

**DETERMINANTS OF DIVIDEND POLICY IN
MALAYSIAN BANKING SECTOR**

LIEW KA LIM

**MASTER OF SCIENCE (FINANCE)
UNIVERSITI UTARA MALAYSIA
July 2013**

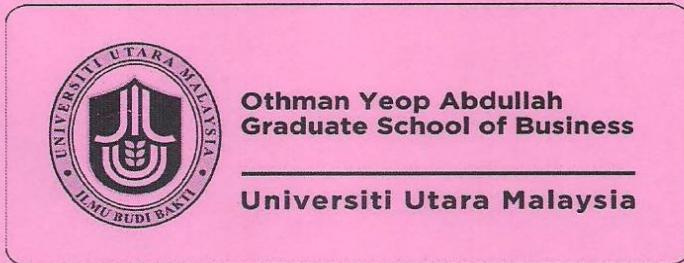
**DETERMINANTS OF DIVIDEND POLICY IN MALAYSIAN BANKING
SECTOR**

By

LIEW KA LIM

**Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business,
Universiti Utara Malaysia,
in Fulfillment of the Requirement for the Degree of
Master of Science (Finance)**

© 2013 Liew Ka Lim. All Rights Reserved.



PERAKUAN KERJA KERTAS PENYELIDIKAN
(*Certification of Research Paper*)

Saya, mengaku bertandatangan, memperakukan bahawa
(*I, the undersigned, certified that*)
LIEW KA LIM (810203)

Calon untuk Ijazah Sarjana
(*Candidate for the degree of*) **MASTER OF SCIENCE (FINANCE)**

telah mengemukakan kertas projek yang bertajuk
(*has presented his/her project paper of the following title*)

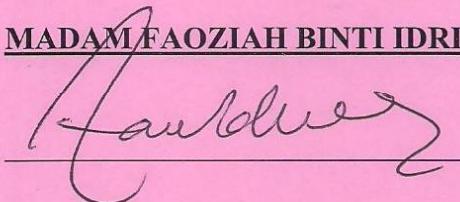
DETERMINANTS OF DIVIDEND POLICY IN MALAYSIAN BANKING
SECTOR

Seperti yang tercatat di muka surat tajuk dan kulit kertas projek
(*as it appears on the title page and front cover of the project paper*)

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.

(*that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper*).

Nama Penyelia : **MADAM FAOZIAH BINTI IDRIS**
(*Name of Supervisor*)

Tandatangan : 
(*Signature*)

Tarikh : **7 JULY 2013**
(*Date*)

PERMISSION TO USE

In presenting this dissertation/project paper in partial fulfillment of the requirements for a Post Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this dissertation/project paper in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor(s) or in their absence, by the Dean of Othman Yeop Abdullah Graduate School of Business where I did my dissertation/project paper. It is understood that any copying or publication or use of this dissertation/project paper parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the UUM in any scholarly use which may be made of any material in my dissertation/project paper.

Request for permission to copy or to make other use of materials in this dissertation/project paper in whole or in part should be addressed to:

Dean of Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman

ABSTRAK

Tujuan kajian ini adalah untuk mengkaji faktor-faktor yang mempengaruhi polisi dividen dalam sektor perbankan di Malaysia. Dalam kajian ini, sembilan belas bank komersil di Malaysia telah dipilih sebagai sampel dan ia termasuk lapan bank domestik dan sebelas bank luar negara. Regresi Kaedah Kuadrat Terkecil (*Ordinary Least Squares*) digunakan untuk mengkaji impak leveraj, keuntungan, kecairan, dividen masa lepas, saiz firma, pertumbuhan jualan, cukai korporat, dan risiko perniagaan terhadap polisi dividen dalam sektor perbankan dalam jangka masa lima tahun, iaitu dari tahun 2007 hingga 2011. Hasil kajian ini menunjukkan bahawa keuntungan, kecairan, dividen masa lepas, saiz firma, dan pertumbuhan jualan mempunyai hubungan positif dengan polisi dividen, manakala leveraj, cukai korporat, dan risiko perniagaan mempunyai hubungan negatif dengan polisi dividen. Hasil kajian juga menujukkan bahawa keuntungan, dividen masa lepas, saiz firma, dan cukai korporat adalah faktor utama yang mempengaruhi keputusan pembayaran dividen. Selain itu, kami mendapati bahawa pembayaran dividen oleh bank-bank domestik adalah lebih tinggi daripada bank-bank luar negara.

