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# INFLUENCING FACTORS DIVIDEND POLICY: EMPIRICAL EVIDENCE FROM DIFFERENT PARTS OF THE WORLD

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**ABSTRACT**

*From various empirical evidences conducted in various parts of the world on the factors that influence dividend policy, the results show that there are similarities or mutual support between one study and another. However, there are also among the variables that have a relationship with dividend policy showing contradictory results between one study and another. This can happen due to differences in business characteristics, business environment, culture and legal regulations that differ from one country to another. From several studies in various parts of the world, the factors that have the most influence on dividend policy are profitability, firm size, firm age, liquidity, previous dividends, dividend payments, firm value and cash flow. and leverage have a negative relationship with dividend policy, and Firm size, firm risk and ownership structure do not have a direct influence on dividend payments in private banks in Bangladesh.*

**KEYWORDS** Dividend, Empirical Evidence, Influencing Factors

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## INTRODUCTION

Dividend policy is a decision whether the profits earned by the company will be distributed to shareholders as dividends or will be retained in the form of retained earnings for investment financing in the future (Triani & Tarmidi, 2019). The definition of dividend policy is decision making in determining the amount of profit earned by the

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company to be distributed/paid to shareholders as dividends and how much must be reinvested (retained earnings) as investment financing in the future. If the company chooses to distribute profits as dividends, it will reduce retained earnings and further reduce the total sources of internal funds or internal financing. On the other hand, if the profit earned by the company is used as retained earnings, then the company's ability to form internal funds will be even greater (Rizal & Triyanto, 2021) .

Dividend policy is an integral part of the company's funding decisions. Dividend payout ratio (dividend payout ratio) determines the amount of profit that can be retained as a source of funding. The greater the retained earnings, the less the amount of profit allocated for dividend payments (Van Horne and Wachowicz, Jr., 2012). A successful company will definitely make a profit. These profits can then be reinvested in operating assets, used to purchase securities, used to pay off debt, or distributed to shareholders (Brigham and Houston, 2012). One of the reasons why capital market investment is considered attractive by investors is the dividends paid. Dividends are compensation received by shareholders, in addition to capital gains.

According to Weston and Copeland (2010), dividends are cash flows that are set aside for shareholders. This dividend is used to be distributed to shareholders as profits from the company's profits.

In various countries, many studies on dividend policy have been carried out by experts which show the results are the same and some are different (Baker & Weigand, 2015). Differences can occur due to a different economic system, culture or business environment. For this reason, this paper will look at dividend policy theory and empirical research results that have existed in various parts of the world related to dividend policy with the aim of being a vehicle for knowledge about dividend policy with what things affect it in the world. various countries (Booth & Zhou, 2017).

## RESEARCH METHOD

The research method used in this study is a qualitative descriptive method. The type of data used in this study is qualitative data, which is categorized into two types, namely primary data and secondary data. Sources of data obtained through library research techniques (library study) which refers to sources available both online and offline such as: scientific journals, books and news sourced from trusted sources. These sources are collected based on discussion and linked from one information to another. Data collection techniques used in this study were observation, interviews and research. This data is analyzed and then conclusions are drawn.

## RESULT AND DISCUSSION

### 1. Types of Dividends

Types of Dividends According to Warsono (2003), dividends received by shareholders can be divided into three types, including:

1) Cash Dividend
   Cash dividend is a type of dividend that is commonly used by many companies. Cash dividends are received by common stockholders by check or sometimes shareholders reinvest the dividends earned into the company's common stock. Stock dividend reinvestment is completed through a dividend reinvestment plan.
2) Stock Dividends
   Stock dividends are dividends distributed by the company in the form of additional shares and not in the form of cash. Companies that will distribute dividends in the

form of shares usually announce the amount of the dividend in a certain percentage. For example, if a shareholder owns 10 lots of shares (5000 shares), and the company decides to distribute a 10% stock dividend, then the shareholder is entitled to receive 1 lot (500 shares) of ordinary shares.

3) Wealth Dividend (Property Dividend)
Wealth dividend is a dividend distributed by the company in the form of physical assets. These assets are usually in the form of products produced by the company. Wealth dividends are given if the number of company shareholders is still small and the company produces products that are easy to distribute.

