**Effect** **of** **Dividend** **Policy** **on** **the** **Value** **of** **Firms** **(Empirical** **Study** **of** **Quoted** **Firms** **in** **Nigeria** **Stock** **Exchange)**

# Abstract

The study empirically investigated the effect of dividend policy on the value of firms as reflected on shareholder’s wealth maximization. The data employed in the study was computed as weighted average of five year summary extracted from the audited financial reports of firms selected at random from Nigeria stock exchange; in performing the analysis, rigorous econometric tools such as unit root stationary test, multiple OLS regression, granger causality test, impulse response innovation and variance decomposition test were all employed with the aid of econometric statistical packages version 8. The result of the study revealed that the dividend per share is significant and inversely related to share value of the firm while earning per share is both positive and significant to share value of firms; this result is like that of Baker, H.K. 1989. Based on this, the study concluded that earning per share is the predominant variable to influence the share value of firms. It is therefore recommended that finance managers should play an important role in the debt-equity mix on the balance sheet to magnify the earning per share as will be reflected in the wealth of shareholders.

**Keywords:** earnings per share, dividend per share, internal rate of return, market value per share, impulse response, variance decomposition.

# INTRODUCTION

Dividend policy is defined as a deliberate action of managers to distribute portion of earnings to shareholders in proportion of their holdings in the firm called dividend; the distribution of earnings to shareholders can be in form of cash dividend, bonus or script dividend, repurchased stock etc. the expected relationship between dividend paid out ratio and retention ratio is inversely related such that increase in retention ratio will bring about reduction in payout ratio of the firm, yet the duo work together for shareholder’s wealth maximization, it is practically impossible to formulate one without affecting the other.

Dividend decisions are extremely important to the company’s valuation which practically translates to capital gain in share prices; shareholder’s wealth maximization is a paramount objective of a finance manager; which serves as a return on investment outlay as reflected in the value of the firm. Return consists of two components: dividends and bullish stock (capital gain), despite the inverse relationship between dividend and earnings ratio, dividend and retained earnings have similar purpose towards maximizing shareholders interest (wealth); the unshared profit (retained earnings) is used to finance viable projects for expansion while dividend increases the bargaining power of stakeholders.

However, finance managers often strive to increase the fundamentals of their company; the fundamentals of companies as opined by the fundamentalist are earnings, earnings per share, dividend yield, dividend payout ratio, and dividend cover among others. Good fundamentals of firms are reflected in share price movement in the stock market which ultimately translates to shareholders wealth maximization.

# STATEMENT OF PROBLEM

Over the years, there have been conflicting goals regarding stakeholders’ wealth maximization and market valuation of the firm; many scholars believed that stakeholder’s interest and market value of the firm are reflected in the company’s earnings per share and capital gain in share price respectively. Scholars have also argued that companies’ fundamentals do not impact positively on the value of the firm; the major proponent of this argument is Modgiliani and Miller’s model which postulates that earnings is the predominant factor that affect the market value of a firm.

However, conflicting interest of shareholders regarding dividend policy cannot be over-emphasized; every rational shareholder will consistently require that higher dividend be paid regardless of the investment decisions of the firm. Finance managers are in a dilemma in harmonizing the both decisions (dividend and investment) since both decisions are very crucial to the worth of companies as shown in the growth of stakeholders’ worth. This research work seems to breach the gap by portraying the significant effect of dividend policy on share valuation.

# SIGNIFICANT OF THE STUDY

The research work will bring about the relative significances of the company’s valuations and dividend decisions as reflected in shareholder’s wealth. The company’s valuation is reflected in price movement in the capital market; the pay-out ratio is in consideration of the project financing policy of the firm. Though, fundamentals of companies such as earnings per share, dividend per share, dividend pay-out ratio and dividend cover among others; impact positively or negatively on the value of the firm as perceived by every rational investor in the stock market.

# STATEMENT OF HYPOTHESIS

H01: Significant relationship does not exist between earnings-per share and market price of a firm. H02: Significant relationship does not exist between dividend per share and share value of a firm. H03: there is no significant relationship between the internal rate of return and share value of a firm.

# THEORECTICAL REVIEW

There are several theories relating to dividend policies and the value of the firm, such theories among others include: professor walter’s Model (Relevant theory), Gordon’s Model, Bird in Hand theory, debt-equity substitution theory, MM theory (Irrelevant theory).

