ICME 2021

"Embracing Change and Recalibrating Business & Economy in a Post-Pandemic Context"
Proceedings of the 10th International Conference on Management and Economics

Financial Performance and Dividend Policy: Evidence from Listed Manufacturing Firms in Sri Lanka

K. R. K. Harshana[a]*, G. K. C. Jeewantha[b]

[a*, b]*Faculty of Management and Finance, University of Ruhuna, Sri Lanka*

A B S T R A C T

Many decades ago, dividend is one of a predominant areas discussed in the corporate world, However, a universally accepted reason to pay dividend is not yet found. Compared to the research carried out in other parts of the world a very limited number of studies are available in the Sri Lankan context. Thus, the objective of this study is to explore the impact of financial performance on dividend policy of manufacturing companies listed in the Colombo Stock Exchange (CSE), Sri Lanka. The study was predominantly guided by the quantitative methodological approach. Return on Assets (ROA) and operating cash flow (OCF) were employed to measure the financial performance while the Dividend Pay-out Ratio (DPR) was employed to measure the dividend policy. Further, the Current Ratio (CR) was used as control variable in the study. A Sample of 29 companies in the manufacturing sector was selected in the study for the analysis. The sector was selected deliberately and the sample included all eligible companies. The study relied on secondary data which were collected from audited financial statements accompanied by companies' annual reports from 2011 to 2020. Descriptive statistics were used to analyse the behaviour of variables and panel regression model (fixed effect) was used to make a conclusion about the impact of financial performance on dividend policy of the selected sector in Sri Lanka. According to the results of regression analysis, it was found that financial performance can negatively and significantly affect dividend policy of the listed manufacturing companies in Sri Lanka.

Keywords: dividend policy, manufacturing sector, operating cash flow, Return on asset

*Corresponding author: kasun27h@gmail.com

1. Introduction

Whenever a business is conducted, the prime objective is to maximize the value of the company and wealth of its shareholders (Rafindadi & Bello, 2019). In the event of achieving this prime objective, investment, financing and dividend decisions are among the prime decisions that should accurately be taken. Basically, companies need to make investments in projects which give positive net present value and need to effectively finance these projects at low cost. When financing projects, many companies prefer internal financing rather than external sources like debt capital and investors fund, hence, they tend to retain a large portion of earnings rather than distributing it as dividend (Mobeen & Aabid, 2013). Earnings potential, dividends and investments are interrelated factors to each other and hence one factor always tends to affect another factor (DeFusco et al., 2014). Due to this reason the dividend policy has given much attention by academic as well as the corporate community (Arko et al., 2014).

Every company which is funded by shareholders should have a dividend policy that can be used as a scheme to provide guidelines about distribution of its earnings among shareholders to achieve its specific goals (Nissim & Ziv, 2001). In most situations, dividend is represented as a primary and active variable in decision making in relation to earnings (Lintner, 1956). In the early stage of the corporate history, managers have realized dividends as a significant factor to fulfil shareholders expectations (Soondur et al., 2016). From the shareholders' perspective dividend is an earning for them but from the company's perspective, it is a cost. Researchers have provided different explanations for paying dividends but a universally accepted reason is not yet presented (Azhagaiah & Priya, 2008; Samuel & Edward, 2011; Benjamin, 2015; Rafindadi & Bello, 2019)."The harder we look at the dividend picture, the more it seems like a puzzle, with pieces that just don't fit together" (Black, 1976). The word dividend is always associated with earnings because it is the allotment to shareholders out of the company's earnings for a period. Generally, earnings come in that way how a company financially performs.

Financial performance means the efficiency of the firm on the usage of its assets to earn revenue and enhance its business activities. Profitability, cash flow, growth in sales and market to book value act as significant variables to measure the financial performance (Amidu & Abor, 2006). Growth in these variables in a company indicates that the company increase its performance and which in turn assists the value of the company and shareholders' wealth to push upward. In relation to this financial performance and the dividend policy phenomenon, there are two schools of though. Researchers believe that the dividend policy is dependent upon financial performance and vise-versa. However, most of them in the view that the dividend policy is dependent upon financial performance and it is one of the topics discussed mostly during the last decades (Yarram & Dollery, 2015; Mbuva et al., 2017; Rafindadi & Bello, 2019). However, managers of the company have a tendency to use dividends as a signaling tool to inform stockholders of the company about its current profitability and future prospects of profitability since they lack information about companies' inside (Bhattacharya, 1979). Hence, a question arises that whether the financial performance of the company is underpinned by the signaling theory through dividends policy.