Types of Dividends There are several types of dividends that can be paid to shareholders, depending on the position and ability of the company concerned. The following are the types of dividends according to Brigham and Houston (2012):

1) Cash Dividend

Cash Dividends are dividends that are paid in cash. In general, cash dividends are preferred by shareholders and are more often used by the company when compared to other types of dividends.

2) Stock Dividend

Stock Dividends are dividends that are paid in the form of shares, not in the form of cash. Payment of stock dividends should also suggest that there is an available profit or surplus, with the payment of this stock dividend, the number of shares outstanding increases, but the payment of this stock dividend will not change the company's liquidity position because what is paid by the company is not part of the company's cash flow.

3) Property Dividend

Property Dividends are dividends paid in kind (assets other than cash). The property dividends that are distributed must be goods that can be divided or homogeneous parts (having the same nature) and their delivery to shareholders will not disrupt the continuity of the company.

4) Dividend script

Script Dividend is a dividend that is paid in the form of a debt covenant. The Company will pay a certain amount and at a certain time, as stated in the script. Payments in this form will cause the company to have short-term debt to scrip holders.

5) Liquidating Dividend

Liquidating Dividends are dividends that are distributed based on a reduction in the company's capital, not based on the profits earned by the company.

**2. Dividend Policy**

Dividend policy is a decision whether the profits earned by the company will be distributed to shareholders as dividends or will be retained in the form of retained earnings to finance investments in the future. Based on the amount of dividend payment, the dividend policy is divided into 4 (four) types, namely:

a. A stable policy (stable dividend per share policy) namely a dividend policy in which the amount of dividend payments is the same from year to year. One of the reasons why a company takes this policy is to maintain the impression of investors on the company. If the company implements a stable policy, it means that the company's net income is also stable from year to year.
b. A constant dividend payout ratio policy, namely a dividend policy in which the amount of dividends will change according to the amount of net income, but the ratio of dividends and retained earnings remains the same.

c. Compromise policy, namely a dividend policy that lies between a stable dividend per share policy and a constant dividend output ratio policy plus a certain percentage in years that are able to generate high net income.
d. Residual dividend policy, which is a dividend policy issued by the company if it is facing an unstable investment opportunity so that management wants dividends to be paid only when net income is high.

The issue of dividend policy is still a matter of debate because there is more than one opinion. These opinions include:

1) Dividends are distributed as much as possible. The argument for this opinion is that stock prices are influenced by dividends paid. Thus, if the dividend is increased, the stock price will be higher. So here the company must share all profits as dividends, just because the company must distribute dividends as much as possible.

2) Dividends are irrelevant. Those who hold this opinion say that the company can distribute large or small dividends, as long as it is possible to cover the lack of funds from external sources. So, what is important is whether the available investment is expected to provide a positive NPV, no matter whether the funds used to finance come from within the company (increasing profits) or from outside the company (issuing new shares).

3) Dividends are distributed as little as possible. Adherents of this opinion say that the distribution of dividends which is replaced by the issuance of new shares will cause an emission cost (floatition cost). So they argue that dividends should be distributed as small as possible, to the extent that they can be used profitably rather than distributing dividends, so it is necessary to issue new shares and pay flotation costs.

Dividend Policy Theory According to investor preferences, there is a theory underlying dividend policy (Brigham and Houston, 2012), namely:

1. Dividend Irrelevance Theory

The theory of Miller and Modigliani (MM) states that the company's dividend policy has no effect on the value of the company or the cost of capital. An increase in dividend payments is only possible if the profit earned by the company also increases. The gains obtained from the increase in share prices due to dividend payments will be offset by a decrease in share prices due to the sale of new shares. For this reason, shareholders can receive cash from the current company in the form of dividend payments or receive it in the form of capital gains. He explained again that the prosperity of shareholders is not affected by the current or future dividend policy. This theory argues that the value of a company is determined on the company's ability to earn profits, not on how the profits are divided into dividends and retained earnings, so that dividend policy is an irrelevant issue. This theory states that the value of the company is not influenced by the size of the dividend payout ratio , but only determined by the profitability and risk of the business, assuming that there is no tax paid on dividends, shares can be bought and sold without any transaction costs, but all parties, both managers and shareholders have the same information about the company's profits in the future. which will come.

