

*Full Length Research Paper*

# The impact of corporate governance on dividend decision of firms: Evidence from Pakistan

Shahid Iqbal

Institute of Management Sciences, Peshawar, Pakistan. E-mail:shahid\_ims@yahoo.com.

Accepted 13 March, 2013

**This study has been conducted to investigate the impact of corporate governance attributes especially board attributes on the decision of dividend payment of firms in developing economy of Pakistan. Board attributes are measured by three variables: Board Size, Board Independence, and CEO duality while dividend payment decision is measured by a dummy variable DIVID. A total of 77 non financial firms listed on Karachi Stock Exchange (KSE) are used to determine the relationship of the board attributes and decision of dividend payment of firms for the period 2007 to 2011. Descriptive statistics, Correlation Matrix, Logistic Regression, and Probit regression are used for the analysis of data. A significant positive relationship is found between the Board Size and dummy variable DIVID. It has also been found that presence of Independent Board leads to no declaration of dividend payment. The study also found insignificant positive relationship between the CEO duality and DIVID of the firms.**

**Key words:** Corporate governance, dividend decision, board composition, logistic regression, probit regression.

## INTRODUCTION

The board composition is mainly controlled by the corporate governance mechanism. The corporate governance greatly attracted the attention of people after the occurrence of big scandals like Enron and WorldCom in USA and Crescent Investment bank in Pakistan (Shah and Khan 2009). If these financial scandals are examined closely, one would recognize that all these scandals have one thing in common: the role of board of directors that affected the financial results of these companies (Bajwa et al. 2011). These scandals increased the demand to conduct research on the impact of board attributes on the dividend policy of the firms and to avoid such problems in future because of few reasons. The first one is that the occurrence of such big scandals badly hit the trust of investors on corporate governance system. The second one is that Pakistan is a growing economy in Asia with limited laws about the board composition; therefore there is a great research potential about the impact of board composition on dividend payment of firms in Pakistan (Bajwa et al. 2011).

Corporate governance contains some regulatory bodies such as board of directors, management, shareholders, and auditors of the firm who protect the shareholders

rights and have significant impact on dividend payment of the firms (Kowalewski et al., 2007; Bebczuk, 2005). Corporate governance is defined by Shleifer and Vishny (1997) as: "corporate governance deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment." However, Organization for Economic Cooperation and Development (OECD), in 1999, defined corporate governance as "a set of relationship between board of a firm, its shareholders and stake holders."

Investors invest in corporations for the purpose of return on their investments. The decision to pay dividends is the basic part of the corporate policy that is taken by the board of directors of a firm.

According to Berkley and Myers (2005) the decision of dividend payment is one of the top ten unsolved issues in corporate finance. However, it becomes more important in case of corporate governance because Dittmar et al. (2003) argue that agency problem is more serious in weak corporate governance system. In weak corporate governance system, agency problem arises in which the internal shareholders take personal benefits on the part of external shareholders. Due to this reason, external

shareholders prefer to pay dividends (Jensen, 1986; Mayers and Frank, 2004).

Dividend payment gives information about the financial position of a firm (Afza and Mirza, 2011). Financial researchers agreed with the view that no single factor affects the dividend policy of a firm. The problem of dividend policy becomes more complicated because of this inconclusiveness of determinants of dividend policy. Dividend policy acts as a control mechanism in reducing the conflict in the interests of shareholders and managers because shareholders want to get dividends while managers want to retain the firm resources under their control by not declaring dividends. Jensen (1986) and Rozeff (1982) argue that firms use dividend payment for the reduction of agency problem.

Besides dividend payment, corporate governance is also assumed as an effective control mechanism to reduce the agency cost. Gugler and Yurtuglo (2002) carried out a study on the relationship of corporate governance and dividend payment of firms in Germany. They used ownership concentration and ownership structure as proxy variable to measure the corporate governance and analyzed the six years dividend announcements of the firms. They found a significant negative relationship between corporate governance variables and dividend payment of firms. Mitton and Todd (2004) conducted a study on the relationship of corporate governance and dividend payout ratio of firm. He used a sample of 19 emerging economies and found that strong corporate governance significantly and positively affects the dividend payment of the firms.