1.1. Research problem

Despite the existence of extensive literature, the dividend policy has faced unresolved debate in the corporate world (Dada & Malomo 2015). The empirical studies have provided mixed

results rather than theoretical explanations about the relationship between company performance and dividend policy. Reviews about dividend policy have asserted that even the dividend policy has studied in various methods, still, the results of these studies are mixed and inconclusive (Dewasiri & Weerakoon, 2016). Some studies have explored that the company performance has a significant relationship with the dividend policy of the firm (Mbuva et al., 2017; Rafindadi & Bello, 2019). However, Maladjian and El Khoury (2014) found that the profitability and dividend policy has an inverse relationship. In addition, Soondur et al. (2016) explore that the net income also has a negative relationship with the dividend policy of the firm. When it comes to Sri Lanka, the studies about the dividends policy is limited and the available studies are about how the dividend policy affects financial performance (Velnampy et al., 2014; Anandasayanan & Velnampy, 2016; Paviththira, 2015; Thafani & Abdullah, 2014). However, the study of Rajaratna (2010) found that profit, growth and investment have a negative association with dividend policy. Later, Baker et al. (2019) revealed that profitability and earnings are among key determinant factors of dividend policy. However, Chandrasena (2015) stated that each sector has different performance in dividend policy in terms of dividends pay-out ratio in the Sri Lankan context. Hence more sector-wise studies are needed in Sri Lanka. Theretofore, this study focuses on analyzing the manufacturing sector in Sri Lanka with the objective of examining the impact of financial performance on dividend policy.

2. Literature review

The dividend policy is one of the predominant subjects which was studied in many ways. However, still, there is no obvious answer to why investors pay attention to dividend policy. Due to that, the relationship between financial performance and dividend policy has become an unresolved debate since the past (Mbuva et al., 2017). Dividend irrelevance theory, signaling theory, bird in hand theory, tax clientele effect, life cycle theory, catering theory and agency cost theory have been identified as the most common explanations for paying dividends (Al-Malkawi et al., 2010; Dewasiri & Weerakoon, 2016). *Dividend irrelevant theory:* Under perfect market condition, dividend does not affect to the value of the firm and to the cost of capital. The value of the firm is influenced by the ability of the company to earn income, how efficiently the company uses its assets, what proportions do they use to distribute and what proportion they use to retain in the firm to reinvest (Miller & Modigliani, 1961). *Signalling theory:* It was argued that dividends act as a signaling tool to inform stockholders of the company about its current profitability and future prospects of profitability since they lack information about companies' inside (Lintner, 1956; Bhattacharya, 1979). *Bird in hand theory:* The price of the shares are highly influenced by dividend rather than retained earnings and hence shareholders prefer current dividends which can be considered as "the birds in hand" rather than future capital gains which can be considered as "two in the bush" (Gordon, 1959). *Tax clientele effect*: Since the dividend payout decision is taken by the company, particular investors have a tendency to invest their funds in the shares of the company which has the dividend policies appropriate to the tax condition (Elton & Gruber, 1970; Baker & Kapoor, 2015). *Life Cycle theory:* Mueller (1972) argued that, companies' decision to pay or not to pay dividends depends on the life cycle of the company. When a company becomes mature the ability of the company to earn profit becomes higher and when the company earns more, the company pays more dividends to its shareholders (Fama & French, 2002). *Catering Theory:* According to the catering theory, the preference or need of the investor would be taken into consideration by the firm when determining the dividend payment and moreover this catering theory is the most natural explanation for paying dividends (Malcolm & Jeffrey, 2004; Nopphon, 2013). *Agency cost*

theory: The distribution of dividend reduces the funds available for managers hence, they need to search for outside capital and thus dividend pay-out level is the amount that minimizes the agency costs (Mahmoud et al., 1995; Claudiu & Marilen, 2014; Yarram & Dollery, 2015).

However, "The harder we look at the dividend picture, the more it seems like a puzzle, with pieces that just don't fit together" *(*Black, 1976). The traditional dividend puzzle has been attempted only through a theoretical search and it is not satisfactorily solved as it gives only a rational explanation for various dividend preferences among shareholder (Bratton, 2005). Even though the corporate dividend policy has been studied for a number of decades, still, this dividend puzzle is valid and more importantly, most of the unfit pieces in this puzzle are attached to the contexts of emerging markets (Al-Najjar & Kilincarslan, 2019). Evidence based on survey data suggest that expected level of future earnings, dividend patterns in the past, availability of cash and the maintaining or increasing concern about the stock prices are the as key factors that affect the determination of the dividend policy (Baker et al., 1985). In addition to these determining factors (Baker et al., 2001) through a study of NASDAQ firms had found that the industry affects the dividend policy of a company. Further, studies related to the dividend policy of companies in Canada (Baker et al., 2007), Indonesia (Baker & Powell, 2012), India (Baker & Kapoor, 2015) and Morocco (Baker & Jabbour, 2016) had found that there are similarities with the results of survey of Baker (1985). Nevertheless, the evidences based on secondary data suggested that the profitability, size of the company, liquidity, investment opportunities, financial leverage and business risk act as influential factors in deciding the dividend policy of a company (Patra et al., 2012). In addition to these factors, taxation, institutional shareholding (Arko et al., 2014), sectorial affiliation and investing activities (Anderi & Oleg, 2016) are also recognized influential factors when making the policy decision pertaining to dividends distribution.