# Debt-Equity substitution theory

This theory describes the relationship between debt-equity, after tax earnings and share prices of quoted companies; managers adjust the debt and equity structure in the balance sheet in order to increase the earnings per share. The resulting effect of debt- equity in a firm’s balance sheet shows the reasons companies often adopt dividends payments and others do not. When distributing earnings to stakeholders in form of dividend, management typically choose between cash dividend or share repurchases; the theory explains the reasons why some firms repurchased agreement lead to a reduction in earnings, such companies prefer cash dividend over share repurchases.

Mathematical representation of debt-equity theory KD > 1 - TC -1

EQ 1 - TD

Where:

KD = total long term debt Eq = total equity

Tc = tax rate on capital gain Td = the tax rate on dividends

# Walter’s Model

Relevant theory argues that dividend policy is significant to the share price of a firm. The relevant theory shows clearly the significant relationship between the firm’s internal rate of return (r) and its cost of capital (k) in computing the dividend yield as reflected in shareholders’ wealth maximization.

Mathematical formula of Walter’s theory to compute the current price per share is as follows P0 = D1 + (r) (E – D1)/Kc

Kc

Where,

P0 = share value per share D1 = Dividend per share

r = internal rate of return on the firm’s investment Ke = Cost of equity

E = Earnings per share

# Gordon’s Model

The theory also known as relevant theory believes that consistent dividend’s payment affects the value of the firm; the theory highlights the significant between dividend pay-out ratio, internal rate of return, cost of fund and the current value of the share price.

Mathematical formula of the model P0 = E (1 – Rt)

Kf - g Where,

P0 = Market price per share E = Earnings per share

Rt = Retention ratio (1-payout ratio) r = Rate of return

kf = Cost of fund

g = Growth rate (g)

# M&M THEORY

Modigliani and Miller (M&M), postulates the irrelevancy of dividend in determining the share value of a firm as it does not impact on the shareholder’s wealth. They argued that the worth of a firm is reflected by total earnings born out of the investment decisions of the firm.

Mathematical formula of M&M theory r= D1 + (P1 + P0)

P0

Where,

D1 = Current Dividend per share P1 = Market price per share

P0 = Current market price per share

# CONCEPTUAL FRAMEWORK

Functions of finance managers is to strike balance between dividend payout ratio and retained earnings; this is very difficult because of the conflicting interest of shareholders – heterogeneous expectation- some shareholders prefer consistent payment of dividend whereas others will prefer capital gains arising from increased share prices (Aivazian et al, 2002)

The finance manager will choose the type of dividend payment methods to adopt when making decisions regarding cash dividends or through stock repurchases. Various factors may be taken into consideration; where shareholders must pay tax on dividends, firms may elect to retain earnings or to perform a stock repurchased in both cases increasing the value of shares outstanding,(Kothari, 2011).

Scholars have believed that dividend is relevant to the value of firms. The school of thought on this proposition are Myron J. Gordon and James E. Walter against the backdrop of Modigliani and Miller (irrelevant theory). Different econometric tools are now formulated to assist firms analyze and come out with the best dividend policy. There has not been a compromise between the school of thought on the significant nexus between dividend and share price of firms.

There are various of forms of dividend payment; cash dividends seen as the payment of divided in cash usually via funds transfer or dividend warrant; such dividends are in form of return on investment and are usually taxable to the recipient in the year they are paid (Sullivan, 2003), script dividends are those paid out in the form of bonus stock of the issuing corporation, there are usually issued in pro-rata basis,( D’Souza, 1999).

# EMPERICAL REVIEW

(Baskin, 1989) examine the relationship between share price and dividend yield of firms; five different explanatory variables were used against the dependent variable – share price. However, the result of the analysis indicates significant relationship between changes in share price and yield of quoted companies.

(Nazir et al., 2010) the period for the study ranges from 2003 to 2008, 73 quoted firms in Karachi stock exchange (KSE) was used for the study. The method used was fixed effect and random effect models on panel data; the result shows that stock movement has significant and inverse relationship with yield and pay-out.

(Suleman et al., 2011) examine the relationship between dividend policy and stock movement in Pakistan. The variables were extracted from Karachi Stock Exchange (KSE) on the relevant sectors for the period of 2005 - 2009. Ordinary least regression analysis was used for the study, Contrary to (Baskin, 1989)’s results, the analysis performed, show that market value has positive, direct and significant relationship with dividend yield of quoted firms.

