (2018), this difference in dividend payments is influenced by good corporate governance, profitability, liquidity, free cash flow, company size, leverage, collateral assets, and institutional ownership.

Differences in debt policy indicators are influenced by different business risks between SOEs. This is in line with the statement of Suhartatik & Budiarti (2018), which stated that debt policy is influenced by business risk, therefore companies with high risk tend to be careful and avoid using high amounts of debt. In addition, the proportion of pledged assets, profitability, and growth opportunity for each different BUMN is the cause of differences in debt policy (Dewi & Suryani, 2020).

For the indicator of the proportion of independent commissioners, the difference is influenced by management decisions regarding the proportion of independent commissioners. According to Fadillah (2017), the independent commissioner board has an important role to oversee the running of the company so that it can be said that independent commissioners play a role in the implementation of corporate governance. It is known that in the research of Natapermana et al. (2020), there are differences in the implementation of Good Corporate Governance in BUMN. This is in line with the difference in the proportion of independent commissioners in BUMN.

From the analysis of agency theory indications using the method scoring, there are 15 out of 20 BUMNs in the sample that are indicated by agency theory. BUMN with an indication of agency theory has the potential for agency conflicts to occur in their internal management. This agency conflict has the potential to lead to dysfunctional behavior, fraud, and income smoothing. This, of course, will be detrimental to investors and the government if this happens. This is in line with previous research which stated that agency conflicts have an impact on earnings management (Mulumbot & Sumanti, 2020; Nurvita, 2020; Manurung & Syafruddin, 2020).

It is important to note that BUMN certainly has considerations regarding the decision to distribute dividends, debt policy, and the proportion it owns. Certain BUMNs may not distribute their dividends with consideration of business expansion or liquidity. Therefore, it is necessary to examine deeper the indication of this agency theory by considering the reasons for the BUMN decision.

Of the 6 sectors sampled in this study, it is known that basic industry and chemicals have the highest indication of agency theory. The highest indication comes from the PKI indicator so that it can be concluded that BUMN in the sector basic industry and chemicals still does not meet the provisions of the Jakarta Stock Exchange Listing Regulation 14 (BEJ) number IA concerning general provisions for listing of equity securities on the exchange which took effect from 1 July 2000 or Bapepam-LK which stipulates that companies listed on the IDX must meet the requirement in the number of independent commissioners being at least 30% of the total number of commissioners.

With the proportion of independent commissioners not being fulfilled, it is indicated that the functions of monitoring and controlling the management are not going well. This is in line with the statement of Jensen & Meckling (1976), that higher the proportion of independent commissioners will reduce the chance of agency conflict. So, it can be concluded that if the proportion of independent commissioners is low, it is suspected that there could be potential for agency conflict in management.

Of the 20 BUMN that were sampled in this study, there were 6 BUMNs with the highest indication of agency theory, namely PT Waskita Karya Tbk., PT Telkom Indonesia Tbk., PT Timah (Persero) Tbk., PT Semen Baturaja, PT Indofarma Tbk., and PT Kimia Farma Tbk. There needs to be a deeper investigation in the BUMN regarding the indication of agency theory. It should be noted, however, that this research still has not considered the background of the BUMN in making decisions regarding dividend payments, debt policy, and the proportion of independent commissioners.

It is known that there are several BUMNs indicated by the DPR indicators for a certain period such as PT Waskita Karya Tbk., PT Garuda Indonesia Tbk., PT Elnusa Tbk., PT Krakatau Steel Tbk., PT Semen Baturaja, PT Indofarma Tbk., and PT Kimia Farma Tbk. which are included in the category of into loss making but with positive free cash flow, indicating agency theory. However, it should be noted that dividend payments are not mandatory for a company. However, it can be used as consideration for investment decisions. The analysis of agency theory indications in this study uses the DPR which is compared to free cash flow because high free cash flow tends to be prone to potential business inefficiency and agency conflicts. In line with Jensen's (1986) statement, dividends can be used as a tool to reduce agency conflicts in the company.