Katakunci: Polisi dividen, Pembayaran dividen, Sektor perbankan

ABSTRACT

The purpose of this study is to examine the factors that influence dividend policy in the Malaysian banking sector. For this purpose, a sample of 19 commercial banks in Malaysia were selected including eight domestic banks and eleven foreign banks. Ordinary Least Squares (OLS) Regression was used to examine the impact of leverage, profitability, liquidity, past dividend, size of firm, sales growth, corporate tax, and business risk on dividend policy in the banking sector over a period of five years from 2007 to 2011. The empirical results of this study show that profitability, liquidity, past dividend, size of firm, and sales growth have a positive relationship with dividend payout. Meanwhile, leverage, corporate tax and business risk have a negative relationship with dividend payout. The results of the analysis indicated that profitability, past dividend, size of firm and corporate tax were the major factors that affected dividend payment decision. Furthermore, we found that domestic banks had higher dividend payout than foreign banks.

Keywords: Dividend policy, Dividend payout, Banking sector

ACKNOWLEDGEMENT

I would like to take this opportunity to express my gratitude to everyone who had contributed to the success of this thesis.

I would like to express my sincere appreciation to my supervisor Madam Faoziah binti Idris who provided guidance and support. Her encouragement enabled this thesis to be completed.

Besides my supervisor, I would like to thank all my lecturers for their advice and suggestion.

Finally, I would like thanks to my beloved family for theirs years of encouragement and support.

TABLE OF CONTENTS

| | PAGE |
|--|------|
| TITLE PAGE | |
| CERTIFICATION OF THESIS WORK | |
| PERMISSION TO USE | I |
| ABSTRAK | II |
| ABSTRACT | III |
| ACKNOWLEDGEMENT | IV |
| TABLE OF CONTENTS | V |
| LIST OF TABLES | IX |
| LIST OF FIGURE | X |
| LIST OF ABBREVIATIONS | XI |
| | |
| CHAPTER ONE INTRODUCTION | 1 |
| 1.0 Chapter Overview | 1 |
| 1.1 Background of the Study | 1 |
| 1.2 Problem Statement | 5 |
| 1.3 Research Questions | 7 |
| 1.4 Research Objectives | 8 |
| 1.5 Significance of the Study | 9 |
| 1.6 Scope and Limitations of the Study | 10 |
| 1.7 Organization of the Thesis | 11 |
| 1.8 Chapter Summary | 12 |
| | |
| CHAPTER TWO LITERATURE REVIEW | 13 |
| 2.0 Chapter Overview | 13 |
| 2.1 Definition of Dividend | 13 |
| 2.2 Dividend Theories | 15 |
| 2.2.1 Dividend Irrelevance Theory | 15 |
| 2.2.2 Agency Theory | 15 |
| 2.2.3 Signaling Theory | 16 |
| 2.2.4 Pecking Order Theory | 17 |
| 2.2.5 Transaction Cost Theory | 18 |

| | |
|--|----|
| 2.2.6 Life Cycle Theory | 18 |
| 2.2.7 Bird-in-the-Hand Theory | 19 |
| 2.3 Bank Dividend Policy | 20 |
| 2.4 Literature Review on the Study Independent Variables | 24 |
| 2.4.1 Leverage | 24 |
| 2.4.2 Profitability | 26 |
| 2.4.3 Liquidity | 27 |
| 2.4.4 Past Dividend | 29 |
| 2.4.5 Size of Firm | 30 |
| 2.4.6 Sales Growth | 32 |
| 2.4.7 Corporate Tax | 33 |
| 2.4.8 Business Risk | 34 |
| 2.5 Chapter Summary | 37 |
| CHAPTER THREE METHODOLOGY | 38 |
| 3.0 Chapter Overview | 38 |
| 3.1 Research Framework | 38 |
| 3.2 Hypotheses/Propositions Development | 40 |
| 3.2.1 Leverage and Dividend Policy | 40 |
| 3.2.2 Profitability and Dividend Policy | 40 |
| 3.2.3 Liquidity and Dividend Policy | 40 |
| 3.2.4 Past Dividend and Dividend Policy | 41 |
| 3.2.5 Size of Firm and Dividend Policy | 41 |
| 3.2.6 Sales Growth and Dividend Policy | 41 |
| 3.2.7 Corporate Tax and Dividend Policy | 41 |
| 3.2.8 Business Risk and Dividend Policy | 41 |
| 3.2.9 Dividend Policy for Domestic Banks and Foreign Banks | 42 |
| 3.3 Research Design | 42 |
| 3.4 Operational Definitions | 43 |
| 3.5 Measurement of Variables/Instrumentation | 44 |
| 3.5.1 Dependent Variable | 45 |
| 3.5.2 Independent Variables | 45 |
| 3.6 Data Collection | 45 |
| 3.7 Sampling | 46 |