Regardless of how the influential factors determine the dividend policy of a company in one dimension, Mobeen and Aadib (2013) revealed that the financial performance of a company and dividend policy has a cyclical relationship. The study concluded that, ROA acts significantly to determine the dividend policy, but on the other hand, ROA is also largely influenced by the dividend payout ratio. However, the United States, which is a developed country, shows a negative effect of profitability on dividend policy while the cash flow made no impact to change dividend in manufacturing sector companies (Gill et al., 2010). Further, Maladjian and El Khoury (2014) highlighted that profitability and growth have a negative effect while liquidity and leverage show an insignificant positive relationship with dividend policy. In contrast, Yarram and Dollery (2015) have revealed that there is a significant positive impact of profitability on dividend policy of the companies in Australia while the growth of the company shows a negative relationship. Furthermore, the liquidity and solvency of the company did not show a significant impact to change the dividend policy while profitability and investment opportunity showed a significant positive influence to make changes to the dividend policy (Gangil & Nathani, 2018; Novita et al., 2019). However, Tobing (2018) had revealed that liquidity, profitability and investments opportunities altogether affect the dividend policy of companies.

A number of studies conducted in Sri Lanka aimed at exploring the impact of dividend policy on the financial performance of listed companies in Sri Lanka rather than studying how financial performance affects the dividend policy. However, a positive relationship between financial performance and the dividend policy of companies listed in CSE Sri Lanka

was discovered (Thafani & Abdullah, 2014; Velnampy et al., 2014). In contrast, Rajaratna (2010) has revealed that there is no real influence of profit and growth on deciding dividend policy of the companies listed in Colombo stock exchange. However, in sector-wise performance, it is concluded that, the Beverage, Food and Tobacco sector in Sri Lanka shows an insignificant relationship between financial performance and dividend policy Paviththira, (2015) while the manufacturing sector shows a positive relationship (Anandasayanan & Velnampy, 2016). Further, Baker et al., (2019) using the triangulation approach, revealed that the profitability, earnings, investment opportunity, past dividends, size of the company and industry are the key determining factors of dividend policy of Sri Lankan companies . Nevertheless, it suggests a need for a sector-wise analysis since the manufacturing sector in Sri Lanka has a weak dividend policy in terms of its dividend payout ratio compared to the other sectors in Sri Lanka (Chandrasena, 2015).

3. Methods

Figure 1 illustrates the conceptual framework used to identify the impact of financial performance on the dividend policy of listed manufacturing companies in Sri Lanka.
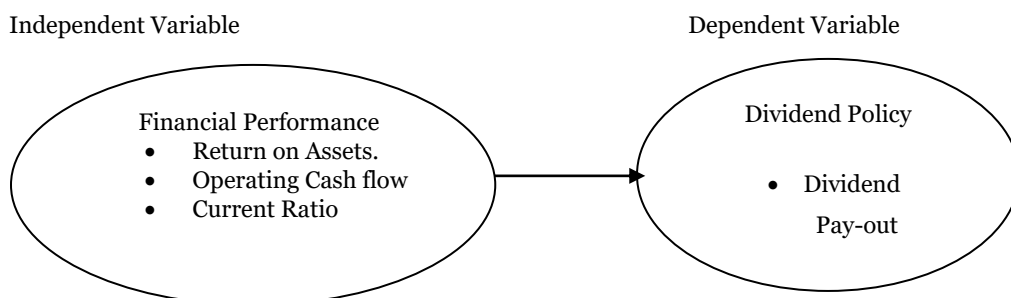

Figure 1: Conceptual Framework

3.1. Operationalization of variables

Table 1: Variable, Proxies and Measurement

Variable	Proxies	Measurements
Financial Performance	Return on Assets	(Earnings before Interest & Taxes/ Total Assets) * 100
	Operating cash flow	Natural logarithm of Operating Cash flow
Liquidity	Current ratio	Current Assets / Current Liability
Dividend Policy	Dividend Pay-out ratio	(Dividends Per Share / Earnings Per Share) * 100

3.1.1 Independent variable

As illustrated in Figure 1, return on assets and operating cash flow were used as proxies to measure the independent variable of financial performance. By using these two variables, it was expected to cover the company's profit/loss and cash flow since the performance is normally captured through analysing periodically issued financial statements of companies. Here, ROA was used to figure out how efficiently a company uses its assets to earn profits (Earning ability) while OCF was used to see the short-term operating efficiency in the activities of working capital management.