2. Birds in the Hand Theory.

This theory states that investors feel more secure in getting income in the form of dividends than waiting for capital gains. Dividends are better than retained earnings because in the end retained earnings may never materialize as dividends in the future. The cost of equity will increase if dividends are reduced, because shareholders will pay higher returns and consider the risk and certainty of their reinvestment. On the other hand, the cost of equity will decrease along with the increase in dividend payments because investors are less sure of receiving capital gains that should come from retained earnings compared to receiving dividends. This theory argues that equity or firm value will

decrease if the dividend payout ratio is increased, because investors are less sure of receiving capital gains resulting from retained earnings than if investors received dividends. This theory argues that investors actually value the expected income from dividends much more than the expected income from capital gains. MM in this case does not agree that equity or firm value does not depend on dividend policy, which implies that investors do not care about dividends and capital gains. Miller and Modigliani (MM) call this Gordon-Lintner opinion a bird-in-the-hand fallacy, namely: based on the idea that investors view one bird in hand as more valuable than a thousand birds in the air. Thus, a company that has a high dividend payout ratio will have a high company value as well. However, in MM's view, most investors plan to reinvest their dividends in shares of the company concerned or similar companies, and in many cases, the level of risk of the company's cash flows for investors in the long term is determined only by the level of risk of operating cash flows, not by policy. dividend distribution.

3. Tax Differential Theory.

This theory states that investors want companies to retain after-tax profits and use them to finance investments rather than dividends in the form of cash. For this reason, the company should determine a low dividend payout ratio or not even distribute dividends. Because dividends tend to be taxed higher than capital gains, investors will demand a higher rate of return for stocks with high dividend yields. This theory states that because of the tax on dividends and capital gains, investors prefer capital gains because they can delay paying taxes. Therefore, investors require a higher rate of return on stocks that provide high dividend yields, low yields of capital gains than stocks with low dividend yields, and high yields of capital gains. If the tax on dividends is greater than the tax on capital gains, this difference will be even more pronounced. If management believes that the theory of irrelevant dividends from MM is true, then the company does not need to care about how much dividends should be divided, but if they adhere to the relevant dividend theory, then they must divide the entire profit after tax or EAT (Earnings After Tax) in the form of dividends. If management tends to believe in the Tax Differential Theory, they must withhold the entire EAT or DPR = 0%. So, the three theories that have been discussed represent the extreme poles of the theory of dividend policy. Unfortunately, empirical tests have not provided a definite answer about which theory is the most correct.

4. Signaling Hypothesis Theory

There is empirical evidence that if there is an increase in dividends, it is often followed by an increase in stock prices. Conversely, a decrease in dividends generally causes stock prices to fall. This phenomenon can be considered as evidence that investors prefer dividends over capital gains. But MM argues that a dividend increase above is usually a signal to investors that the company's management predicts a good future dividend income. Conversely, a decrease in dividends or an increase in dividends below the normal increase is believed by investors as a sign that the company is facing a difficult dividend period in the future. Like other dividends, this theory is also difficult to prove empirically. Dividend changes contain some information. But it is difficult to say whether the increase and decrease in prices after the increase and decrease in dividends is solely due to the sign effect or due to the sign effect and preference for dividends.

5. Clientele Effect Theory

This theory states that different groups (clientele) of shareholders will have different preferences for the company's dividend policy. The group of shareholders who need income at this time prefers a high percentage of profit paid or DPR (Dividend Payout Ratio) whereas the group of shareholders who do not really need money at this time prefers if the company retains most of the company's net income. If there is a tax

difference for individuals (eg. the elderly are taxed less), then high-taxed shareholders prefer capital gains because they can delay paying taxes. This group prefers if the company distributes a small dividend. On the other hand, the group of shareholders who are subject to relatively low taxes tend to like large dividends. Empirical evidence suggests that this Clientele effect exists. But according to MM this does not indicate that it is better than small dividends, and vice versa. Dividend policy is a decision whether the profits earned by the company will be distributed to shareholders as dividends or will be retained in the form of retained earnings to finance investment in the future. If the company chooses to distribute profits as dividends, it will reduce retained earnings and further reduce the total source of internal funds or internal financing (Rizqia & Sumiati, 2013). On the other hand, if the company chooses to hold on to the profits earned, then the ability to form internal funds will be even greater. Thus, this dividend policy must be analyzed in relation to spending decisions or determining the overall capital structure.

