

Impact of Some Specific Determinants on Dividend Payout Ratio of Corporations' in Bangladesh

Tajul Islam¹, Md. Kamal Uddin²

¹Assistant Professor, Department of Finance & Banking, Business Studies Group, National University, Gazipur-1704, Bangladesh

²Deputy Manager, Titas Gas Transmission & Distribution Company Limited, Petrobangla, Titas Gas Bhaban, 105, Kawran Bazar C/A, Dhaka-1215, Bangladesh

Corresponding Author: Tajul Islam

Abstract: The proportion of net profits of a firm which is distributed among shareholders is called dividend. Main purpose of this study is to attempt to determine the impact of some specific determinants on dividend payout ratio of corporations' in Bangladesh. Primary data have been collected by structured questionnaire to fulfil objectives. Multiple Regression Analysis, Analysis of Variance (ANOVA), Chi-square test, Z-test and descriptive analysis, tables and graphs have been used. In this research found that profitability has positive and significant impact on dividend payout ratio of corporations' (H3) and cash availability has positive impact (H5). Moreover, retained earnings, growth prospects and investment opportunity have negative impact on dividend payout ratio of corporations' (H3, H4 and H6). From this study corporations' will get help to assess how dividend payout ratio varies accordingly with some key determining factors. All this identification may be the path finder of the corporations', the board of directors and financial managers will able to develop an optimal dividend policy and shareholders will also be benefited in Bangladesh.

Keywords: Determinants, Dividend Payout Ratio, Profitability, Retained Earnings, Cash Availability and Corporations'.

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I. Introduction

Generally dividend can be defined as a proportion of corporate net profits that is paid out (i.e. cash or stock) by the corporations to their shareholders as a reward for investing in the corporations. Therefore, one significant element in the dividend decision is the dividend payout ratio, i.e. what proportion of net profits should be paid out to the shareholders. Dividend decision is very important and crucial part of the corporations, because of, this decision is directly related with the value of the firms (i.e. share price) and shareholders wealth. When corporations consider dividend policy, they have to consider certain factors such as retained earnings, net profits, cash availability, growth prospects, investment opportunity and the nature of shareholders of the firm. Dividend policy has been analysed since many decades, in fact, there is no universally accepted explanation for corporations to form an optimal dividend payout ratio (i.e. which is distributed among the shareholders in the form of dividend either in cash or stock) that maximizes shareholders wealth and which is favourable to its shareholders as well as the future prospects of corporations. Brealy and Myers (2003) described dividend policy as one of the top ten most difficult unsolved problems in financial economics. This description is consistent with Black (1996) who stated that the harder we look at the dividend picture, the more it seems like a puzzle, with pieces that don't fit together. Bernstaein (1996), and Aivazian and Booth (2003) revisited the dividend puzzle and noted that some important questions remained unanswered. Thus setting corporate dividend policy remains controversial and involves judgement by decision makers. There has been emerging consensus that there is no single explanation of dividends. According to Brook et al. (1998) there is no reason to believe that corporate dividend policy is driven by a single goal. Yet figuring out why companies pay dividends and investors pay attention to dividend that is the "dividend puzzle" is still problematic (Amido and Abor, 2006). Linter (1956) showed that first, firms set target dividend payout ratios, by deciding on the fraction of earnings they are willing to pay out as dividends in the long term. Since then, the amount of theoretical and empirical research on dividend policy has increased dramatically (Baker, 1999). This study has determined the impact of determinants on dividend payout ratio. From this research corporations shall get path way to determine an optimal dividend payout ratio and at the same time shareholders will also be benefited in Bangladesh.

The main objective of the study is to identify the determinants and to determine the impact of some specific determinants on dividend payout ratio of corporations' in Bangladesh. However, to emerge the objective some specific objectives are: (1) To estimate the impact of retained earnings on dividend payout ratio

of the corporation; (2) To approximate the impact of profitability on dividend payout ratio of the corporation; (3) To assess the effect of growth prospects on dividend payout ratio of the corporation; (4) To estimate the impact of cash availability on dividend payout ratio of the corporation (5) To assess the impact of investment opportunity on dividend payout ratio of the corporation.