(Hussainey et al., 2011) examined the correlation between share price movement and dividend policy in UK. One hundred and three English quoted companies were used for the study and the time of the study ranges between 1998 - 2007. The analysis done was similar to that of (Baskin, 1989). Ordinary least square regression analysis was used to determine the relationship between market value with growth yield and payout ratio. It also included more three explanatory variables in their model. The result found an inverse but significant relationship between stock price movement and dividend payout ratio. Also, another empirical result shows an inverse but significant relationship existed between share price movement and dividend yield. The result findings show that dividend payout ratio remain the most important criteria of the share price movement.

# METHODOLOGY

Various methods were used to determine the relationship between share price, earnings, rate of return and dividend policy of the firm; prominent among the methods used are: unit root test, Johansson co-integration test, ordinary least square, granger causality test, impulse response and variance decomposition.

However, sample size of 12 quoted firms in the Nigeria stock exchange (NSE) was selected from various sectors in the economy to test the validity of claim in the hypothesis. Data was extracted from audited annual financial reports of companies and necessary computations were done.

# MODEL SPECIFICATION

The model shall be specified in three different forms; starting from the functional form to the econometric form.

**Functional** form of the model;

The functional form explains direct functions of the dependent variable on the explanatory variables: Mvs = f ( Eps,Dps,Irr) eq (1)

Where, Mvs is the market value/share, Eps the earnings/share, Dps is dividend/share and Irr is internal rate of return of the company.

The **Mathematical** **Model** measures the exact relationships between the dependent and independent variables; a constant factor is added to the explanatory variable;

Mvs = α0 + α1Eps + α2Dps + α3Irr eq (2)

Where, α1, α2, α3 are the parameters to be estimated; α0 represent intercept in the model while α1, α2, α3 are the slope or coefficients to be estimated.

The **Econometric** **Model** measure inexact relationship between the variables in the model; a stochastic error disturbance term is introduce into the model to account for other variables that are not included in the model that might affect the performance of the dependent variables.

Mvs = α0 + α1Eps + α2Dps + α3Irr + δ eq (3)

Where, δ is the stochastic error disturbance term introduced into the model.

# VARIABLES DESCRIPTION

The variables description explain the significant of the variable to the study, various variables was used in creating the above model such as: market value per share, earnings per share, dividend per share and internal rate of return and among others.

**Earnings** **per** **Share**: this is the sum total of the company profit after tax less preference dividend if any divided by the total shares outstanding as at the time of computation. The earnings per share are an integral part of a firm’s fundamental used by investors to value the firm.

**Dividend** **per** **Share**: it is defined as the total amounts declare as dividend divided by the total shares outstanding. For the purpose of this research work, the total amounts declare as dividend was computed as 40% of profit after tax for the year.

**Internal** **rate** **of** **return**: the firm sets an internal rate of return that is used to bench mark the return perceived from the market. The firm decisions tend to favor proposed investments that have returns greater than the firm’s fixed rate of return. The return of the firm was calculated as profit after tax divided by the shareholders equity.

**Share** **price**: also known as the market value of a company was computed as the 5 years average prices from the capital market.

# APARORI EXPECTATION

We expect that the variables (except earnings per share) will be inversely and significant related to the dependent variable. Dividend per share and others should have stronger predictive ability on the dependent variable.

α >α1<α2>α3

# DATA PRESENTATION AND ANALYSIS OF RESULT

The data below shows the weighted average of five years summary result extracted from the audited annual financial reports of various quoted firm selected at random from different sectors in the economy.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| S/n | Companies | Market value per  share | Earnings per  share | Dividend per  share | Internal rate of  return |
| 1 | DANGOTE CEM. | 160 | 8.6 | 3.5 | 0.37 |
| 2. | DANGOTE SUGAR | 6.25 | 0.9 | 0.6 | 0.23 |
| 3. | UNILEVER PLC | 45.5 | 1.2 | 1.0 | 0.24 |
| 4. | FCMB PLC | 1.84 | 0.52 | 0.4 | 0.13 |
| 5. | FBHN PLC | 4.83 | 1.68 | 3.3 | 0.20 |
| 6. | FORTE OIL plc | 236 | 6.8 | 0.37 | 0.32 |
| 7. | GSK NIGERIA | 36 | 2.11 | 1.0 | 0.42 |
| 8. | MOBIL PLC | 132.41 | 12.2 | 6.4 | 0.64 |
| 9. | NASCON PLC | 7.00 | 0.8 | 0.6 | 0.2 |
| 10. | UBA PLC | 3.78 | 0.15 | 0.2 | 0.15 |
| 11. | ZENITH PLC | 15.25 | 2.9 | 1.75 | 0.28 |
| 12. | GTB PLC | 18.59 | 2.5 | 0.8 | 0.25 |

Source: Audited annual financial reports & author’s computation.