**3. Factors Affecting Dividend Policy**

According to Van Horne and Wachowicz (20-12) the factors that influence dividend policy include:

1. Company Liquidity

The liquidity of a company is an important factor that must be considered before making a decision in determining the amount of dividends to be paid to shareholders. Therefore, the stronger the company's liquidity position, the greater its ability to pay dividends. This means, the stronger the liquidity position of a company against the prospect of future funding needs, the higher the dividend payout ratio.

2. Company Growth Rate

The faster the growth rate of a company, the greater the need for funds to finance the company. The greater the need for future funds to finance growth, the company is usually more likely to hold its earnings than to be paid as dividends to shareholders given the cost constraint. This means that the faster the company's growth rate, the greater the opportunity to earn profits, the greater the share of retained earnings in the company, the lower the dividend payout ratio.

3. Fund Needs to Pay Debt

If the company determines that debt repayment will be taken from retained earnings, then the company must retain a large part of its income for this purpose, this means that only a small portion of the income (earnings) can be paid as dividends, or in other words the company must set a low dividend payout ratio.

4. Supervision of Originating Fund Companies

There are companies that only finance their expansion with funds from internal sources only. The policy was implemented on the basis that if the expansion was financed with funds from the sale of new shares, it would weaken the control of the dominant group in the company. Likewise, if you finance the expansion with debt, it will increase the financial risk. Recording internal spending in an effort to maintain control over the company, this means reducing the dividend payout ratio.

5. Opportunities to the Capital Market

A large and well-run company, with a record of profitability and data stability, will have a great opportunity to enter the capital market and other forms of external financing (Xiang & Worthington, 2015). However, a new company or a start-up company will be more risk for potential investors. The company's ability to raise its capital or borrow

funds from the capital market will be high, so companies like this have to hold more profits to finance their operations. So, established companies tend to give higher payout rates than small/new companies.

**4. Various Research Results on Dividend Policy in Several Countries**

**1) Research Results in Bangladesh**

Research conducted by Md. Zakir Hosain with the title "Determinants of the Dividend Payout Policy: A Study on Listed Private Commercial Banks of Dhaka Stock Exchange Limited in Bangladesh" aims to investigate the determinants of dividend payout policies of private banks listed as commercial banks in Bangladesh. In this study, eight variables are considered as potential determinants of dividend payout policy. Both pooled ordinary least square (POLS) and dynamic panel regression models were run on a sample of ten private commercial banks listed from the Dhaka Stock Exchange Limited in Bangladesh for an eleven year period from 2005 to 2015.

While testing the impact of eight independent variables on dividend payout ratios we conclude that only five can explain dividend policy. The results show that the dividend payout ratio is positively and significantly influenced by liquidity, company growth, dividends previously but negatively affected by leverage and profitability. Firm size, firm risk and ownership structure have no direct influence on dividend payments. Thus, Leverage, liquidity, firm growth, previous year dividends, and profitability serve as the main determinants of dividend payments of private banks in Bangladesh.

**2) Research Results in Poland**

A study conducted by Bogna Kaźmierska-Jóźwiak entitled "Determinants of Dividend Policy: Evidence from Polish Listed Companies, concludes that dividend policy is still a controversial issue in corporate finance. The question, when and why companies pay dividends, is still valid. Extensive literature has examined the dividend policies of companies from developed countries, particularly from America. Relatively few studies have been published by researchers on the dividend policy of companies from developing countries. The main objective of this study is to determine the cash dividend payments of companies registered in Poland. In this study, panel data analysis was conducted to investigate the determinants of the dividend policy of Polish companies.

This study finds the effect of various factors on dividend policy in the Polish market. In addition, it tries to examine whether the same factors (profitability, liquidity, size, leverage of the firm) affect dividend payout decisions in the Polish market as in developed countries. It turns out that the result is that the determinants of dividend policy of non-financial companies listed on the Warsaw Stock Exchange show a statistically significant and negative relationship between the dividend payout ratio and the two factors analyzed, namely: profitability (ROE) and leverage (LEV). The results show that the dividend payout ratio is a negative function of profitability and leverage. The results show that Polish non-financial companies listed on the Warsaw Stock Exchange are the same as the determinants of dividend policy in developed countries.