An analysis of the long term behaviour of the ROA provides the best financial scorecard to measure the financial performance and further its long term trajectory assists to build a foundation to understand the long term perspectives of the company (Hagel, Brown, Samoylova, & Lui, 2013; Avlokulov, 2018). Several studies related to the financial performance and dividend policy had used ROA to measure financial performance (Sunday et al., 2015; Kanwal & Munaza, 2017; Sofiana et al., 2018). Further, the operating cash flow was also used as a proxy to measure the financial performance by (Mbuva et al., 2017). (Bankers et al., 2009) have shown that the earnings and cash flows as useful performance measures for performance evaluation purpose. Operating cash flow reflects both the value increment of the company through operating activities and also reflects the quality of profit (Cheng et al., 2019). Further, the operating cash flow is an indicator that conveys distinct information about the working capital management of the company (Akono & Nwaeze, 2018). The operating cash flow allows to look beyond the profit of the company as it provides deeper insight into the company's performance. A Natural logarithm of operating cash flow was used to measure the operating cash flow in the study.

3.1.2. Dependent variable
The dividend pay-out ratio was used to measure the dependent variable of dividend policy. Dividends represent the proportion of a company's earnings to the company's shareholders (Samuel & Edward, 2011). Companies maintain dividend policies to make decisions about what proportion should they distribute and what proportion should they retained in the company (Lease & John, 2000). The dividend policy was measured using different indicators in previous studies; the dividend pay-out ratio was one of the most commonly used proxies for modelling the dividend policy (Dragota et al., 2019). (Sonia et al., 2017; Sofiana & Wulandari, 2018; Rafindadi & Bello, 2019) had used the dividend pay-out ratio to measure the dividend policy in their studies.

3.1.3. Control variable
The current ratio was used to measure the control variable of liquidity. The current ratio is a measurement tool that comes under the liquidity ratios in ratio analysis (Novita et al., 2019) and , it is one of the most commonly used ratios to assess the short term solvency of the firm (Brigham & Micheal, 2008). Company's Liquidity is one of the factors that influence the size of the dividend paid by the company (Jiang et al., 2016).

3.2. Research design
This study relies on the quantitative methodological approach to explore the impact of financial performance on the dividend policy of listed manufacturing companies in Sri Lanka.

3.2.1. Population and sample selection
The total population of the study was 290 (CSE, September 2019) companies listed in CSE. The CSE had provided these companies under 20 stratified sectors. Out of those 20 sectors, the manufacturing sector was selected deliberately. This sector includes 35 companies (CSE, September 2019) listed in the CSE before 2011. Out of those 35 companies, 3 companies were removed due to unavailability of required data in some periods and further 3 companies were removed due to non-dividend initiation throughout the selected period. The remaining (29) manufacturing companies were selected conveniently to conduct the study.

3.2.2. Data collection methods

According to the quantitative methodology, only quantitative secondary data were used in this study. These quantitative secondary data were collected using audited financial statements in sample companies' annual reports published by the CSE from 2011 to 2020 which contained 300 observations.

3.2.3. Data analysis techniques

Descriptive statistics of minimum, maximum mean and standard deviation were used to investigate the behaviour of every variable and the fixed effect panel regression model was used to explore the impact of financial performance on dividend policy.

The fixed effect panel regression models used in the study are as follows,

$$DPR_{it} = \beta_0 + \beta_1 ROA_{it} + \beta_2 OCF \log 10_{it} + \beta_3 CR_{it} + \varepsilon_{it}$$

Where, DPR is the dividends pay-out ratio of the firm *i* in the year *t*, ROA_{it}, OCF log10 $_{it}$ and CR_{it} are independent variables of the firm *i* in time *t*. ε_{it} is the error term while β_1, β_2 and β_2 represent the coefficient of each respective independent variable.

3.3. Hypothesis development

The main objective of the study was to explore the impact of financial performance on dividend policy. So, the hypotheses of the study were,

> *Ho:* There is no impact of financial performance on dividend policy.
> *H1:* There is an impact of financial performance on dividend policy.

4.   Data analysis
4.1. Descriptive analysis

Descriptive analysis was used to analyse the behaviour of the variables used in the study in a more descriptive way. Table 2 shows the descriptive statistics of the minimum, maximum, mean and standard deviation of a total of 213 observations taken from 29 cross-sectional companies in the manufacturing sector from 2011 to 2020.