| | |
|--|--------|
| 3.8 Data Collection Procedures | 47 |
| 3.9 Techniques for Data Analysis | 47 |
| 3.9.1 Descriptive Analysis | 47 |
| 3.9.2 Ordinary Least Squares (OLS) Regression Model | 48 |
| 3.9.3 Correlation Analysis | 49 |
| 3.9.4 Analysis of Variance (ANOVA) | 49 |
| 3.10 Chapter Summary | 49 |
| CHAPTER FOUR RESULTS AND DISCUSSION | 50 |
| 4.0 Chapter Overview | 50 |
| 4.1 Descriptive Statistics | 50 |
| 4.2 Collinearity Test | 52 |
| 4.3 Pearson Correlations | 53 |
| 4.4 Multiple Linear Regression Analysis | 55 |
| 4.5 Analysis of Variance (ANOVA) | 58 |
| 4.6 Discussion | 60 |
| 4.6.1 Leverage and Dividend Policy | 60 |
| 4.6.2 Profitability and Dividend Policy | 60 |
| 4.6.3 Liquidity and Dividend Policy | 61 |
| 4.6.4 Past Dividend and Dividend Policy | 62 |
| 4.6.5 Size of Firm and Dividend Policy | 62 |
| 4.6.6 Sales Growth and Dividend Policy | 63 |
| 4.6.7 Corporate Tax and Dividend Policy | 64 |
| 4.6.8 Business Risk and Dividend Policy | 64 |
| 4.6.9 Dividend Policy for Domestic Banks and Foreign Banks | 65 |
| 4.7 Chapter Summary | 66 |
| CHAPTER FIVE CONCLUSION AND RECOMMENDATIONS | 67 |
| 5.0 Chapter Overview | 67 |
| 5.1 Conclusion | 67 |
| 5.2 Recommendation | 69 |
| 5.3 Chapter Summary | 70 |
| REFERENCES | 71 |

| | |
|---|----|
| APPENDICES | 80 |
| Appendix A: Descriptive Statistics | 80 |
| Appendix B: Pearson Correlations | 81 |
| Appendix C: Regressions Analysis | 83 |
| Appendix D: Ordinary Least Square Model (OLS) | 87 |
| Appendix E: Analysis of Variance (ANOVA) | 88 |
| Appendix F: Descriptive Statistics for Types of Banks | 90 |

LIST OF TABLES

| | |
|---|----|
| Table 2.1 Key Concepts of the Variables and the Expected Sign | 36 |
| Table 3.1 List of Banks | 46 |
| Table 4.1 Descriptive Statistics | 50 |
| Table 4.2 Collinearity Statistics | 52 |
| Table 4.3 Correlations | 53 |
| Table 4.4 Model Summary | 55 |
| Table 4.5 Coefficients | 56 |
| Table 4.6 Descriptive Statistics | 58 |
| Table 4.7 Test of Homogeneity of Variances | 58 |
| Table 4.8 ANOVA | 58 |

LIST OF FIGURES

Figure 3.1 Theoretical Framework 39

LIST OF ABBREVIATION

| | |
|-------|--|
| ANOVA | Analysis of Variance |
| B | Beta |
| BHCs | Bank Holding Companies |
| Bhd. | Berhad |
| BNM | Bank Negara Malaysia |
| df | Degrees of Freedom |
| GRETL | Gnu Regression, Econometrics and Time-series Library |
| Ha | Alternate Hypothesis |
| Ho | Null Hypothesis |
| KLSE | Kuala Lumpur Stock Exchange |
| M | Malaysia |
| MM | Miller and Modigliani |
| N | Sample from Population |
| OLS | Ordinary Least Squares |
| sen | Malaysia Sen |
| Sig. | Significant |
| SPSS | Statistical Package of Science Social |
| Std. | Standard |
| t | t-Statistic |
| UUM | Universiti Utara Malaysia |
| VIF | Variance Influence Factor |
| Ŷ | Estimator of Y |

CHAPTER ONE

INTRODUCTION

1.0 Chapter Overview

In this chapter, we will discuss eight sections: section 1.1 background of the study, section 1.2 problem statement, section 1.3 research questions, section 1.4 research objectives, section 1.5 significance of the study, section 1.6 scope and limitations of the study, section 1.7 organization of the thesis, and section 1.8 chapter summary.