**3) Research Results in India**

Research by Dr. P. Vidhya Priya and Dr. M. Mohanasun with the title: Dividend Policy and Its Impact on Firm Value: A Review of Theories and Empirical Evidence. The research is categorized into two different schools of thought, the first is that the company's dividend policy has an impact on firm value and the second is that the company's dividend policy has no impact on firm value. This study provides a complete understanding of dividend policy with relevant and irrelevant theories of Miller and Modigliani's theory, tax preferences, direct effects, client effects, signaling and agency cost hypotheses.

This study also tries to present an important empirical study on the company's dividend policy. However, due to the ongoing nature and the variety of debates on dividend policy that have taken place among researchers that are growing day by day, a full review of all the debates may not be feasible. This study reviews the existing theories about dividend policy and its empirical findings.

From the literature review, it can be determined that the theory of dividend policy has different relevance between management and shareholders arising from conflicting interests. Management is mainly focused on the objective growth of the organization while shareholders focus on shareholder wealth which is reflected in the share price which determines their return on investment. This study shows a positive relationship between dividend payments and firm value (Kim, Yang, Yang, & Koveos, 2021). Although many theories and empiricists have tried to explain and prove why dividends are paid, the results are still inconclusive. The study concludes with the statement “the harder we try to understand dividend decisions by companies, the more it seems like a puzzle, with pieces that don't fit together”.

**4) Research in Nigeria**

Research by SO Ashamu, et al, with the title "Dividend Policy as Strategic Tool of Financing in Public Firms: Evidence from Nigeria”, get results on the impact of dividend policy on firm value. There are three important decisions that must be taken by the company, namely: investment, funding, and dividend decisions. All of these decisions are usually made with the aim of achieving the company's goal of maximizing shareholder wealth. This study investigates the effect of dividend policy on firm value. This study finds, among other things, that changes in the company's payout ratio significantly determine changes in company value (Hunjra, Ijaz, Chani, Irfan, & Mustafa, 2014). It is therefore recommended in this study that the regular dividend payout policy should not be changed arbitrarily as it has serious effects on investors' attitudes and financial standing of the organization.

The results have clear implications for investors, policy makers (government) and corporate management. This study was conducted on “Dividend policy and firm value: An empirical analysis” using five Nigerian banks that have gone public. This study believes that paying dividends is a better way to stimulate investment decisions of banks, which always influence investment decisions in the country as a whole. The preference of dividend income by shareholders over capital gains indicates that most shareholders believe that generating dividend income on their investments is a sign of growth in the banks they invest in. This is another reason why most shareholders feel very uncomfortable when their company retains all after-tax profits for investment purposes.

The results of this study also find that companies that adopt 100% dividend payments without retaining a share of after-tax profits for either investment or capitalization purposes just in case when you really need money when economic conditions are depressed. Banks also believe that an incorrectly implemented dividend policy will have a detrimental impact on the financial needs and growth of the company therefore this general rule is often followed by most banks:

a) Most banks do not maintain a stable dividend payout ratio when their income is unstable.
b) Almost all the banks studied maintain a percentage of their earnings as a retention ratio (defense).
c) Banks only distribute dividends when profits are earned.
d) Most banks or almost 100% do not adopt the suggestions made by some dividend policy theorists.

In light of the above findings, it is important to point out that most banks actually make provisions and avoid the dangers that a wrong dividend policy can lead their business. One of the difficulties faced by financial managers or boards of directors is finding a good dividend policy. If the management is well informed and equipped, they should make an excellent dividend policy which in turn will bring the company on a fast growth and attract investors, it will also help the bank in joining the league of developing banks because with a good dividend policy, the bank can gain access to generate capital both internally and externally, for business development and expansion.

Conclusively, dividend policy decisions are not just the decisions of the board of directors. Shareholders should be given recognition in such a policy because they are directly affected by the policy. If the company's shareholders with the board of directors and other factors are considered as well, I consider that a fair decision on dividend policy can be reached which will help ensure the growth and development of the bank and ultimately affect the fate of the Nigerian Economy bank positively.