# UNIT ROOT TEST

The above method shows the stationary behaviors of the data and subsequently leads the way for a long run analysis.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Variables | ADF STA | T-STA | Ranking | Remark |
| MVS | -6.271923 | -3.212696 | 1(1) | Stationary |
| EPS | -5.647853 | -3.212696 | 1(1) | Stationary |
| DPS | -4.771964 | -3.259808 | 1(1) | Stationary |
| IRR | -3.315393 | -3.212696 | 1(1) | Stationary |

Source: Econometric View; Version 8

The result of the unit root test shows that the data was non stationary at level but became stationary at first differencing at 0.05% level of significant indicating the presence of co-integration among the variables.

# MULTIPLE OLS REGRESSION ANALYSIS

Ordinary least square method also called the short run test; examine the significant relationship between the coefficients in the variables.

Dependent Variable: MVS Method: Least Squares

Date: 12/10/15 Time: 18:42 Sample: 1 12

Included observations: 12

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Variable | Coefficient | Std. Error | t-Statistic | Prob. | |
|  |  |  |  |  | |
|  |  |  |  |  | |
| C | 34.84074 | 26.57377 | 1.311095 | 0.2262 | |
| EPS | 32.02913 | 5.278237 | 6.068149 | 0.0003 | |
| DPS | -29.98807 | 8.428388 | -3.557984 | 0.0074 | |
| IRR | -130.0210 | 135.4540 | -0.959890 | 0.3652 | |
|  |  |  |  |  | |
|  |  |  |  |  | |
| R-squared | 0.883922 | Mean dependent var | | 55.62083 | |
| Adjusted R-squared | 0.840393 | S.D. dependent var | | 77.32914 | |
| S.E. of regression | 30.89360 | Akaike info criterion | | 9.960177 | |
| Sum squared resid | 7635.317 | Schwarz criterion | | 10.12181 | |
| Log likelihood | -55.76106 | Hannan-Quinn criter. | | 9.900334 | |
| F-statistic | 20.30649 | Durbin-Watson stat | | 1.763200 | |
| Prob(F-statistic) | 0.000426 |  | | |  |
|  |  |  | | |  |

The result of the analysis indicates that our model is a good fit with the R-squared adjusted value given as 84% which implies that there is a strong predictive ability of the explanatory variables on the dependent variable; that is changes in the dependent variable is accounted by variations in the explanatory variables. To determine the statistical significant of the variables, the T-Statistics is used, by interpretation, the constant is positive but insignificant; earnings per share is both positive and significant which implies that 1% change will bring about 32% changes in share prices while both dividend per share and internal rate of return are negative (except DPS showing

significant relationship with MVS) meaning, 1% change in DPS will bring about 29.9% decrease in share prices in the stock market. The Durbin- Watson statistics shows the present of serial correlation in the model.

# GRANGER CAUSALITY TEST

The granger causality test examines the cause effect relationship between the variables. Pairwise Granger Causality Tests

Date: 12/10/15 Time: 19:14 Sample: 1 12

Lags: 2

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Null Hypothesis: | | Obs | F-Statistic | Prob. |
|  | |  |  |  |
|  | |  |  |  |
| eps does not Granger Cause mvs | | 10 | 0.43513 | 0.6695 |
| mvs does not Granger Cause eps | | | 3.98604 | 0.0922 |
|  | |  |  |  |
|  | |  |  |  |
| dps does not Granger Cause mvs | | 10 | 0.49092 | 0.6388 |
| mvs does not Granger Cause dps | | | 5.37208 | 0.0568 |
|  | |  |  |  |
|  | |  |  |  |
| irr does not Granger Cause mvs | | 10 | 1.23264 | 0.3671 |
| mvs does not Granger Cause irr | | | 5.84041 | 0.0492 |
|  | |  |  |  |
|  | |  |  |  |
| dps does not Granger Cause eps | | 10 | 2.41001 | 0.1850 |
| eps does not Granger Cause dps | | | 9.11485 | 0.0215 |
|  | |  |  |  |
|  | |  |  |  |
| irr does not Granger Cause eps | | 10 | 7.21656 | 0.0336 |
| eps does not Granger Cause irr | | | 4.74176 | 0.0700 |
|  | |  |  |  |
|  | |  |  |  |
| irr does not Granger Cause dps | | 10 | 2.38082 | 0.1878 |
| dps does not Granger Cause irr | | | 1.22562 | 0.3689 |
|  |  | |  |  |
|  |  | |  |  |

From the result, it was noticed that share prices granger cause dividend per share and internal rate of return, which implies that changes in the stock prices of the firm will have adverse effect on the dividend and internal rate of return of the firm. We also saw a causal flow from the internal rate of return to earnings per share and that of earnings per share granger causing dividend per share, showing a significant relationship between the both.