Table 2: Descriptive Statistics of Variables

Variable	Observations	Minimum	Maximum	Mean	Standard Deviation
ROA	213	-.762	80.74	13.21	12.29
OCF Log10	213	0.00	3.57	1.69	1.16
CR	213	-2.39	20.61	2.06	2.21
DPR	213	0.39	105.69	43.23	23.87

Source: Research data

According to Table 2, the minimum of ROA is -0.762 percent and the maximum is 80.74 percent. The ROA has the mean score of 13.21 percent which indicates that the average return on assets of the manufacturing companies is 13.21 percent. Further, the standard deviation of 12.29 percent of ROA signifies that the ROA among listed manufacturing companies did not vary significantly since it was closer to the mean score of 13.21 percent.

Table 2 shows that the natural log of operating cash flows which had a minimum figure of zero and a maximum figure of 3.57. Further, the log of operating cash flows had a total mean score of 1.69 and the standard deviation of log is 1.16, which indicates that the operating cash flow among the cross-sectional units have a slight variation. As in table 2, the minimum figure of CR is -2.39 and the maximum is 20.61. Meanwhile, the CR had a total mean score of 2.01. According to that, the average current ratio maintained by companies was 2.11. Further, the standard deviation of 2.21 indicates that the current year over year ratio did not vary significantly from one company to another company. . So that, it can be assumed that all companies are maintaining a good liquidity position.

In Table 2, the minimum dividend payout ratio (DPR) is 0.39 percent and the maximum is 105.69 percent. Further, the DPR shows the mean score of 43.23 percent which signifies that the average DPR ratio in the sample was 43.23 percent. It means that for every Rs. 100 earned by companies Rs.4.23 was distributed as dividend to shareholders. Additionally, the 23.87 percent of standard deviation indicates that this ratio has significant variation, year over year among the cross-sectional units. The fixed-effect panel regression was utilized to establish the causal effect of financial performance on dividend policy.

4.2. Result of fixed effect panel regression analysis
Panel regression analysis was used to explore the impact of financial performance on dividend policy. After removing all the years, when the dividend is zero, the following fixed effect regression model analysed a total of 206 observations which include 29 cross-sectional units' data from 2011 to 2020.

Since this model has the ability to account for time-invariant factors of the group, omitted variables' pernicious effect was removed by this model. Thus, it allowed assessing the net effect of the predictors on explanatory variables. Under the houseman test, the fixed effect regression model was the best for this study, rather than the random effect model, because there were no endogenous variables as the Durbin-Watson figure was 2.08. This ensured the characteristic of independency between predicting variables. This fixed-effect model allowed for winzorising extreme outliers and moderate outliers from the data set that created a more accurate result.

As illustrated in Table 3, the fixed effect regression model reported a significant F value ($F_{(31,181)} = 17.157$, $p = <.01$) while accounting for 74.6% variation in the dependent variable by the independent variable across cross-sectional units. Since the fixed effect regression model is significant, it is further subject to the test of the slope (β). Beta values in table 2 represents the strength of the impact of the independent variable on the dependent variable. According to that the ROA ($\beta = -1.385$, $p = <.01$), shows a statistically significant negative impact on DPR. It indicates that, if one unit increases in ROA, it leads to -1.385 decrease in DPR. Based on that, the impact from ROA to DPR can be considered a strong negative influence. In contrast, the OCF ($\beta = .696$, $p = 0.462$) does not show a statistically significant impact on DPR. Occasionally, the CR ($\beta = 0.186$, $p = 0.760$) in the regression model is also not statistically significant, which implies that the current ratio does not have any influence to change the impact between financial performance and dividend policy.

Table 3: Result of Fixed Effect Regression Model Analysis

Variable	B	Std. Error	T	Sig.
(Constant)	83.93	6.460	12.993	.000***
ROA (%)	-1.385	.167	-8.287	.000***
OCF (Rs. Mn)	.696	.951	0.732	.465
CR (Times)	.186	0610	0.306	.760
R^2	.746			
F	17.157		$P = .000***$	
Durbin Watson	2.083			

Source: Author's own data

Notes: Dependent Variable: DPR; the symbols (***), (**) and (*) respectively indicate that statistical significance is at 1%, 5%, and 10% level.

5. Result and discussion

According to the result of the analysis, the fixed-effect regression results suggested that the return on assets (β = -1.385, p = <.01) significantly predict the dividend policy. In this study, the ROA the OCF ware proxies used to measure the finacial perfromance. However the result is suggesting that only ROA has ability to change the DPR of a company. With that there is a conclusive empirical eveidence to reject the null hypothesis that was tested in the study (F (31,181) = 17.157, p = <.01). In general, the literature suggests that the financial performance influences the dividend policy of companies in emerging markets. Likewise, the finding of this study is also consistent with some of the financial performance and dividend policy studies both inside and outside Sri Lanka (Rajaratna, 2010; Gill et al., 2010; Maladjian & El Khoury, 2014). Further, this study does not support the signalling theory (Lintner, 1956; Bhattacharya, 1979) of dividend and the life cycle theory (Mueller, 1972) of dividend, because it seems that the comapnies in the manufacturing sector have a tendcy to reduce dividend payments when profits are growing. However, the finding of this study supported the finding of (Maladjian & El Khoury, 2014): there is a negative effect of profit growth towards dividend policy. However, the study was unable to find any evidence for other dividend policy theories, due to the hindrance of supplimentary approaches like survey data.