D'Souza and Saxena (1999) argues that agency cost is negatively related with dividend payment of firms. Dittmar et al. (2003) argue that agency problem is more serious in large boards. Hellman and Puri (2000) argue that large board of director leads to weak corporate governance system due to the involvement of more people in decision making process. This study shows that BSIZE is positively related with dividend decision of firms. This finding is opposite to the findings of D'Souza and Saxena (1999) in agency theory who argues that agency cost is negatively related with dividend payment of firms.

The objective of this study is to determine the relationship of board attributes on dividend decision of non financial firms in Pakistan. Board attributes are measured by three variables such as CEO, BIND, and BSIZE while dividend decision is measured by a dummy variable DIVD which is equal to 1 if a firm pays dividend in the respective fiscal year and equal to 0 if the firm does not pay the dividends in the respective fiscal year. This study contributes to the literature on several grounds.

Afza and Sehrish (2011) conducted a study on the relationship of board mechanism with dividend policy with a sample of 42 firms. This study gives a new dimension to it by adding a new variable of CEO duality to measure the governance system of board and increasing the

sample size to 77 non financial firms. Shah et al. (2011) also conducted a study on the relationship of board attributes with dividend policy in Pakistan. They used only the dividend payout ratio to measure the dividend policy. However, the current study adds a dummy variable DIV to measure the dividend policy of the firms that includes the dividend paying and non paying firms. The study applies Logit Regression, Probit Regression, Descriptive statistics and correlation.

## LITERATURE REVIEW

The decision of dividend payment is the hot and unresolved problem of the corporate fiancé sector. Many studies have been carried out for this purpose. Mayers (2000) and Jensen (1986) argue that according to agency theory the conflict between the external shareholders and managers of the organization can be reduced by paying dividends to shareholders and thus the managers cannot expropriate the retained earnings. Rozeff (1982) argued that dividend payment decreases due to the presence of inside shareholders. He used dividend payout ratio as a measure of dividend policy for a sample of 1000 US firms and found negative relationship between dividend payout ratio and the presence of inside shareholders. Belden et al. (2005) argue that the presence of outside directors in the board increases dividend payment. They used a sample of 524 largest American companies and found negative relationship between the outside directors in the board and dividend payment of the companies.

Mitton and Todd (2004) conducted a study on the relationship of corporate governance and dividend payout ratio of firm. He used a sample of 19 emerging economies and found that strong corporate governance significantly and positively affects the dividend payment of the firms.

### Agency theory

In agency theory, Jensen and Meckling (1976) argue that the agency relationship is created between agent and principal when the principal hires the agent to carry out his duties on his behalf. D'Souza and Saxena (1999) argues that agency cost is negatively related with dividend payment of the firms. Similarly, Rozeff (1982) argues that dividend is a tool for reducing agency cost. Jensen (1986) suggested that dividend payment reduces the conflict between managers and shareholders of the firm. Managers want to retain the resources of the firm instead of dividends. They follow the growth opportunities of the firm because in this case more resources of the firm will come under their control. On the other hand, share-holders of the organization want dividends instead of retaining earnings. Therefore, if dividends are not paid, the managers may use these resources for their personal

benefits or they may invest these resource in unprofitable projects.

### Theory of irrelevance

Miller and Modigliani (1961) gave theory of irrelevance that is also known as MM theory. They argue that dividend is not important for shareholders in perfect capital market, because in perfect capital market dividend payment does not have any impact on the value of the firm. It does not make a difference for shareholders whether to get the cash in the form of dividend, or in the form of share prices, or in the form of capital gains.

### The bird in hand theory

Gordon (1963) gave a theory known as "The bird in hand Theory". This theory suggests that investors prefer the payment of cash instead of future return on capital because they want to reduce future risk. Bhattacharya (1980) and John and Williams (1985) gave Signaling Theory which states that asymmetry is created between managers and shareholders by the presence of insider information. Therefore dividend must be paid to shareholders according to the stock prices.