# IMPULSE RESPONSE TO ONE S.D

Impulse response analysis is practically used by policies makers to make decisions that will be projected into the future.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Response of DPS: |  |  |  |  |
| Period | MVS | EPS | DPS | IRR |
|  |  |  |  |  |
|  |  |  |  |  |
| 1 | 0.000000 | 0.000000 | 1.718322 | 0.000000 |
|  | (0.00000) | (0.00000) | (0.36635) | (0.00000) |
| 2 | 0.131365 | -0.418076 | -0.402875 | 0.317751 |
|  | (0.55474) | (0.35853) | (0.57643) | (0.38849) |
| 3 | 0.563164 | 0.060423 | 0.007597 | 0.532437 |
|  | (0.51552) | (0.37461) | (0.50522) | (0.38999) |
| 4 | 0.499170 | -0.335710 | 0.523501 | -0.216677 |
|  | (0.48690) | (0.30706) | (0.45905) | (0.33471) |
| 5 | -0.379350 | 0.207661 | -0.291008 | -0.139236 |
|  | (0.39868) | (0.24387) | (0.42524) | (0.28476) |
| 6 | -0.137735 | 0.044691 | 0.005335 | -0.041543 |
|  | (0.36792) | (0.20993) | (0.33810) | (0.20260) |
| 7 | -0.014681 | -0.004650 | -0.041411 | 0.048690 |
|  | (0.26342) | (0.13744) | (0.19850) | (0.16955) |
| 8 | 0.078820 | -0.023104 | 0.026100 | 0.047753 |
|  | (0.22601) | (0.11047) | (0.14262) | (0.12993) |
| 9 | 0.045445 | -0.021950 | 0.031003 | -0.007766 |
|  | (0.16912) | (0.07994) | (0.09260) | (0.07472) |
| 10 | -0.021656 | 0.011255 | -0.010254 | -0.017223 |
|  | (0.10507) | (0.04489) | (0.05604) | (0.07031) |

Source: Eview,8

The table above, shows the various projection of data into the future, from the result, accepting the fourth year for short run analysis, MVS impulse response to own shock is 49.9% while the impulse response to shocks emanating from other explanatory variables are -33.5%, 52.3% and -21.6% respectively. However, on the long run analysis, using the ninth year result, it was noticed that the impulse response own shock was negative, while the negative response to shock from EPS became positive leaving others negative. These indicate that the variables are randomly volatile and inconsistent for future decisions.

# VARIANCE DECOMPOSITION

The variables are decomposed into the future, the future error of impulse response is expected to be corrected to allow for more realistic decisions making.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Variance Decomposition of  MVS: |  |  |  |  |  |
| Period | S.E. | DPS | IRR | EPS | MVS |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| 1 | 1.718322 | 10.56476 | 59.07032 | 5.753309 | 24.61161 |
| 2 | 1.846063 | 21.63078 | 23.47837 | 18.74781 | 36.14305 |
| 3 | 2.003073 | 24.64947 | 21.05715 | 19.44261 | 34.85076 |
| 4 | 2.166835 | 25.46364 | 21.26811 | 19.13372 | 34.13452 |
| 5 | 2.232997 | 25.78607 | 20.86688 | 18.92419 | 34.42287 |
| 6 | 2.238079 | 25.76424 | 20.91895 | 18.89677 | 34.42004 |
| 7 | 2.239044 | 25.74483 | 20.88230 | 18.89776 | 34.47511 |
| 8 | 2.241211 | 25.74460 | 20.88230 | 18.89803 | 34.47507 |
| 9 | 2.242007 | 25.74258 | 20.88603 | 18.89633 | 34.47506 |
| 10 | 2.242230 | 25.74261 | 20.88350 | 18.89528 | 34.47861 |

Source:E-view

From the result, we noticed that the variables decomposed shows consistent result significantly erasing the future error committed by impulse response analysis, however, the variance decomposition of MVS to own shock is 2.24% (using the ninth year for estimation) while other shocks emanating from other variables were equally distributed in showing consistent pattern. Therefore, it is expected that future reliance of these variables for decision making will be realistic.