6. Conclusion

In conclusion, this study was able to find conclusive empirical evidence to achieve the main objective of this study. The quantitative analysis of statistics of manufacturing companies from 2011 to 2020 was able to find that ROA has a significant negative influence on the DPR. However, the operating cash flow has not provided any contribution to change the DPR of manufacturing companies. Furthermore, the current ratio has not influenced the impact between financial performance and dividend policy. In this study, the return on assets was used to measure how efficiently the companies utilized their assets to earn profits while OCF was used to figure out the short-term operating efficiency of the companies in the event of working capital management; and additionally, the CR was used as a control variable in the study. The result of this study suggests that ROA negatively influences DPR. Therefore, it can be concluded that financial performance has a negative impact on dividend policy. However, since the availability of studies on this topic is limited in the Sri Lankan context, a broad generalization cannot be done yet. Nevertheless, it can be concluded that financial performance of manufacturing companies in Sri Lanka has a significant negative impact on dividend policy.

6.1. Implications

The implication of this study is that, manufacturing companies with a lower financial performance are distributing dividends more than high performing companies do. However, this factor is yet to be proven with more statistical evidence with supplementary approaches like surveys.

6.2. Limitations of the study

The research neglects the importance of supplementary approaches such as survey data; and it only relied on CSE data. Further, the result of this study could not be used to draw a conclusion on all the business contexts of Sri Lanka, as this was limited only to the manufacturing sector. Moreover, the study used only cash dividends paid by the selected set of sample companies, and other types of dividends were not considered.

6.3. Suggestions for future researchers

The research suggests that the future researches should use survey data as supplementary approaches when studying about this topic. Further, it suggests studying other sectors as well.

References

Avlokulov, A. (2018). Return on Assets and Financial Soundness Analysis: Case Study of Grain Industry Companies in Uzbekistan. *International Journal of Management Science and Business Adminis tration, 4*(6), 52-56.

Aduda, J. O., & Kimathi, H. (2011). The Applicability of the Constant Dividend Model for Companies Listed at the Nairobi Stock Exchange. *Journal of Financial Studies & Research*, 1-38.

Akono, H., & Nwaeze, E. (2018). Why and how firms use operating cash flow in compensation. *Accounting and Business Research, 48*(4), 400-426.

Al-Malkawi, H.-A. N., Rafferty, M., & Pillai, R. (2010). Dividend Policy: A Review of Theories and Empirical Evidence. *International Bulletin of Business Administration*(9).

Al-Najjar, B., & Kilincarslan, E. (2019). What do we know about the dividend puzzle? – A literature survey. *International Journal of Managerial Finance, 15*(2), 205-235.

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

Azhagaiah, R., & Priya, S. (2008). The impact of dividend policy on shareholders' wealth. *International research journal of finance economics*(20), 23-34.

Anandasayanan, S., & Velnampy, T. (2016). Dividend Policy and Corporate Profitability Econometric Analysis of Listed Manufacturing Firms in Sri Lanka. *International Journal of Commerce and Management Research, 2*(1), 53-58.

Arko, A., Abor, J., Adjasi, C., & Amidu, M. (2014). What influence dividend. *Journal of Accounting in Emerging, 4*(1), 57-78.

Baker, K., Dewasiri, J., Koralalage, W. B., & Azeez, A. (2019). Dividend Policy Determinants of Sri Lankan firms: A Triangulation Approach. *Managerial finance, 45*

Baker, H., & Jabbour, I. (2016). How Moroccan managers view dividend policy". *Managerial, 42*(3), 270 - 288.

Baker, H., & Kapoor, S. (2015). Dividend policy in India: new survey evidence. *ManagerialFinance, 41*(2), 182 - 204.

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

Baker, H., Farrelly, G., & Edelman, R. (1985). A Survey of Management Views on Dividend Policy. *Financial Management, Vol. 14*(No. 3), 78-84.

Baker, H., Saadi, S., Gandhi, D., & Dutta, S. (2007, January). The Perception of Dividends by Canadian Managers: New Survey Evidence. *International Journal of Managerial Finance, 3*, 70-91.