II. Literature Review

Different researchers have proposed different theories regarding the determinants that affect dividend payout ratio of the corporations'. Several determinants have been identified in previous studies which influence the dividend policy of a firm such as liquidity, profitability, firm size, corporate taxes etc. Dividend policy is a policy of a firm to decide as to how much cash it should be reinvested in its business through expansion or share repurchases and how much to pay out to its shareholders as dividend. Dividend is a payment made by corporations' to the shareholders or retained to the corporations' out of its net earnings in the form of cash or stock. The ratio of net income which is paid to the shareholders is known as dividend payout ratio. For the investors, dividend serves as an important indicator of the strength and the future prospects of the firm. So the corporations' try to maintain an optimal dividend payout ratio. Over time, there has been substantial increase in the number of determinants identified in the literature as being important to be considered in making an optimal dividend payout ratio.

Mistry (2011) found that significant increase in the selected factors influences the dividend decision to the great extent rather than factors which have resulted marginal or moderate increase. According to him, the change in total assets and profitability affect decision positively, which change in liquidity, inventory turnover ratio and retained earnings affect dividend decision negatively.

Gill et al., (2010) conducted a study regarding the determinants of dividend payout ratios. Their paper seeks to examine the determinants of dividend payout ratios for the America Service and Manufacturing Firms. They found that for the entire sample the dividend payout ratio is the function of profit margin, sales growth, debt to equity ratio and tax. For firm in the services industry the dividend payout ratio is the function of profit margin, tax and market to book ratio.

Mohanty (1999) found that firms maintain a constant dividend per share and have fluctuating payout ratio depending on their profits.

Van Horne (1971) says that dividend policy entails the division of earnings between shareholders and reinvestment in the firm. Retained earnings are a significant source of funds for financing corporate growth, but dividend constitutes the cash flows that accrue to shareholders. There exist two divergent schools of thought with regards to these, the dividend policy and the retained earnings policy. Linter (1956) conducted a classical study on how U.S managers make dividend decisions. According to him, the dividend payment pattern of a firm is influenced by the current year earnings and previous year dividends.

Kanwer (2003) attempted to identify the factors that explain the dividend behaviour of the firms registered with the Karachi Stock Exchange using firm data between 1992-98. Samples examined in the study, were listed companies in stock exchange of Pakistan. Variables included firm size, retained earnings, investment opportunities and signalling aspects of dividends. Expected firm size has positive effect on dividend payout but this relationship was not statistically significant. The result shows that the higher net profit after tax of firms does not necessarily ensure higher dividend payment.

Imran (2011) empirically investigated that the factors determine the dividend payout decisions in the case of Pakistan's engineering sector by using the data of thirty-six firms listed on Karachi Stock Exchange. By employing various panel data techniques like fixed and random effects, the results of his study suggested that the previous dividend per share, earnings per share, profitability, cash flow, sales growth, and size of the firm are the most critical factors determining dividend policy in the engineering sector of Pakistan.

The study of Gupta & Banga (2010) re-examined various factors that have a bearing on the dividend decision of a firm by using a two-step multivariate procedure. First factor analysis is performed on the data to take out major factors from various variables. Results of factor analysis indicate that leverage, liquidity, profitability, growth and ownership structure are the major factors. Regression on these factors shows leverage and liquidity to be the determinants of the dividend policy for Indian Companies.

Al-Malkawi (2007) examined the determinants of corporate dividend policy in Jordan. The study uses a firm-level panel data set of all publicly traded firms on the Amman Stock Exchange between 1989 and 2000. The study develops eight research hypotheses, which are used to represent the main theories of corporate dividends. A general-to-specific modelling approach is used to choose between competing hypotheses. The results suggest that the proportion of stocks held by insiders and state ownership significantly affect the amount of dividends paid. Size, age, and profitability of the firm seem to be determining factors of corporate dividend policy in Jordan.

Bolding & Leggett (1995) conducted a study of bank dividend policy as signal of bank quality. Their article examines whether the dividend policy of holding companies is used as a signal of their quality. The study

found evidence to support the dividend signalling argument-that is; there is a positive relationship between bank dividends per share and bank quality rating. Additionally, an inverse relationship between payout ratio and bank quality was found.