# CONCLUSION AND RECOMMENDATION

Dividend is that portion of the after tax profit that is distributed to shareholders on a pro-rata basis (Agarwal, 1991); there are various factors that affect the payment of dividend such as: liquidity, government policy, investment decisions, taxation among others. Difference schools of thought have contributed to identify the relevance of dividend policy in determining the value of a firm.

The empirical result in our analysis revealed that dividend per share have an inverse relationship with the share price in the stock market; this result is in agreement with the empirical analysis done by so many scholars in the field of finance; though, earnings per share have shown a predominant features in enhancing the value of a firm. The ordinary least square result shows both positive and significant relationship between earnings per share and stock market prices while internal rate of return is both inverse and insignificant to the stock price movement in the stock market.

It is therefore recommended that financial managers should always implement decisions that will adjust the equity- debt structure in the balance sheet in order to enhance the earnings per share, as every rational investor tend to used the earnings per share as rationale in valuing the company which will be reflected in the share price of the firm. Consistency in dividend payment cannot be over-emphasis as a key factor used by investors and shareholders to determine the value of the company.

# REFERENCES

Agarwal R N (1991), “Dividends and Stock Prices: A Case Study of Commercial Vehicle Sector in India 1966-67 to 1986-87”, *Indian* *Journal* *of* *Finance* *and* *Research*,(1),61-67.

Aivazian Varouj, Booth Laurence, Cleary Sean ( 2003), “Dividend policy and the organization of capital market”, Journal Of Multinational Financial Management ,101-121

Aivazian, V, and Booth, L(2003), “Do emerging firms follow different dividend policies from US firms.?”, Journal of Financial research, (26)3,371-387.

Allen Franklin and Michael Roni (April, 2002) Payout Policy, North-Holland handbook of Economics and Finance, Wharton Financial Institutions center.

Amidu, Mohammed, and, Abor Joshua (2006), “Determinants of Dividend payout ratios in Ghana”, The Journal Of Risk Finance,(7) 2,136-145

Asquith, P. and Mullins, D. (1983), ‘‘The impact of initiating dividend payments on shareholders ‘wealth’’, Journal of Business, (56),77-96.

Baker, H.K. (1999), “Dividend Policy issues in regulated and unregulated firms: a managerial perspective”, Managerial Finance, (25)6, 1-19.

Baker,H.Kent, Garry E.Powell., Theodore E. Veit (2001), “Factors influencing dividend policy decisions of Nasdaq firms”, The Financial Review,19-38

Baker,H.Kent,and Garry E.Powell.,(2000) ,“Determinants of corporate dividend policy: a survey of NYSE firms” , Financial Practice and education (9),29-40

Black, Fischer, “The Dividend Puzzle”, The Journal of Portfolio Management, winter 1976, 634-639.

Brown S J and Warner J B (1980), “Measuring Security Price Performance”, *Journal* *of* *Financial* *Economics*, (8), 205-258.

D’Souza, J.(1999), “Agency cost , market risk, investment opportunities and dividend policy-an international perspective”, Managerial Finance, (25)6,35-43.

Dillion and Golstein ,1984) Alli L. Kasin, Khan Qayyum,Ramirez G. Gabriel , “Determinants of Corporate Dividend Policy : A factorial Analysis”, The Financial Review , (28)4, November 1993 Sujata Kapoor, JBS, JIIT,Dec’ 2009 37

Farrelly, Gail E. and H. Kent Baker, Richard B. Edelman(1986) , “Corporate Dividends :Views of Policy makers” , Akron Business and Economic review***,***17:4 (Winter),62-74

Higgins,R.C.(1972), “The corporate dividend –saving decisions”, Journal of Financial and Quantitative Analysis,(7)2,1527-41.

Jensen, M (1986), “Agency costs of free cash flow, corporate finance and takeovers”, American EconomicReview,(76),323–9

Jensen, M. and Meckling, W. (1976). “Theory of the firm: managerial behaviour, agency costs and ownership structure”, Journal of Financial Economics, (3), 305–60

Kevin, S (1992), Dividend Policy: An analysis of some determinants, Finance India, (6),2.

La Porta, R., Lopez-de Silanes, F., Shleifer A. and Vishny, R. (2000), “Agency problems and dividend policies around the world”, Journal of Finance, (55),1–33

24

[View publication stats](https://www.researchgate.net/publication/327039720)