### Signaling theory

Signaling theory assumes that dividend is a tool through which a firm delivers information to the market (Miller and Rock, 1985; Bali, 2003). This theory has set an idea that managers send information to the shareholders in order to create a relation of trust. As managers are involved in day to day operations of the firm, therefore, they have more information as compared to the shareholders of the firm. However, managers do not reveal all information to the shareholders. Therefore, dividend policy can be used to reduce information asymmetries between principle and agents by delivering internal information about the future prospects of the firm.

### Literature from Pakistan

Shah et al. (2011) carried out a research study on the impact of ownership structure on dividend policy of firms in Pakistan. Using Common Effect Model, they found a positive relationship between ownership structure of board of directors and dividend payout of the firms listed on KSE.

Afzal and Sehrish (2011) conducted a study on the relationship between ownership structure, board composition and dividend of policy of firms listed on KSE. Using OLS model they found that board size, firm size, individual ownership, and investment opportunities are

significantly positively related with dividend payout of the firms. They also found a positive relationship between board independence and dividend payout of the firms but the result was not significant.

Ullah et al. (2012) determined the impact of institutional ownership on dividend policy of firms listed on KSE-100 index for a period of eight years, that is from 2003 to 2010. Using stepwise multiple regression models they pointed out that managerial share ownership is negatively related with dividend policy of the firms in Pakistan. While institutional and foreign share ownership were negatively related with dividend policy of the firms.

### Board independence and dividend policy

D'Souza and Saxena (1999) argues that agency cost is negatively related with dividend payment of the firms. Similarly, De Angelo et al. (2004) conducted a study on the relationship between agency cost and dividend payments of the firms to their shareholders. He found that agency problems can be prevented by dividend payments. Therefore, a positive relation is expected between non-executive directors and dividend payment.

H1: *There is positive relationship between non-executive directors (board independence) and dividend payments of the firm.*

### Board size and dividend Policy

Yermack (1996) argues that large boards are less effective control mechanism. Jensen (1993) argues that a board having large number of directors is less effective because of the inclusion of more people, the decision making process becomes slower. In less effective control mechanism the agency cost increases. Therefore, a negative relation is expected between large boards and dividend payments. However, Klein (2002) argues that large boards play effective control mechanism. In this case a positive relation is expected between board size and dividend payments. Therefore, mixed results are expected.

H2: *There is negative relationship between board size and dividend payments.*

### CEO duality and dividend policy

Baliga et al. (1996) found that firms where chief executive officer is not the chairman of the board of directors, corporate governance mechanism is more effective there. Therefore, CEO duality (where CEO is also the chairman) is negatively related with effective corporate governance system. When corporate governance mechanism is weak, agency cost will be higher (Dittmar et al., 2003). D'Souza

**Table 1.** Variables explanation.

Variable	Explanation	
<b>Dependent</b>		
DIVID	Dividend decision	Dummy variable equal to 1 if a decides to pay dividend in the current fiscal year and equal to 0 if it does not the dividend
<b>Independent</b>		
BIND	Board independence	The ratio of non executive directors to total number of directors
CEOD	CEO duality	A dummy variable is equal to 1 when chairman and CEO is the same person
BSIZE	Board size	Total number of directors in the board
Size	Size of firm	Log of total assets
LEV	Leverage	Total debt/total assets
SGRT	Sales growth	Percentage change in annual sales
FV	Firm's volatility	Variations in Net income before taxes

and Saxena (1999) argues that agency cost is negatively related with dividend payment of the firms. Therefore, negative relation is expected between CEO duality and dividend payments of the firm.

*H3: There is negative relationship between CEO duality and dividend payments.*

#### DATA AND METHODOLOGICAL FRAME WORK

Population of this study includes all the non financial firms in Pakistan listed on KSE. The sample of this study contains 77 non-financial firms from Pakistan listed on KSE. These firms are conveniently selected from all the major sectors of Pakistani economy. The data are collected for five years (from 2007 to 2011). The data are collected from the annual reports of the concerned companies. The data regarding the financial variables have been collected from the "balance sheet analysis of non-financial companies", a publication of state bank of Pakistan. Certain constraints reduced the sample size. Financial firms are not included in the sample because the financial structure of these companies is different from that of non-financial firms. Only those firms were included who provided their annual reports for five years (2007 to 2011).