**5) Research Results in Egypt**

Research conducted by Mohamed Masry*, Ahmed Sakr, Marwan Amer with the title Factors Affecting Dividend Policy in an Emerging Capital Markets (ECM's) Country: Theoratical and Empirical Study, found that dividend decisions were taken after considering a number of factors, such as legal and financial. This is because it is not possible to develop a set of dividend policies that apply to all firms (Harada & Nguyen, 2011). Decisions about dividends differ from one company to another depending on company policies. Dividend distribution depends partly on current earnings and partly on dividends from the previous year. This study aims to identify the factors that influence dividend policy, as well as its impact on the stock price performance of banks listed on the Egyptian stock exchange. Research shows that the aspect of profitability with indicators of return on equity and assets, as well as earnings per share without dividend yields, have the largest impact on stock price performance, followed by the financial risk aspect of financial leverage without variation gain which is in second place. Then, risk factors can occur in the Emerging Capital Markets (ECM) industry. Therefore, banks should consider their level of risk when making their dividend policy. According to the results of this study, it is recommended that banks should train their staff, especially those working in research departments, on how to apply scientific tools to identify the factors that govern dividend policy and stock prices, to support administrative decisions in order to maximize results that will directly benefit them. shareholder wealth through increasing share prices, as well as identifying the right dividend policy policy to meet the wishes of shareholders.

**6) Research results in Turkey**

Nida Research “Abdioğlu Yrd. Doç. Dr.; With The Title “On The Determinants Of Corporate Dividend Policy: A Tobit Model Approach” , the results of the factors that affect the dividend payout ratio of Turkish companies listed in the Istanbul Borsa Index-100 for the period 2005-2013, show that companies that have higher cash flows, large companies, companies with high growth opportunities pay dividends. higher. Although a significant coefficient for managerial ownership could not be found, this variable negatively affects the dividend payout ratio in the companies studied. Furthermore, the sample is divided into two parts as low-leverage firms and high-leverage firms.

The expected substitution between leverage, managerial ownership, and dividend payout was investigated and a significant relationship could not be found (ABDİOĞLU, 2016). The results also show that firms with high growth opportunities pay higher dividends. While it is expected that these companies retain their earnings, they do prefer

to pay dividends. Thus, it can be concluded that these growing companies have positive expectations about the future and by increasing their dividend payouts they signal to shareholders about their dividend payout expectations (Vo & Nguyen, 2014). In addition, I find a positive relationship between cash flow and dividend payout ratio in line with the literature. Besides, the results of this study indicate that there is a negative relationship between managerial ownership and dividend payments.

The findings of this study provide insight to companies about managing their dividend policies. Investors can also take advantage of these findings when they make decisions about their investments (Kauffman, Liu, & Ma, 2015).

**7) Research Results in Jordan**

Research by Bassam Jaara, Hikmat Alashhab, Osama Omar Jaara* with the title "The Determinants of Dividend Policy for Non-financial Companies in Jordan" is a dividend policy study for a sample of non-financial companies in Jordan during the period 2005-2016. The results show that there is evidence supporting three main theories namely: One, life cycle theory: Two, signaling theory: and three partial adjustment theory. The implications of these theories as obtained from the results of the analysis. As an example; company size shows a significant positive effect on dividend payments, while the company's profitability (ROE) shows a significant and positive majority. In addition, a lagging dividend pay-out ratio ( DPS) always has meaning and has a positive impact on dividend payments. The results show that there is evidence in favor of three main theories: One, life cycle theory: Two, signaling theory: And three partial adjustment theory. The implications of these theories as obtained from the research results is as follows:

a. The effect of firm size is strong and positive, which indicates that to overcome cash flow problems large and mature companies pay larger and more consistent dividends.
b. The effect of Profitability (ROE) is mostly significant and positive, which implies that profitable firms signal greater eligibility for more consistent dividend payouts.
c. The previous dividend (DPS) always has a significant and positive impact on payout rates, and this indicates that there is a trend of dividend payouts versus random payouts (sometimes paid sometimes not), which could be related to the partial adjustment model.
d. Measurement of risk, risk is always significantly negatively correlated with dividend payments, and this indicates that the risk in question may not occur for the companies studied. if you have paid dividend.