1.1 Background of the Study

Dividend policy is one of the critical issues in corporate finance. The company earns income from its business which is then invested in operating assets, buying securities, paying debts and distributing to stockholders. Income paid to shareholders is called dividend. Researchers and companies are always concerned about dividend payment while investors are interested to know the value of dividend. Some issues have arisen in terms of proportions of dividend from income which should be distributed to shareholders, that is, whether they should be paid cash dividend, stock dividend or they should not be paid at all. Therefore, many controversies have emerged from prior empirical studies related to dividend policy. Financial managers of the company should consider financial and non-

The contents of
the thesis is for
internal user
only

REFERENCES

Abdulrasheed, A., Adenola, Y. K., & Atanda, A. O. (2011). Determinants of performance: A cross generational analysis of Nigerian banks. *European Journal of Social Sciences*, 24(4), 458-465.

Abor, J., & Bokpin, G. A. (2010). Investment opportunities, corporate finance, and dividend payout policy: Evidence from emerging markets. *Studies in Economics and Finance*, 27(3), 180-194.

Abreu, J. F., & Gulamhussen, M. A. (2013). Dividend payouts: Evidence from U.S. bank holding companies in the context of the financial crisis. *Journal of Corporate Finance*, 22, 54–65.

Adu-Boanyah, E., Ayentimi, D. T., & Frank, O. Y. (2013). Determinants of dividend payout policy of some selected manufacturing firms listed on the Ghana stock exchange. *Research Journal of Finance and Accounting*, 4(5), 49-61.

Afza, T., & Mirza, H. H. (2011). Do mature companies pay more dividends? Evidence from Pakistani stock market. *Mediterranean Journal of Social Sciences*, 2(2), 152-161.

Agrawal, A., & Jayaraman, N. (1994). The dividend policies of all-equity firms: A direct test of the free cash flow theory. *Managerial and Decision Economics*, 15, 139-148.

Agyei, S. K., & Marfo-Yiadom, E. (2011). Dividend policy and bank performance in Ghana. *International Journal of Economics and Finance*, 3(4), 202-207.

Ahmed, H., & Javid, A. Y. (2009). The determinants of dividend policy in Pakistan. *International Research Journal of Finance and Economics*, 29, 110-125.

Aivazian, V., Booth, L., & Cleary, S. (2003). Do emerging market firms follow different dividend policies from U.S. market?. *The Journal of Financial Research*, 26(3), 371-387.

Al-Ajmi, J., & Hussain, H. A. (2011). Corporate dividends decisions: Evidence from Saudi Arabia. *The Journal of Risk Finance*, 12(1), 41-56.

Al-Kuwari, D. (2009). Determinants of the dividend policy in emerging stock exchanges: The case of GCC countries. *Global Economy & Finance Journal*, 2(2), 38-63.

Al-Kuwari, D. (2012). Are large shareholders conducting influential monitoring in emerging markets? An investigation into the impact of large shareholders on dividend decisions: The case of Kuwait. *Research in World Economy*, 3(2), 52-67.

Alli, K. L., Khan, A. Q., & Ramirez, G. G. (1993). Determinants of dividend policy: A factorial analysis. *The Financial Review*, 28(4), 523-47.

Al-Malkawi, H. N. (2007). Determinants of corporate dividend policy in Jordan: An application of the tobit model. *Journal of Economic & Administrative Sciences*, 23(2), 44-70.

Al-Malkawi, H. N., Rafferty, M., & Pillai, R. (2010). Dividend policy: A review of theories and empirical evidence. *International Bulletin of Business Administration*, 9, 171-200.

Al-Najjar, B. (2009). Dividend behaviour and smoothing new evidence from Jordanian panel data. *Studies in Economics and Finance*, 26(3), 182-197.

Al-Najjar, B., & Hussainey, K. (2009). The association between dividend payout and outside directorships. *Journal of Applied Accounting Research*, 10(1), 4-19.

Al-Shabibi, B. K., & Ramesh, G. (2011). An empirical study on the determinants of dividend policy in the UK. *International Research Journal of Finance and Economics*, 80, 105-120.