#### Variables of the study

Dividend is taken as a dependent variable while board attributes are taken as independent variables. Table 1 shows the variables explanations. Dividend payment is measured by a dummy variable equal to 1 if a firm pays the dividend and 0 if the firm does not pay the dividend in the respective fiscal year. Corporate governance is measured by three variables, BSIZE, BIND, and CEOD. BSIZE is the total number of directors sitting in the board following Yermack (1996) and Klein (2002). CEO duality is measured by a dummy variable CEOD equal to 1 if the CEO is also the chairman of the board, according to Baliga et al. (1996) and Kusnadi (2011). Board independence is represented by BIND and measured by taking a ratio of number of non- executive directors in the board to total number of directors in the board. Size of the firm (Size), Leverage (LEV), Firm volatility (Fv) and sales growth (SGRT) are used as

control variables in the study. Size of the firm is measured by taking log of total assets.

Table 2 shows descriptive statistics that has been applied to determine the nature of the data. Among the independent variables, the board size has highest mean value which shows the greater impact of firm's size for determination of dividend payment of firms. The second highest value occurs for BIND which shows its importance for dividend payment of firms.

Table 3 shows the correlation between the dividend payment of firms and corporate governance variables. Board size and dummy variable DIVID have significant positive correlation. Board independence and dividend have significant negative correlation. CEOD has negative correlation with dividend payment of the firms. Size of the firm and sales growth have positive correlation with dividend payment of the firms while firm's volatility and leverage have negative correlation with dividend payment of the firms.

#### Logistic regression

Logistic model is used in those cases where the dependent variable is a binary outcome variable which takes a value of 1 and 0. It is a nonlinear regression model which predicts the dependent variable to be either 0 or 1. This study seeks to investigate the impact of board composition on dividend policy of firms in Pakistan. The dependent variable dividend payment is measured by a dummy variable DIVID which is a binary outcome variable. Logistic model assumes cumulative logistic distribution.

#### Probit regression

Probit model is also used in those cases where the dependent variable is a binary outcome variable which takes a value of 1 and 0. Probit model gives the same results like the Logit model. However, the main difference between the Probit and Logit models is in the distribution function. Probit model assumes cumulative normal distribution while Logit model assumes cumulative standard logistic distribution.

There are certain limitations of these models as well. These models are simple but often not appropriate. These models assume that probabilities will fall between 0 and 1 for sufficiently large or small values of independent variables. The models may be less appropriate for several independent variables.

**Table 2.** Descriptive statistics.

Variable	Observation	Mean	Std Div	Max	Min
DIVID	385	0.6736292	0.469498	1	0
BSIZE	385	0.9211591	0.090968	1.17609	0.69897
BIND	385	0.5975406	0.251596	0.92857	0
CEOD	385	0.1948052	0.396566	1	0
SIZE	385	6.800108	0.606211	8.41793	5.46375
LEV	385	0.559073	0.193131	1.17133	0.01968
SGRT	385	0.4879052	3.378031	56.4145	-1
FV	385	0.0810098	0.117085	.868074	0.00603

**Table 3.** Correlation matrix.

	DIVID	BSIZE	BIND	CEOD	SIZE	LEV	SGRT	FV
DIVID	1.00							
BSIZE	0.147*	1.00						
BIND	-0.153*	0.131*	1.00					
CEOD	-0.012	-0.146*	-0.024	1.00				
SIZE	0.112*	0.405*	-0.0006	-0.001	1.00			
LEV	-0.332*	0.053	-0.066	0.051	-0.021	1.00		
SGRT	0.012	0.028	0.071	-0.013	-0.043	-0.047	1.00	
FV	-0.213*	-0.001	0.134*	0.208*	0.159*	-0.005	0.0371	1.00

$$DIVD_{(i,t)} = \alpha + \beta_1(CEOD) + \beta_2(BSIZE) + \beta_3(BIND) + \beta_4(Size) + \beta_5(LEV) + \beta_7(SGRT) + \beta_8(FV) + \epsilon_i$$

Where

- i = i<sup>th</sup> firm in the sample
- t = time period (from 2007 to 2011)
- $\alpha$  = is the intercept
- $\beta = (\beta_1 \dots \beta_7)$ , slope coefficients
- $\epsilon$  = error term