**8) Research Results in Ghana**

Research by Ebenezer Agyemang Badu with the title "Determinants of Dividend Payout Policy of listed Financial Institutions in Ghana" This study seeks to examine the determinants of dividend payout policies of financial institutions listed on the Ghana Stock Exchange using fixed and random securities. Panel data covering the years 2005-2009 of the selected companies for research.

The regression results show that liquidity and age1 and age2 of firms are statistically significant in explaining the dividend policy of financial institutions listed on the Ghana Stock Exchange. Profitability affects dividend payments positively but not statistically significant. It may suggest that financial institutions can pay dividends do not have to consider the level of profit but will only pay when managers deem appropriate to do so. Consistent with our expectations, growth has a positive effect on dividend payouts. However, that's statistically not important. This is consistent with other empirical studies.

The collateral capacity of financial institutions positively affects dividend payments, but this does not statistically significant. Liquidity has a positive effect on dividend payments. Not only positive, but statistically important. This is not in line with

our expectations but is consistent with other empirical studies (Amadu and Abor, 2006). This indicates that financial institutions with smaller cash and cash equivalents tend to pay dividend. This can also be an explanation for why non-cash dividend payments are not popular with financial institutions in Ghana. Both ages are the log of the institution's age and the square of the square of age positively affects dividend payouts. This shows that long-established financial institutions pay more dividends than new institutions (Marfo-Yiadom & Agyei, 2011).

**9) Research Results in Sri Lanka**

Research by Hirindu Kawshala and Kushani Panditharathna; by title “The Effect of Dividend Policy on Corporate Profitability: An Empirical Study on Beverage, Food and Tobacco Industry in Sri Lanka”. The purpose of this study was to examine the relationship between dividend payments and company profitability (Ahmed, 2015). This study was conducted as a sectional panel survey and exploits the sample framework of the Beverage, Food & Tobacco (BFT) industry in Sri Lanka. The 10 companies were drawn from companies listed on the Colombo Stock Exchange (CSE) under the Beverage, Food & Tobacco (BFT) industry in Sri Lanka. Secondary data for the period 2012 to 2015 is used for this study based on financial statements.

The purpose of this study was to determine the impact of dividend payments on company profitability in Sri Lanka. Dividend policy is measured using the dividend payout ratio, while return on equity (ROE) is used as a measure of profitability. This study concludes that there is a significant positive relationship between dividend policy and profitability in the Beverage, Food & Tobacco (BFT) industry in Sri Lanka.

**10) Research Results in Indonesia**

Research by Gatot Nazir Ahmad and Vina Kusuma Wardani, entitled "The Effect of Fundamental Factor To Dividend Policy: Evidence In Indonesia Stock Exchange". This study focuses on the effect of fundamental factors on dividend policy of 98 companies listed on the Indonesia Stock Exchange during the period 2006 to 2009. This study uses logit regression to determine the relationship between the independent variable and the dependent variable.

This study finds that profitability and firm size have a significant positive correlation with dividend policy (Husain & Sunardi, 2020). Liquidity and leverage have a significant negative correlation with dividend policy. And evidence shows that growth opportunities are not significantly correlated with dividend policy.

But simultaneously all independent variables are significantly correlated with dividend policy. In this study, the estimation results show that the R squared count is 68.62%, which means that there are 270 observations out of 392 observations that can be explained according to predictions. Besides, it was concluded in his research by Lukas Setia Atmaja (2017) that family control has a negative effect on dividend payments as measured by the dividend payout ratio, dividend yield, and the probability of the company paying dividends.

## CONCLUSION

From various empirical evidences conducted in various parts of the world on the factors that influence dividend policy, the results show that there are similarities or mutual support between one study and another. However, there are also among the variables that have a relationship with dividend policy showing contradictory results between one study and another. This can happen due to differences in business characteristics, business environment, culture and legal regulations that differ from one country to another.

From several studies in various parts of the world, the factors that have the most influence on dividend policy are profitability, firm size, firm age, liquidity, previous dividends, dividend payments, firm value and cash flow, although research conducted in Bangladesh found that profitability and leverage have a negative relationship with dividend policy, and firm size, firm risk and ownership structure do not have a direct effect on dividend payments in private banks in Bangladesh.

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