DeAngelo, DeAngelo and Stulz (2006), Redding (1997), Denis and Osabov (2008), Von Eije and Megginson (2006) suggested that the dividends are affected by ratio of retained earnings to total equity (and of total assets), firm size, profitability and growth opportunities.

Larger and more profitable firms and those with a greater proportion of earned equity are more likely to pay dividends, while the effect of growth opportunities on the likelihood of dividend payments is mixed (DeAngelo, DeAngelo & Stulz, 2006, Denis & Osobov, 2008).

Pruitt and Gitman (1991) in their study reported that current year and past year profits are important factors in influencing dividend payments.

Alli et al. (1993) revealed that dividend payments depend more on cash flows, which reflect the company's ability to pay dividends, than on current earnings, which are less heavily influenced by accounting practices. They claim current earnings do not really reflect the firm's ability to pay dividends.

Dividends are paid out of annual profits gained by a firm (Al-Malkawi, 2007). Riberio (2010) and Yegon et al. (2014) concluded that companies with higher profitability levels have a higher tendency for the payment of dividends. This conclusion leads to expecting a positive relationship between profitability and dividends.

Thanatawee (2011) stated that higher profitability should be able to generate free cash flow. Shareholders also expect highly profitable firms to pay higher dividends in order to reduce the agency costs (Patra et al. 2012).

Most of past studies concluded that more profitable firms are more likely to pay dividends (Liu & Hu, 2005, Amido & Abor, 2006). Patra et al. (2012), Gul et al. (2012) and Moradi et al. (2012) also found a positive relationship between profitability and dividend payouts when examining factors influencing corporate dividend decision.

DeAngelo et al. (2004) verified a negative relationship between growth opportunities and investment and the amount distributed in dividends. Abu (2012) studied about the determinants of dividend payout policy. He says in his study "Dividend payout policy has potential roles to be considered as part of the firm's strength to operate smoothly in the corporate world. Profitability along with other essential factors has significant impact on dividend decisions of a corporation. Thus, it becomes an important issue for firm's to identify the factors determining dividend payout policy. The paper attempts to construct an empirical model for selected commercial banks in Bangladesh and provide recommendations which will further develop the dividend payout policy for banks and other industry listed in Dhaka and Chittagong Stock Exchange (DSE & CSE). The empirical findings reveal that current earnings and liquidity has potential roles for firms to determine payout policy."

Hossain (2016) found that four variables, namely leverage, liquidity, firm growth and previous year's dividend out of selected eight variables in the model were significant. The significant variables in the model were the good predictor of dividend payout. He also found that significant negative relationship between financial leverage and dividend payout. It is 5% level of significance which p-value is 0.0276. The rationale behind this result is that high financial leverage lead to high interest expense and low net income. As a result less earning will be available of the banks. In this situation, the banks pay low dividend to its shareholders.

In summary, most of the previous literature concentrated the impact of determinants of profitability, liquidity, total assets, inventory turnover ratio, retained earnings, sales growth, debt to equity ratio, tax, market to book ratio, investment opportunities, earnings per share, cash flow, leverage and growth opportunities on the dividend payout ratio in the developed and developing countries outside of Bangladesh but in Bangladesh very few researches have been conducted which explored only the impact of profitability, liquidity, leverage, firms' growth and previous year dividends on dividend payout ratio. This study will find out the effects of retained earnings, profitability, growth prospects, cash availability and investment opportunity on dividend payout ratio of the corporations' in Bangladesh.

III. Research Hypotheses

(1). Determinants have impact on dividend payout ratio of corporation; (2) Dividend payout ratio varies with retained earnings of corporation; (3) Dividend payout ratio varies with profitability of corporation; (4) Growth prospects (measured by market to book ratio) of corporations' influences dividend payout ratio; (5) Cash availability has impact on dividend payout ratio; (6) Investment opportunity has impact on dividend payout ratio of corporation.