## RESULTS AND DISCUSSION

Table 4 shows the results of Logistic and Probit models used for analysis of the data. The interpretation of odds ratio is different from simple coefficients of OLS model. If the odds ratio is greater than 1 then the probability of Dividend=1 (company pays dividend) increases. The logit coefficient of BSIZE is 219.8813 which represents the probability of Dividend =1 when BSIZE increases by 1 unit. The z value of BSIZE is 3.22 which is greater than 1.96 which shows that BSIZE has significant positive impact on dividend policy of the firms. This finding supports the findings of Afzal and Sehrish (2010) who also found a positive relationship between BSIZE and the decision to pay dividends. One possible explanation for it is that large board includes more diversified portfolio of directors and in the presence of large number of directors, dividend announcement gains more importance. It also

means that large boards in Pakistan are effective tool of monitoring. To keep the management under their control and to avoid misuse of cash, high dividend payment is made. However, this finding is opposite to the finding of Hellman and Puri (2000), who found that large boards result in weakness of corporate governance.

The odds ratio of BIND is 0.154 which is less than 1. Its z value is -3.43 and p value is 0.001 which shows that BIND has significant impact on dividend policy of the firms. As the odds ratio is less than 1 therefore, the probability of dividend=1 (company pays dividend) decreases. Therefore BIND has significant negative impact on dividend policy of the firms. The odds ratio, 0.154 represents the probability of dividend=1 when BIND decreases by 1 unit. This finding does not support the findings of Belden et al. (2005), who found a positive relationship between BIND and dividend decision of the firms. The negative relationship between BIND and dividend decision shows that due to the lack of clearly defined roles of non executive directors in code of corporate governance of Pakistan, boards of directors in Pakistani firms may include incapable non-executive directors who are not effective tool of monitoring or strong corporate governance and the chances of the decision to pay dividends decrease. Table 4 shows that the odds ratio of CEOD is 1.651083 which is greater than 1. Its z value is 1.51 while p value, 0.132 clearly shows that

**Table 4.** Logistic and probit models.

Variables	Logistic model			Probit model		
	Odds ratio	Z values	P values	Odds Ratio	Z vale	P value
BSIZE (board size)	219.8813	3.22	0.001	3.132181	3.21	0.001
BIND (Board Independence)	0.154338	-3.43	0.001	-1.1137	-3.56	0
CEOD (CEO duality)	1.651083	1.51	0.132	0.319781	1.61	0.107
SIZE ( size of the company)	1.440574	1.53	0.126	0.213824	1.53	0.126
LEV (leverage)	0.004248	-6.51	0.000	-3.21632	-6.84	0
FV (Firm volatility)	0.006760	-3.38	0.001	-2.73468	-3.73	0
SGRT (sales growth of the company)	1.006505	0.15	0.882	0.003026	0.13	0.898
No of observations	385			385		
Number of firms	77			77		
LR chi2 (7)	96.52			96.7		
Prob > chi2	0.000			0.000		
Pseudo R2	0.2004			0.2004		

CEOD has insignificant positive impact on dividend policy of the non financial firms listed on KSE. This positive relationship shows that in the firms where CEO and chairman hold the same post, the chance of the decision to pay dividends increases. Baliga et al. (1996) and Tsui et al. (2001) argue that the board where the CEO is not the chairman the board is a more effective control mechanism than when CEO is also the chairman of the board. Here one person is the chairman as well as the CEO of the board who strongly monitors the board and to avoid the misuse of cash balances, he declares the dividend payment. This can be also explained from the view that most of the firms in Pakistan are family owned and run by one powerful person (Cheema, 2003). Both models show that size of the firm and sales are positively related with dividend decision of the firm while LEV and FV are significantly negatively related with dividend decision of the firms.

## Conclusion

This study empirically investigates the impact of board composition on the decision of dividend payment in non financial firm listed on KSE. The data have been collected for 77 non financial firms for five years (from 2007 to 2011). Descriptive statistics, correlation matrix and Logistic regression are used for analysis of the data. Logistic regression is used because the dependent variable DIVID is a binary outcome variable.