Baker, H., Veit, E., & Powell, G. (2001). Factors Influencing Dividend Policy Decisions of NASDAQ Firms. *The Financial Review, Vol. 36*(issue 3), 19-37.

Baker, K. H., & Weigand, R. (2015). Corporate dividend policy revisited. *Managerial Finance, 41*(2), 126-144.

Black , F. (1976). The dividend puzzle. *Journal of Portfolio Management*, 5-8.

Banker, R. D., Huang, R., & Natarajan, R. (2009). Incentive Contracting and Value Relevance of Earnings and Cash Flows. *Journal of Accounting Research, 47*(3)

Bhattacharya, S. (1979). Imperfect Information, Dividend Policy, and "The Bird in the Hand" Fallacy. *The Bell Journal of Economics, 10*(1).

Bozos, K., Nikolopoulos, K., & Ramgandhi, G. (2011, October). Dividend signaling under economic adversity: Evidence from the London Stock Exchange. *International Review of Financial Analysis, 20*(5), 364-374.

Benjamin, E. I. (2015). An Empirical Investigation of the Impact of Dividend Policy on the Performance of Firms in Developing Economies: Evidence from Listed Firms in Nigeria. *International Journal of Finance and Accounting, 4*(5), 245-252.

Bratton, W. W. (2005). The New Dividend Puzzle. *Georgetown Law Journal, 93*.

Brigham, E., & Micheal, C. (2008). Financial Management: Theory and Practice 12th edition,. 133-150.

Chandrasena, S. (2015). A Study on the Dividend Policy of Manufacturing Sector Companies Listed in the Colombo Stock Exchange, Sri Lanka. *In: Research Forum E Proceeding, Staff Development Centre Research Forum, Cycle 14-2015, University of Kelaniya, Kelaniya*, 26-27.

Cheng, H., Fengchao, L., Tang, H., & Ziwen , C. (2019). China Railway Construction Corporation Operating Cash Flow Management Evaluation and Suggestions in Financial Flow Management Evaluation and Suggestions in Financial Flow Management Evaluation and Suggestions in Financial Shared Model.*2nd International Conference on Education, Economics and Social Science (ICEESS 2019).*

Claudiu, B., & Marilen, P. (2014). Dividend Payout–Policy Drivers: Evidence from Emerging Countries. *Emerging Markets Finance and Trade, 50*(4)

Dada, F. B., Malomo, E., & Ojediran, S. (2015). Critical Evaluation of the Determinants of Dividend Policy of Banking Sector in Nigeria. *International Journal of Economics, Commerce and Management, 3*(2).

DeFusco, R., Dunham, L., & Geppert, J. (2014). An empirical analysis of the dynamic relation among investment, earnings and dividends. *Managerial Finance, 40*(2), 118-136.

Dewasiri, N., & Weerakoon, B. (2016). Why do Companies Pay Dividends? : A Comment. *Corporate Ownership & Control, 13*(2).

Dragota, V., Pele, D. T., & Yaseen, H. (2019). Dividend payout ratio follows a Tweedie distribution: international evidence. *The Open-Access, Open-Assessment E-Journal, 13*, No.2019-41.

Elton, E. J., & Gruber, M. J. (1970). Marginal Stockholder Tax Rates and the Clientele Effect. *The Review of Economics and Statstics, 52*(1), 68-74.

Fama, E. F., & French, K. R. (2002). Testing Trade-Off and Pecking Order Predictions About Dividends and Debt. *The Review of Financial Studies, 15*(1).

Gangil, R., & Nathani, N. (2018). Determinants of dividend policy: A study of FMCG sector in India. *IOSR Journal of Business and Management (IOSR-JBM), 20*(2), 40-46.

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

Gordon, M. (1959, May). Dividends, Earnings, and Stock Prices. *The Review of Economics and Statistics, 41*(2)

Gul, S., Sajid, M., Razzaq, N., Iqbal, M. F., & Khan, M. B. (2012). "The Relationship between Dividend Policy and Shareholder's Wealth". *Economics and Finance Review, 2*(2), 55-59.

Hagel, J., Brown, J. S., Samoylova, T., & Lui, M. (2013). Success or struggle: ROA as a true measure of business performance. *Deloitte. Shift Index Series, Report 3. Deloitte University Press.*

Kanwal, M., & Munaza, S. (2017). The Relationship between Dividend Payout and Firm Financial Performance. *Research in Business and Management, 4*(1).

Lease, R. C., John, K., Kalay, A., Loewenstein, U., & Sarig, O. H. (2000). Dividend Policy:: Its Impact on Firm Value. *Harvard Business School, Boston, MD.*

Lintner, J. (1956). Distribution of Incomes of Corporations Among Dividens, Retained Earnings, and. *The American Economic Review, 46*(2), 97-113.

Mahmoud, 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).