IV. Research Methods

4.1 Sampling and Data Collection

This study is based on primary data. The current study aims at examining the impact of some specific determinants on dividend payout ratio of corporations' in Bangladesh. The primary data has been collected from the corporations' which are located in the Sylhet City in Bangladesh in the year July 2016 to June 2017. To accomplish study objectives, a well-designed structured questionnaire was distributed among the study respondents selected on random sample basis.

The questionnaire was divided into two parts; first part of questionnaire contains demographic information of respondents' and second part of questionnaire contains information regarding specific determinants of dividend payout ratio of corporations'. Close-ended and open ended questions were included in the questionnaire. However, 50 questionnaires were distributed among the employees of the various corporations' which were located in the Sylhet City in Bangladesh and the researchers asked them to fill-up questionnaires directly as most of them found in the offices of the corporations. Thus, all the distributed questionnaires were collected after filling-up by the employees of the corporations'.

4.2 Tools of Data Analysis

The purpose of the research is to determine the impact of some specific determinants on dividend payout ratio of corporations' by using a number of determinants such as; retained earnings, profitability, growth prospects (measured by market to book ratio), cash availability and investment opportunity. Therefore, various statistical analyses have been conducted to analyze collected data regarding determining factors in order to measures how dividend policy decisions i.e. dividend payout ratio varies accordingly with the determining factors of the corporations' in Bangladesh.

In addition, retained earnings, profitability, growth prospect measured by market to book ratio, cash availability, and investment opportunity are explanatory variables. The regressions function will be chosen as the specific functional form of the underlying relationship between dividend payout ratio and its explanatory variables linear multiple regression model may be written as:

$$D_{it} = \alpha_i + \beta_1 RE_{it} + \beta_2 P_{it} + \beta_3 MB_{it} + \beta_4 CA_{it} + \beta_5 IO_{it} + \mu_{it}$$

Where, α_i is a constant and μ_{it} is the random disturbance error term with appropriate properties. In the linear multiple regression model explanatory variables are RE_{it} = retained earnings, P_{it} = profitability, MB_{it} = growth prospects measured by market to book ratio, CA_{it} =cash availability, IO_{it} = investment opportunity and $\beta_1, \beta_2, \beta_3, \beta_4,$ and β_5 are the regression coefficient of the explanatory variables.

V. Data Analysis and Results: Descriptive and Survey Findings

5.1 Descriptive Analysis

Table 1: Mean and Standard Deviation for the Dividend Payout Ratio

Determining Factors	Mean	Standard Deviation	Rank
Debt Contract Restrictions	4.12	0.627	4
Cash Availability	4.14	0.534	4
Legal Constraints	4.14	0.670	4
Contractual Constraints	4.26	0.723	1
Internal Constraints	4.08	0.600	6
Growth Prospects	4.00	0.728	8
Owner Considerations	4.10	0.677	5
Market Considerations	4.20	0.606	2
Investment Opportunities	4.20	0.638	2
Alternative Sources of Capital	4.16	0.584	3
Ownership Dilution	4.16	0.509	3
Profitability	4.12	0.627	4
Corporate Taxes	4.02	0.588	7
Cost of External Financing	4.14	0.670	4
Firm Size (Total Assets)	4.10	0.646	5
Retained Earnings	4.16	0.650	3
D/P Ratio Changes	4.04	0.569	

Table 1 represents rank of determining factors of dividend payout ratio of the firm's based on mean and standard deviation. Results shows that dividend payout ratio is affected by the determinants as mean score is 4.04 which somewhat greater than 4.00. It indicates that there is an impact of the determinants of dividend payout ratio. From the table 1 it has found that contractual constraints is ranked 1 because its mean is the largest

than the mean of other determinants. It indicates that contractual constraints have more impact on dividend payout. On other hand, growth prospects is ranked 8 and has the lowest mean value is 4.00 which is also indicates that growth prospects have impact on dividend payout ratio. Market considerations and investment opportunities are ranked 2 and alternative sources of capital, ownership dilution and retained earnings are ranked 3. Moreover, remaining other determinants mean values are greater than 4.00 or equal to 4.00. In conclude, on the basis of respondents opinion it can be said that all the determinants have positive or negative impact on dividend payout ratio of the firm's.