A significant positive relationship is found between board size and the decision of dividend payment. Firms with large boards will likely decide to declare dividends to shareholders. One possible explanation for it is that large board includes more diversified portfolio of directors and in the presence of large number of directors, dividend

announcement gains more importance. It also means that large boards in Pakistan are the effective tool of monitoring. To keep the management under their control and to avoid misuse of cash, high dividend payment is made. However, this finding is opposite to the finding of Hellman and Puri (2000) who found that large boards result in weakness of corporate governance.

BIND has significant negative impact on dividend policy of the firms. This finding does not support the findings of Belden et al. (2005) who found a positive relationship between BIND and dividend decision of the firms. The negative relationship between BIND and dividend decision shows that due to the lack of clearly defined roles of non executive directors in code of corporate governance of Pakistan, boards of directors in Pakistani firms may include incapable non-executive directors who are not effective tool of monitoring or strong corporate governance, and the chance of the decision to pay dividends decreases.

CEOD has insignificant positive impact on dividend policy of the non financial firms listed on KSE. This positive relationship shows that the firms where CEO and chairman hold the same post, the chance of dividend payment increases. Size of the firm and sales are insignificantly positively related with dividend decision of the firm while LEV and FV are significantly negatively related with dividend decision of the firms. This finding supports the Agency Theory. In agency theory D'Souza and Saxena (1999) argues that agency cost is negatively related with dividend payment of the firms. Similarly, Rozeff (1982) argues that dividend is a tool for reducing agency cost. Jensen (1986) suggested that dividend payment reduces the conflict between managers and shareholders of the firm. Baliga et al. (1996) argue that CEOD is a more effective type of control. Therefore,

when corporate governance is strong, the chance of the decision to pay dividends increases which supports the agency theory.

## RECOMMENDATIONS

Board size is a vital part of corporate governance. Therefore, for good governance board size should be kept small. There should be more Independent Non Executive Directors in the board for effective governance. There is no clear distinction between Independent Non Executive Directors and Non Executive Directors. Therefore, in code of corporate governance there should be clear distinction between these two terms.

## FUTURE RESEARCH DIRECTION

A deep investigation can find more interesting facts regarding the impact of board attributes on dividend payment of firms in Pakistan. Besides using annual reports, other sources of data collection such as interviews with chief financial officers, managers, and investors can also be used to see the impact of corporate governance on dividend payment of firms. Practitioner based corporate governance index can be used to check corporate governance utility.