Al-Twaijry, A. A. (2007). Dividend policy and payout ratio: Evidence from the Kuala Lumpur stock exchange. *The Journal of Risk Finance*, 8(4), 349-363.

Ameer, R. (2008). Product market competition, regulation and dividend payout policy of Malaysian banks. *Journal of Financial Regulation and Compliance*, 16(4), 318-334.

Amidu, M., & Abor, J. (2006). Determinants of dividend payout ratios in Ghana. *The Journal of Risk Finance*, 7(2), 136-145.

Andres, C., Betzer, A., Goergen, M., & Renneboog, L. (2009). Dividend policy of German firms: A panel data analysis of partial adjustment models. *Journal of Empirical Finance*, 16, 175–187.

Anil, K., & Kapoor, S. (2008). Determinants of dividend payout ratios-a study of Indian information technology sector. *International Research Journal of Finance and Economics*, 15, 63-71.

Anthony, J. H., & Ramesh, K. (1992). Association between accounting performance measures and stock prices: A test of the life cycle hypothesis. *Journal of Accounting and Economics*, 15, (2–3), 203-227.

Baker, H. K., Farrelly, G. E., & Edelman, R. B. (1985). A survey of management views on dividend policy. *Financial Management*, 14(3), 78-84.

Baker, H. K., & Powell, G. E. (1999). How corporate managers view dividend policy. *Quarterly Journal of Business and Economics*, 38(2), 17-35.

Baker, H. K., & Powell, G. E. (2012). Dividend policy in Indonesia: Survey evidence from executives. *Journal of Asia Business Studies*, 6(1), 79-92.

Baker, H. K., Veit, E. T., & Powell, G. E. (2001). Factors influencing dividend policy decisions of Nasdaq firms. *The Financial Review*, 38, 19-38.

Baker, H. K., Saadi, S., Dutta, S., & Gandhi, D. (2007). The perception of dividends by Canadian managers: New survey evidence. *International Journal of Managerial Finance*, 3(1), 70-91.

Benartzi, S., Michael, R., & Thaler, R. (1997). Do changes in dividends signal the future or the past?. *The Journal of Finance*, 52(3), 1007-1034.

Bhattacharya, S. (1979). Imperfect information, dividend policy, and "the bird in the hand" fallacy. *The Bell Journal of Economics*, 10(1), 259-270.

Bhattacharyya, N. (2007a). Dividend policy: A review. *Managerial Finance*, 33(1), 4-13.

Bhattacharyya, N. (2007b). Good managers invest more and pay less dividends: A model of dividend policy. *Corporate Governance and Finance Advances in Financial Economics*, 12, 91–117.

Black, F. (1976). The dividend puzzle. *Journal of Portfolio Management*, 2, 5–84.

Boldin, R., & Leggett, K. (1995). Bank dividend policy as a signal of bank quality. *Financial Services Review*, 4(1), 1-8.

Bulan, L., & Hull, T. (2013). The impact of technical defaults on dividend policy. *Journal of Banking & Finance*, 37, 814–823.

Casey, K. M., & Dickens, R. N. (2000). The effects of tax and regulatory changes on commercial bank dividend policy. *The Quarterly Review of Economics and Finance*, 40, 279–293.

Cavana, R. Y., Delahaye, B. L., Sekaran, U. (2001). *Applied business research: Qualitative and quantitative methods*. John Wiley.

Chang, R., & Rhee, S. (1990). The impact of personal taxes on corporate dividend policy and capital structure decisions. *Financial Management*, 19(2), 21-31.

Charitou, A., Lambertides, N., & Theodoulou, G. (2010). The effect of past earnings and dividend patterns on the information content of dividends when earnings are reduced. *A Journal of Accounting, Finance and Business Studies*, 46(2), 153-187.

Chen, C. R., & Steiner, T. L. (1999). Managerial ownership and agency conflicts: A nonlinear simultaneous equation analysis of managerial ownership, risk taking, debt policy, and dividend policy. *Financial Review*, 34, 119-136.

Chen, J., & Dhiensiri, N. (2009). Determinants of dividend policy: The evidence from New Zealand. *International Research Journal of Finance and Economics*, 34, 18-28.

Chiang, K., Frankfurter, G. M., Kosedag, A., & Wood, B. G. (2006). The perception of dividends by professional investors. *Managerial Finance*, 32(1), 60-81.