Malcolm, B., & Jeffrey, W. (2004). A Catering Theory of Dividends. *The Journal Of Finance, 59*(3).

Maladjian, C., & El Khoury, R. (2014). Determinants of the Dividend Policy: An Empirical Study on the Lebanese Listed Banks. *International Journal of Economics and Finance, 6*(4), 240-252.

Mbuva, K. G., Mirie, M., Erasmus, K., & Elly, O. D. (2017, October). Financial Performance and Dividend Policy. *European Sciencetific Journal, 13*(28), 138 - 154.

Miller, M., & Modigliani, F. (1961, Oct). Dividend Policy, Growth and Valuation of Shares. *The Journal of Business, 34*, 411-433.

Mobeen, U. R., & Aabid, H. (2013, January). Impact of Dividend Policy on Performance of Firms Having Stocks Listed an Emerging Stock Market. *Asian Journal of Empirical Research*, 20-29.

Mueller, D. (1972). A Life Cycle Theory of the Firm. *The Journal of Industrial Economics, 20*(3).

Nissim, D., & Ziv, A. (2001). Dividend Changes and Future Profitability. *The Journal of Finance, 56*(6).

Novita, E., Rahardjo, K., & Suyadi, I. (2019). The Influence of Firm Financial Performance on Dividend Policy and its Effect to The Firm Value. *Jurnal Profit, 10*(2), 21-32.

Padachi, K. (2006, October). Trends in Working Capital Management and its Impact on Firms' Performance: An Analysis of Mauritian Small Manufacturing Firms. *International Review of Business Research Papers, 2*(2), 45 -58.

Patra, T., Poshakwale, S., & Ow-Yong, K. (2012). Determinants of corporate dividend policy in Greece. *Applied Financial Economics, 22*(13), 1079-1087.

Paviththira, R. (2015). Impact of Dividend Policy on Corporate Profitability: Evidence from Listed Beverage Food and Tobacco Companies on Colombo Stock Exchange (CSE) in Sri Lanka. *Proceedings of 12th International Conference on Business Management*

Rafindadi, A. A., & Bello, A. (2019). Is Dividend Payment of any Influence to Corporate Performance in Nigeria? Empirical Evidence From Panel Cointegration. *International Journal of Economics and Financial*,48-58.

Rajaratna, S. W. (2010). Determinants of dividend policy in Sri Lanka: An empirical Study of Selected Listed Companies In Colombo Stock Exchange .

Samuel, K. A., & Edward, M. Y. (2011). Dividend Policy and Bank Peerformaance in Ghana. *International Journal of Economics and Finance, 3*(4), 202-207.

Sofiana, Y., Maghviro, H. E., Lestar, A. D., Sukoco, A., & Wulandari, A. (2018). Role of Share Ownership and Dividend Policy on Financial Performance (Case Study at Construction Service Company). *International Journal of Accounting & Finance in Asia Pasific (IJAFAP), 1*(1), 68-76.

Sonia, M., Sukoharsono, E. G., & Nuzula, N. F. (2017). The Reciprocal Effect of Leverage, Dividend Policy, and Financial Performance: Study on Comparison Between Mining and Trade,Services, Investment Companies Listed on Indonesia Stock Exchange Periof of 2010-2014. *Russian Journal of Agricultural and Socio- Economic Sciences, 3*(63), 122-136.

Soondur, S., Maunick, D., & Sewak, S. (2016, 21-23 January). Determinants of the Dividend Policy of Companies Listed on the Stock Exchange of Mauritius. *Proceedings of the Fifth Asia-Pacific Conference on Global Business, Economics, Finance and Social Sciences (AP16Mauritius Conference)*.

Sunday, K. o., Ademola, A. A., & Oyefemi, O. O. (2015, April). Dividend Pay-Out Policy And Firm Financial Performance: Evidence From Nigerian Nigerian. *International Journal of Economics, Commerce and Management,3*(4).

Thafani, F. A., & Abdullah, M. M. (2014). Impact of Dividend Payout on Corporate Profitability: Evident from Colombo Stock Exchange. *Advances in Economics and Business Management (AEBM), 1*(1), 27-33.

Tobing, W. (2018). The Effect of Profitability, Liquidity, and Investment opportunities on Dividend Policy. *South East Asia Journal of Contemporary Business, Economics and Law, 15*(5), 189-195.

Velnampy, T., Nimalthasan, P., & Kalaiarasi, K. (2014). Dividend Policy and Firm Performance:Evidence from the Manufacturing Companies Listed on the Colombo Stock Exchange. *Global Journal of Management and Business Research, 14*(6).

Yarram, S. R., & Dollery, B. (2015). Corporate governance and financial policies. *Managerial Finance, 4*(3), 267-285.