## REFERENCES

- Afzal M, Sehrish S (2011). Ownership Structure, Board Composition and Dividend Policy in Pakistan.
- Bajwa AS, Bashir A, Lions C (2011). The impact of ownership and board composition on financial performance of the firm. *Empirical Evidence* pp.1-126.
- Bali R (2003). "An Empirical Analysis of Stock Returns around Dividend Changes", *Appl. Econ.* 35:51-61.
- Baliga B, Moyer R, Ramesh P (1996). CEO duality and firm performance: What's the fuss? *Strateg. Manage. J.* 17:41-53.
- Bhattacharya S (1979). "Imperfect Information, Dividend Policy and "the Bird in the Hand" Fallacy", *Bell J. Econ.* 10(1):259-270.
- Bebczuk RN (2005). "Corporate Governance and Ownership: Measurement and Impact on Corporate Performance and Dividend Policies in Argentina", *Research Network Working Papers*, R-516, Center for Financial Stability and Universidad Nacional De La Plata.
- Belden S, Fister T, Knapp B (2005). "Dividends and Directors: Do Outsiders Reduce Agency Costs?" *Bus. Soc. Rev.* 110(2):171-180.
- Berkley R, Myers S (2005). "Principles of corporate finance. 8th ed, London: McGraw- Hill. Black F, 1976 'The Dividend Puzzle', *J. Port. Manage.* 2:5-8.
- Cheema A (2003). "Corporate governance in Pakistan: issues and concerns" *The NIPA J.* 8:2.
- De Angelo H, De Angelo L, Douglas JS (2004). "Are dividends disappearing? Dividend concentration and the consolidation of earnings", *J. Financ. Econ.* 72:425-456.
- Dittmar A, Mahrt-Smith J, Servaes H (2003). International corporate governance and corporate cash holdings, *J. Financ. Quantit. Anal.* 38:111-134.
- D'Souza J, Saxena AK (1999). "Agency cost, market risk, investment opportunities and dividend policy - an international perspective." *Manag. Financ.* 25:35-44.
- Gordon MJ (1963). "Optimal Investment and Financing Policy" *J. Financ.* 18 (2):264-72.
- Gugler K, Yurtoglu BB (2002). "Corporate Governance and Dividend Pay-out Policy in Germany", *Eur. Econ. Rev.* 47:731-758.
- Harford J, Li K, (2007). Decoupling CEO wealth and firm performance: the case of acquiring CEOs. *J. Financ.* 62:917-949.
- Hellman T, Puri M (2000). The interaction between product market and financing strategy: the role of venture capital. *Rev Financ. Stud.* 13:959-984.
- Himmelberg C, Hubbard RG, Palia D (1999). Understanding the determinants of managerial ownership and the link between ownership and performance. *J. Financ. Econ.* 53:353-384.
- Jensen MC (1993). The modern industrial revolution, exit and the failure of internal control Systems, *J. Financ.* 48:831-880.
- Jensen M, (1986). Agency costs of free cash flow, corporate finance and takeovers. *Am. Econ. Rev.* 76:323-329.
- Jensen M, Meckling W (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *J. Financ. Econ.* 3:305-360.
- John K, Williams J, (1985). "Dividends, dilution, and taxes: A signaling equilibrium", *J. Financ.* 40:1053-1070.
- Kim CS, Mauer DC, Sherman AE (1998). The Determinants of Corporate Liquidity: Theory and Evidence. *J. Financ. Quant. Anal.* 33(3):335-359.
- Klein A (2002). "Audit Committee, Board of Director Characteristics, And Earning Management", *J. Account. Econ.* 33:375-400.
- Kowalewski O, Stetsyuk I, Talavera O (2007). "Corporate Governance and Dividend Policy in Poland", *Discussion Papers 702*, DIW Berlin, German Institute for Economic Research.
- Kusnadi Y (2011). Do corporate governance mechanisms matter for cash holdings and firm value? *Pacific-Basin Financ. J.* 19(5):554-570. doi:10.1016/j.pacfin.2011.04.002.
- Miller MH, Rock K (1985). "Dividend Policy under Asymmetric Information", *The J. Financ.* 40(4):1031-1051.
- Miller MH, Modigliani F (1961). "Dividend Policy, Growth and the Valuation of Shares", *J. Bus.* 34(4):411-433.
- Myers M, Frank B (2004). The Determinants of Corporate Dividend Policy. *Acad. Account. Financ. Stud. J.* 8(3):17-28.
- Mitton Todd (2004). "Corporate Governance and dividend Policy in emerging markets", *Emerging Market Rev.* 5:409-426.
- Pettit RR (1977), "Taxes, Transactions Costs and the Clientele Effect of Dividends", *J. Financ. Econ.* 5(3):419-436.
- Rozeff MS (1982). "Growth, Beta and Agency Costs as Determinants of Dividend Payout Ratios", *J. Financ. Res.* 5(3):249-259.
- Shah A, Khan SA (2009). Empirical Investigation of Debt-Maturity Structure: Evidence from Pakistan, *Pakistan Dev. Rev.* 48(4):565-578
- Shah U, Hasnain (2011). Impact of ownership structure on dividend policy of firm. 3: 22-26.
- Shleifer A, Vishny R (1997). A survey of corporate governance. *J. Financ.* 52:737-783.
- Tsui J, Jaggi B, Gull F (2001). CEO domination, growth opportunities, and their impact on audit fees. *J. Account. Audit. Financ* 16:189-208.
- Ullah H, Fida A, Khan S (2012). The Impact of Ownership Structure on Dividend Policy Evidence from Emerging Markets KSE-100 Index Pakistan. *Int. J. Bus. Soc. Sci.* 3(9):298-307.
- Yermack D (1996). "Higher Market Valuation of Companies with a Small Board of Directors", *J. Financ. Econ.* 40(2):185-211.