Collins, M. C., Saxena, A. K., & Wansley, J. W. (1996). The role of insiders and dividend policy: A comparison of regulated and unregulated firms. *Journal of Financial and Strategic Decisions*, 9(2), 1-8.

Crutchley, C. E., & Hansen, R. S. (1989). A test of the agency theory of managerial ownership, corporate leverage, and corporate dividends. *Financial Management*, 18 (4), 36-46.

Darling, P. G. (1957). The influence of expectations and liquidity on dividend policy. *Journal of Political Economy*, 65(3), 209-224.

DeAngelo, H., DeAngelo, L., & Skinner, D. J. (1992). Dividends and losses. *The Journal of Finance*, 47(5), 1837-1863.

Denis, D. J., & Osobov, I. (2008). Why do firms pay dividends? International evidence on the determinants of dividend policy. *Journal of Financial Economics*, 89, 62– 82.

Dickens, N., Casey, K. M., & Newman, J. A. (2002). Bank dividend policy: Explanatory factors. *Quarterly Journal of Business and Economics*, 41(1/2), 3-12.

Dhanani, A. (2005). Corporate dividend policy: The views of British financial managers. *Journal of Business Finance & Accounting*, 32(7) & (8), 1625-1672.

D'Souza, J., & Saxena, A. K. (1999). Agency cost, market risk, investment opportunities and dividend policy: An international perspective. *Managerial Finance*, 25(6), 35-43.

Eddy, A., & Seifert, B. (1988). Firm size and dividend announcements. *Journal of Financial Research*, 11, 295-302.

El-Ansary, O., & Gomaa, T. (2012). The life cycle theory of dividends: Evidence from Egypt. *International Research Journal of Finance and Economics*, 97, 72-80.

Elton, E. J., & Gruber, M. J. (1970). Marginal stockholder tax rates and the clientele effect. *The Review of Economics and Statistics*, 52(1), 68-74.

Eriotis, N., & Vasiliou, D. (2003). Dividend policy: An empirical analysis of the Greek market. *International Business & Economics Research Journal*, (3)3, 49-58.

Fama, E. F., & Babiaik, H. (1968). Dividend policy: An empirical analysis. *Journal of the American Statistical Association*, 63(324), 1132-1161.

Fama, E. F., & French, K. R. (2001). Disappearing dividends: Changing firm characteristics or lower propensity to pay?. *Journal of Financial Economics*, 60, 3-43.

Farrelly, G. E., Baker, H. K., & Edelman, R. B. (1986). Corporate dividends: Views of the policymakers. *Akron Business and Economic Review*, 17(4), 62-74.

Gill, A., Biger, N., & Tibrewala, R. (2010). Determinants of dividend payout ratios: Evidence from United States. *The Open Business Journal*, 3, 8-14.

Gitman, L. J., & Zutter, C. J. (2012). *Principles of managerial finance* (13th ed.). Boston, Prentice Hall, Pearson.

Gordon, M. J. (1959). Dividends, earnings and stock prices. *Review of Economics and Statistics*, 41(2), 99-105.

Gordon, M. J. (1963). Optimal investment and financing policy. *The Journal of Finance*, 18(2), 264-272.

Grullon, G., Michaely, R., & Swaminathan, B. (2002). Are dividend changes a sign of firm maturity?. *Journal of Business*, 75(3), 387-424.

Gugler, B. K., & Yurtoglu, B. (2003). Corporate governance and dividend pay-out policy in Germany. *European Economic Review*, 47, 731 – 758.

Gul, F. A. (1999). Growth opportunities, capital structure and dividend policies in Japan. *Journal of Corporate Finance*, 5, 141–168.

Gul, F. A., & Kealey, B. T. (1999). Chaebol, investment opportunity set and corporate debt and dividend policies of Korean companies. *Review of Quantitative Finance and Accounting*, 13(4), 401-16.

Gupta, A., & Banga, C. (2010). The determinants of corporate dividend policy. *Decision*, 37(2), 63-77.

Han, K. C., Lee, S. H., & Suk, D. Y. (1999). Institutional shareholders and dividends. *Journal of Financial and Strategic Decisions*, 12(1), 53-62.

Higgins, R. C. (1972). The corporate dividend-saving decision. *The Journal of Financial and Quantitative Analysis*, 7(2), 1527-1541.

Higgins, R.C. (1981). Sustainable growth under inflation. *Financial Management*, 10(4), 36-40.

Ho, H. (2003). Dividend policies in Australia and Japan. *International Advances in Economic Research*, 9(2), 91-100.