5.2 Test of Hypothesis

5.2.1 Hypothesis 1

H₀: The determinants have impact on the dividend payout ratio of the corporation.

H_a: The determinants haven't impact on the dividend payout ratio of the corporation.

Table 2: ANOVA

Source of Variation	Sum of Square (SS)	df	Mean of Square (MS)	Calculated F	Probability value	F critical
Between Groups	3.550588235	16	0.221911765	0.560193042	0.913827749	1.65565892
Within Groups	329.98	833	0.396134454			
Total	333.5305882	849				

Table 2 shows that calculated F value is 0.560193042 which less than F critical value of 1.65565892 as well as the p-value of 0.913827749 at 5% level of significance. Therefore, based on the above ANOVA results Null Hypothesis is accepted and Alternative hypothesis must be rejected. In conclude, it can be said that determinants have impact on the dividend payout ratio of the corporations'.

5.2.2 Hypothesis 2

H₀: There is positive and significant relationship between retained earnings and dividend payout ratio of corporations'.

H_a: There is no positive and significant relationship between retained earnings and dividend payout ratio of corporations.

The question relating to hypothesis was: Is retained earnings have relationship as a determinant on dividend payout ratio?

The following table 3 is designed based on the responses of 50 respondents

Nature of Respondents	Number of Responses	Percentage (%)
Yes	5	10
No	45	90
Total collected data	50	100

From the above table out of 50 respondents 45 respondents are agreed that 'retained earnings' has no positive and significant relationship with 'dividend payout ratio' and remaining 5 respondents are agreed that 'retained earnings' have positive and significant relationship with 'dividend payout ratio'. Thus, 5 respondents supported null hypothesis (H₀).

Formulating the hypothesis: The researcher formulated the null hypothesis (H₀), that the number of success sample:

X is equal to 5: H₀=5

X is not equal to 5: H_a≠5

Formula of Z test is,

$$Z = \frac{X\sqrt{n-p}}{\sqrt{p}}$$

$$= \frac{X\sqrt{n-p}}{\sqrt{\frac{p(1-p)}{n}}}$$

= -5.66

Here calculated value of Z is -5.66 and the absolute value is 5.66 which are greater than the absolute table value of 1.64. Since, the calculate value of Z is greater than the table value of Z, that's why null hypothesis must be rejected and alternative hypothesis is accepted. In conclude, it can be said that there is no positive and significant relationship between retained earnings and dividend payout ratio.

5.2.3 Hypothesis 3

H₀: There is a positive and significant relationship between profitability and dividend payout ratio of corporations'.

H_a: There is not a positive and significant relationship between profitability and dividend payout ratio of corporations'.

Table 4: Male and Female Respondents

Awareness of respondents towards profitability	Male - X	Female -Y	Total
Yes * - P	39 (39.56)	4(3.44)	43
No ** - Q	7(6.44)	0(0.56)	7
Total	46	4	50

*Strongly Agreed and Agreed, **Neutral, Disagreed and Strongly Disagreed.

The following formula will be used to calculate chi-square statistic:

$$\lambda^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

Where,

- λ^2 = Chi-square statistic
- O_i = Observed frequency
- E_i = Expected Frequency

Now, sum the squared differences:

$$\lambda^2 = \sum \frac{(O_1 - E_1)^2}{E_1} + \frac{(O_2 - E_2)^2}{E_2} + \dots \dots \dots \frac{(O_n - E_n)^2}{E_n}$$

Expected frequencies are calculated as:

$$E_{ij} = \frac{R_i C_j}{n}$$

So,

$$E_{11} = \frac{43 \times 46}{50} = 39.56 \qquad E_{12} = \frac{43 \times 4}{50} = 3.44$$

$$E_{21} = \frac{7 \times 46}{50} = 6.44 \qquad E_{22} = \frac{7 \times 4}{50} = 0.56$$

By using expected frequencies, the table of expected values is as follows:

Table 5: Chi-square test

Awareness of respondents towards profitability	Observed Frequency (O_i)	Expected Frequency (E_i)	$(O_i - E_i)$	$(O_i - E_i)^2$	$\frac{(O_i - E_i)^2}{E_i}$
PX	39	39.56	-0.56	0.3136	0.0079
PY	4	3.44	0.56	0.3136	0.0912
QX	7	6.44	0.56	0.3136	0.0487
QY	0	0.56	-0.56	0.3136	0.5600