It is known that there are several BUMNs indicated by the DER indicator for a certain period, namely, PT Telkom Indonesia Tbk., PT Perusahaan Gas Negara Tbk., PT Aneka Tambang Tbk., PT Bukit Asam Tbk., PT Timah (Persero) Tbk., PT Elnusa Tbk., PT Semen Indonesia Tbk., PT Semen Baturaja Tbk., PT Waskita Beton Precast Tbk., PT Wijaya Karya Beton Tbk., PT Indofarma Tbk., and PT Kimia Farma Tbk. This happens because the amount of debt is smaller than the company's equity. It can be concluded that companies indicated by the DER indicator still use equity as majority funding. The role of debt in agency

theory is as a supervisor from external parties, namely creditors so that it can be concluded that the greater the debt, the greater the supervision exercised by creditors on a business. This can reduce the potential for agency conflicts in management because management should pay off its debts and if it fails to pay off its debts it will affect its reputation.

It is known that there are several BUMNs indicated by the PKI indicator for a certain period, namely, PT Garuda Indonesia Tbk., PT Timah (Persero) Tbk., PT Semen Indonesia Tbk., PT Krakatau Steel Tbk., PT Semen Baturaja Tbk., PT Waskita Beton Precast Tbk., PT Wijaya Karya Beton Tbk., PT Indofarma Tbk., and PT Kimia Farma Tbk. This indication of the PKI indicator occurs because the company has not fulfilled the rules applied by Bapepam-LK regarding the minimum proportion of independent commissioners, which is 30% of the total board of commissioners. This is done to optimize the functions of monitoring and controlling in the company by parties not affiliated with management, other members of the board of commissioners, and controlling shareholders and should be free from other business relationships that affect their ability to act independently and for the benefit of the company (National Committee on Policy Good Corporate Governance, 2006). Companies that have not fulfilled the proportion of independent commissioners according to the regulations are allegedly not getting the monitoring and controlling functioning at a maximum level.

Conclusion and Implication

Based on the research that has been done, all hypotheses are accepted as there are differences in the indication of agency theory in the non-financial sector SOEs. These differences are due to differences in dividend distribution decisions taken by each SOE, differences in decisions on debt policies made by SOEs, and differences in decisions regarding the number of independent commissioners in a certain period.

Sectors that have the highest indication are basic industry and chemicals and BUMN, the SOEs that have the highest indication of agency theory are PT Waskita Karya Tbk., PT Telkom Indonesia Tbk., PT Timah Tbk., PT Semen Baturaja, PT Indofarma Tbk., and PT Kimia Farma Tbk.

Investors are expected to consider investment decisions using agency theory indications. BUMN with an indication of agency theory has the potential for risks that can harm investors, such as income smoothing, earnings management, or corruption in SOE. Therefore, investors need to be careful in investing in SOEs that have indications of the agency. An in-depth fundamental analysis is needed for investors to finally decide to invest in SOE which is indicated by agency theory to be able to find out the risk of the SOE.

Likewise, the government needs to provide more supervision for SOEs indicated by agency theory to mitigate things that can harm the state. What the regulator (Bursa Efek Indonesia/Indonesia Stock Exchange) could do is to conduct regular reviews regarding whether the company has complied with applicable regulations, such as rules regarding the proportion of independent commissioners, so that the monitoring and controlling functions run well. Authorized state institutions need to consider the indication of agency theory into assessment and evaluation to judge the performance and risk of potential agency conflicts in SOE. By doing this, it can detect earlier the things that might happen to mitigate the losses that may be experienced by the state.

As stated earlier, this study still analyzes the agency theory indication in general without considering the reasons or backgrounds of each SOE regarding dividend payment decisions, debt policy, and the proportion of independent commissioners. Therefore, comprehensive research is needed. It is also necessary to analyze the decision of each SOE to continue to distribute dividends when earnings per share are negative, the amount of debt is too large compared to its equity so that it can affect its liquidity, and whether the existing independent commissioners are in accordance with the definition of an independent commissioner according to the National Committee on Good Corporate Governance, which is not affiliated with management or other parties that can influence its independence.

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