Holder, M. E., Langrehr, F. W., & Hexter, J. L. (1998). Dividend policy determinants: An investigation of the influences of stakeholder theory. *Financial Management*, 27(3), 73-82.

Huda, F., & Farah, T. (2011). Determinants of dividend decision: A focus on banking sector in Bangladesh. *International Research Journal of Finance and Economics*, 77, 33-46.

Imran, K. (2011). Determinants of dividend payout policy: A case of Pakistan engineering sector. *The Romanian Economic Journal*, 16(41), 41-60.

Islam, T., Aamir, M., & Ahmad, A. (2012). Determinants and motivators of dividend policy: A study of cement industry of Pakistan. *Mediterranean Journal of Social Sciences*, 3(2), 103-108.

Jensen, G. R., Solberg, D. P., & Zorn, T. S. (1992). Simultaneous determination of insider ownership, debt, and dividend policies. *Journal of Financial and Quantitative Analysis*, 27(2), 274-263.

Jensen, M. C. (1986). Agency costs of free cash flow, corporate finance, and takeovers. *The American Economic Review*, 76(2), 323-329.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360.

Jones, S., & Sharma, R. (2001). The association between the investment opportunity set and corporate financing and dividend decisions: Some Australian evidence. *Managerial Finance*, 27(3), 48-64.

Juhmani, O. I. H. (2009). Determinants of dividend payout policy: Evidence from Bahraini firms. *Journal of International Finance and Economics*, 9(2), 77-86.

Kapoor, S., Mishra, A., & Anil, K. (2010). Dividend policy determinants of Indian services: A factorial analysis. *Paradigm*, 14(1), 24-41.

Kalay, A., & Michaely, R. (2000). Dividends and taxes: A re-examination. *Financial Management*, (Summer), 55-75.

Kania, S. L., & Bacon, F. W. (2005). What factors motivate the corporate dividend decision?. *ASBBS E-Journal*, 1(1), 97-107.

Khan, N. U., Burton, B. M., & Power, D. M. (2011). Managerial views about dividend policy in Pakistan. *Managerial Finance*, 37(10), 953-970.

Kim, H., & Gu, Z. (2009). Financial features of dividend-paying firms in the hospitality industry: A logistic regression analysis. *International Journal of Hospitality Management*, 28, 359–366.

Koch, P. D., & Shenoy, C. (1999). The information content of dividend and capital structure policies. *Financial Management*, 28(4), 16-35.

Kowalewski, O., Stetsyuk, I., & Talavera, O. (2007). *Corporate governance and dividend policy in Poland* (Working Paper). Wharton Financial Institutions.

Leary, M. T., & Michaely, R. (2011). Determinants of dividend smoothing: Empirical evidence. *The Review of Financial Studies*, 24(10), 3197-3249.

Lee, S. W. (2009). Determinants of dividend policy in Korean banking industry. *Banks and Bank Systems*, 4(1), 67-71.

Lintner, J. (1956). Distribution of incomes of corporations among dividends, retained earnings, and taxes. *The American Economic Review*, 46(2), 97-113.

Litzenberger, R. H., & Ramaswamy, K. (1982). The effects of dividends on common stock prices tax effects or information effects?. *The Journal of Finance*, 37(2), 429-443.

Liu, S. & Hu, Y. (2005). Empirical analysis of cash dividend payment in Chinese listed companies. *Nature and Science*, 3(1), 65-70.

Lloyd, P. W., Jahera, J. S., & Page, D. E. (1985). Agency costs and dividend payout ratios. *Quarterly Journal of Business and Economics*, 24(3), 19-29.

Low, S. W., Glorfeld, L., Hearth, D., & Rimbey, J. N. (2001). The link between bank monitoring and corporate dividend policy: The case of dividend omissions. *Journal of Banking and Finance*, 25, 2069-2087.

Malik, F., Gul, S., Khan, M. T., Rehman, S. U., & Khan, M. (2013). Factors influencing corporate dividend payout decisions of financial and non-financial firms. *Research Journal of Finance and Accounting*, 4(1), 35-46.

Marfo-Yiadom, E., & Agyei, S. K. (2011). Determinants of dividend policy of banks in Ghana. *International Research Journal of Finance and Economics*, 61, 99-108.

McCabe, G. M. (1979). The empirical relationship between investment and financing: A new look. *Journal of Financial and Quantitative Analysis*, 14(1), 119-135.