By putting all the above calculated value in the formula, we get,

$$\lambda^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

$$= \frac{(O_1 - E_1)^2}{E_1} + \frac{(O_2 - E_2)^2}{E_2} + \frac{(O_3 - E_3)^2}{E_3} + \frac{(O_4 - E_4)^2}{E_4}$$

$$= 0.0079 + 0.0912 + 0.0487 + 0.5600$$

$$= 0.7078$$

Here, the degrees of freedom = (r-1)(c-1) = (2-1)(2-1) = 1

Now, it is necessary to compare the computed chi-square value associated with 5 percent level of significance. The table value for 1 degree of freedom at 5 percent level of significant is 3.84. The calculated value of $\lambda^2 = 0.7078$; which is much lower than table value. Thus, the chi-square test supports the null hypothesis (H₀). So null hypothesis must be accepted and alternative is rejected. In conclude, there is a positive and significant relationship between profitability and dividend payout ratio of corporations'.

5.3 Multiple Regression Model and Analysis of Results

The following multiple regression model is developed based on three explanatory variables (growth prospects, cash availability and Investment opportunity) and dependent variable dividend payout ratio:

$$D_{it} = \alpha_i + \beta_1 GP_{it} + \beta_2 CA_{it} + \beta_3 IO_{it} + \mu_{it}$$

Where, α_i is a constant and μ_{it} is the random disturbance error term with appropriate properties. In the linear multiple regression model explanatory variables are MB_{it} = growth prospects measured by market to book ratio, CA_{it} = cash availability, IO_{it} = investment opportunity, and dependent variable is D_{it} = dividend payout ratio and $\beta_1, \beta_2,$ and β_3 are the regression coefficient of the explanatory variables.

Table 6: Results of Multiple Regression Analysis

Items	Path Coefficient (β)	t-value	Significance level (P)
Intercept = -2942			
H ₄ = Growth Prospects	-0.1578	1.6136	0.1161
H ₅ = Cash Availability	0.1018	-0.6181	0.5406
H ₆ = Investment Opportunity	-0.0642	-0.4611	0.6477
Determination of Coefficient (R ²) = 0.8282, F = 4.50304 Significance (F) = 0.00013, N = 50	Adjusted R ² = 0.53355		

Table 6 represents that the overall F statistic is statistically significant at the 0.00013 level. Multiple regression model has a coefficient of determination (R²) = 0.8282; which explains 82.82% variance in dividend payout ratio with adjusted R² of 53.35% in the corporations' in Bangladesh. The results of multiple regression as shown in the table 6 shows that growth prospects is negatively related with dividend payout ratio (β = -0.1578, t = 1.6136 and p = 0.1161). Accordingly, H₄ which states that there is negative relationship between growth prospects and dividend payout ratio and significant at 0.15 level of significance. Therefore, H₄ is accepted. On the other hand, cash availability has positive relationship with dividend payout ratio of the corporations' (β = 0.1018, t = -0.6181 and p = 0.5406) but not significant at 0.05 significance level. Accordingly, H₅ states that there is positive relationship between cash availability and dividend payout ratio but not supported at 0.05 significance level. Therefore, H₅ is rejected. In respect to H₆ which state that there is negative relationship between investment opportunity and dividend payout ratio also rejected at 0.05 level of significance (β = -0.0642, t = -0.4611 and p = 0.6477). Moreover, results of multiple regression indicates that growth prospects and investment opportunity has negative relationship with

5.4 Analysis of Results

Main objective of this study is to find out the determinants affecting dividend payout ratio of the corporations' (i.e. retained earnings, profitability, growth prospects, cash availability, and investment opportunity). Notably, there is no more study has conducted in Bangladesh by considering all these determinants at the same time. To achieve the study objectives six hypotheses were developed and tested by using ANOVA, Z-test, Chi-square statistic and multiple regression model. Based on the results of ANOVA it is found that impact of all the determinants' of dividend payout ratio of the corporations' are not same as well as according to the results of Z-test found that retained earnings has positive and significant relationship on the dividend payout ratio of the corporations'.

As per H₃, the results of chi-square statistic indicated that profitability has positive and significant impact on dividend payout ratio of the corporations' at 0.05 level of significant. Multiple regression analysis has conducted to test hypotheses H₄, H₅ and H₆ and the results indicates that coefficient of determination (R²) = 82.82%; which indicates determinants have very high impact on dividend payout ratio of the corporations'. Moreover, accordingly H₄, growth prospects has negative impact on dividend payout ratio and significant at 0.15 level of significance. According to H₅, cash availability has positive impact on dividend payout ratio but not significant at 0.05 level of significance. At the end, as per H₆, investment opportunity has negative impact on dividend payout ratio and not significant at 0.05 level of significance. In conclude, based on the above analysis of the results, it can be said that retained earnings, profitability and cash availability have positive impact on the dividend payout ratio of the corporations' and growth prospects and investment opportunity have negative impact on the dividend payout ratio.

VI. Major Findings of the Study

On the basis of the previous analysis following results can be drawn:

(i) From the results of Z-test of hypothesis 2 it has found that there is no positive and significant relationship between retained earnings and dividend payout ratio of corporations'.

(ii) Moreover, a result of chi-square test (test of hypothesis 3) has demonstrated that profitability has positive and significant impact on dividend payout ratio of corporations'.

(iii) In addition, results of multiple regression (test of hypothesis 4) showed that growth prospects has negative impact ($\beta = -0.1578$, $t = 1.6136$ and $p = 0.1161$) on dividend payout ratio of corporations' as well as from the **table 1**, it has found that rank of growth prospects is 8 with mean score of 4.00 and S.D = 0.728.

(iv) Furthermore, also has evident from the results of multiple regression (test of hypothesis 5) that cash availability has positive impact ($\beta = 0.1018$, $t = -0.6181$ and $p = 0.5406$) on dividend payout ratio of corporations.

(v) Moreover, it has found from **the table 1** that rank of investment opportunity is 2 with mean score = 4.20 and S.D. = 0.638 has impact on dividend payout ratio of corporations'. In addition, from the results of multiple regression (test of hypothesis 6) has found that investment opportunity has negative impact ($\beta = -0.0642$, $t = -0.4611$ and $p = 0.6477$) on dividend payout ratio of corporations'.

VII. Limitations of the Study

This research has some limitations. One of the limitations is that primary data have been collected only in the Sylhet City in Bangladesh. In this study considered five specific determinants i.e. retained earnings, profitability, growth prospects, cash availability and investment opportunity etc. are not the only determining factors that influences dividend payout ratio of corporations' in Bangladesh. Many other determinants disregarded in this study which may have significant impact on dividend payout ratio of corporations'. Although, this study showed a proper pathway for future research to incorporate many other determinants of dividend payout ratio of corporations'.

VIII. Future Research Scope

Researchers have an opportunity to incorporate many other determinants which are disregarded in this research to find out impact on dividend payout ratio of corporations' in Bangladesh and other developing countries. The sample of current study covered only the Sylhet City in Bangladesh. Future research may have an opportunity to cover the whole regions of Bangladesh.

IX. Conclusion

This determines the impact of determinants on dividend payout ratio of the corporations' in Bangladesh. Data have been collected by a structured questionnaire from the Sylhet City in Bangladesh and collected data analyzed by using ANOVA, z-test, chi-square test and linear multiple regression model. The results show positive relationship between dividend payout ratio and profitability and cash availability. The results also show negative association between dividend payout ratio and retained earnings, growth prospects and investment opportunity. The results suggests that corporations' which have available cash and more profitable tends to pay high dividend. The corporations' which have growth prospects and profitable investment opportunity require more funds in order to finance and therefore, they retain greater portion of net profits by reducing dividend payout. The implication of this article is that dividend payout ratio of corporations' in Bangladesh is influenced by retained earnings, profitability, cash availability, growth prospects and investment opportunity. I further researchers have opportunity to find out the impact of determinants on dividend payout ratio of listed corporations' in Bangladesh by considering more factors.

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