Mehar, A. (2005). Corporate governance and dividend policy. *Pakistan Economic and Social Review*, 43(1), 93-106.

Miller, M. H., & Modigliani, F. (1961). Dividend policy, growth, and the valuation of shares. *The Journal of Business*, 34(4), 411-433.

Miller, M. H., & Rock, K. (1985). Dividend policy under asymmetric information. *The Journal of Finance*, 40(4), 1031-1051.

Mitton, T. (2004). Corporate governance and dividend policy in emerging markets. *Emerging Markets Review*, 5(4), 409–426.

Moh'd, M. A., Perry, L. G., & Rimbey, J. N. (1995). An Investigation of the dynamic relationship between agency theory and dividend policy. *The Financial Review*, 30(2), 367-385.

Mollah, S. (2011). Do emerging market firms follow different dividend policies? Empirical investigation on the pre- and post-reform dividend policy and behaviour of Dhaka Stock Exchange listed firms. *Studies in Economics and Finance*, 28(2), 118-135.

Mueller, D. C. (1972). A life cycle theory of the firm. *The Journal of Industrial Economics*, 20(3), 199-219.

Myers, M., & Bacon, F. (2004). The determinants of corporate dividend policy. *Academy of Accounting and Financial Studies Journal*, 8(3), 17-28.

Myers, S. C. (1984). The capital structure puzzle. *Journal of Finance*, 39(3), 575-592.

Myers, S. C., & Majluf, S. N. (1984). Corporate financing and investment decisions when firms have information that investors do not have. *Journal of Financial Economics*, 13(2). 187-221.

Naceur, S. B., Goaied, M., & Belanes, A. (2006). On the determinants and dynamics of dividend policy. *International Review of Finance*, 6(1–2), 1–23.

Naser, K., Nuseibeh, R., & Rashed, W. (2013). Managers' perception of dividend policy: Evidence from companies listed on Abu Dhabi Securities Exchange. *Business Management and Economics*, 1(1), 001-012.

Nissim, D., & Ziv, A. (2001). Dividend changes and future profitability. *The Journal of Finance*, 56(6), 2111-2134.

Nnadi, M. A., & Akpomi, M. (2008). The effect of taxes on dividend policy of banks in Nigeria. *International Research Journal of Finance and Economics*, 19, 48-55.

Omet, G. (2004). Dividend policy behaviour in the Jordanian capital market. *International Journal of Business*, 9(3), 287-300.

Pandey, I. M. (2003). Corporate dividend policy and behaviour: The Malaysian evidence. *Asian Academy of Management Journal*, 8(1), 17-32.

Porta, R. L., Lopez-de Silanes, F., Shleifer, A., & Vishny, R. W. (2000). Agency problems and dividend policies around the world. *The Journal of Finance*, LV(1), 1-33.

Pourheydari, O. (2009). A survey of management views on dividend policy in Iranian firms. *International Journal of Islamic and Middle Eastern Finance and Management*, 2(1), 20-31.

Pruitt, S. W., & Gitman, L. J. (1991). The interactions between the investment, financing, and dividend decisions of major U.S. firms. *Financial Review*, 26(3), 409-430.

Rafique, M. (2012). Factors affecting dividend payout: Evidence from listed non-financial firms of Karachi stock exchange. *Business Management Dynamics*, 1(11), 76-92.

Redding, L. S. (1997). Firm size and dividend payouts. *Journal of Financial Intermediation*, 6, 224-248.

Ross, S. A., Westerfield, R. W., & Jaffe, J. (2008). *Corporate finance* (8th ed.). New York, McGraw-Hill/Irwin.

Rozeff, M. S. (1982). Growth, beta and agency costs as determinants of dividend payout ratios. *The Journal of Financial Research*, 5(3), 249-259.

Seifert, B. (1997). Earnings and dividend changes: An international study. *Journal of Multinational Financial Management*, 7, 71-81.

Shleifer, A., & Vishny, R. (1997). A Survey of corporate governance. *Journal of Finance*, 52, 737-783.

Theis, J., & Dutta, A. S. (2009). Explanatory factors of bank dividend policy: Revisited. *Managerial Finance*, 35(6), 501-508.

Walter, J. E. (1963). Dividend policy: Its influence on the value of the enterprise. *The Journal of Finance*, 18(2), 280-291.

Zeng, T. (2003). What determines dividend policy: A comprehensive test. *The Journal of American Academy of Business, Cambridge*, 2(2), 304-309.