Journal of Critical Reviews

ISSN- 2394-5125 Vol 7, Issue 12, 2020

CORPORATE BOARDS, OWNERSHIP STRUCTURE AND DIVIDEND PAYOUT: EVIDENCE FROM BAHRAIN

Omar Issa Juhmani

University of Bahrain, Accounting Department. College of Business Administration
P. O. Box 32038, Bahrain
ojuhmani@uob.edu.bh

Received: 01.03.2020 ***Revised: 03.04.2020*** ***Accepted: 05.05.2020***

Abstract:
The aim of this study is to empirically examine the effect of corporate board characteristics and ownership structure on dividend payout decision in Bahrain. Ordinary least-squares regression is used to examine the relationship between the dividend payout decisions of Bahraini listed companies as dependent variable and six corporate governance mechanisms as independent variables and two other firm-specific attributes, as control variables. The empirical results indicate that, board independence has a significant negative association with the dividend payout decision, whilst board size has a significant positive association with the dividend payout decision. By contrast, the empirical results suggest that the frequency of board meetings and ownership structure (i e. blockholder ownership, institutional ownership, managerial ownership) do not have any significant effect on the dividend payout decisions. The findings of this study are important because they provide insight into the effect of agency problems specific to corporate governance and dividends and are important for companies, investors as well as the policy makers and regulators in Bahrain. This paper's contribution to the existing literature is threefold: it provides evidence on the relation between board characteristics and ownership structure on dividend payout in Bahrain; it provides new evidence on the importance and effectiveness of corporate governance mechanisms that influence the firm dividend payout decision; and contributes to the literature by analyzing data from an emerging stock market.

Keywords: Corporate board, Ownership structure, Dividend payout, Bahrain.

DOI: http://dx.doi.org/10.31838/jcr.07.12.07

INTRODUCTION

There are three theories which explain the dividend puzzle, the signaling theory, the catering theory and the agency theory of dividend. In this study the agency theory will be used. The interface between dividends and corporate governance mechanisms is central to the debate about agency theory and agency cost. Paying dividends will decrease agency cost, because it decreases free cash flow, which is one of the drivers of agency cost. Too much free cash flow could give the manager an opportunity to make investments which are not in line with the goals of the shareholders [1]. Also, paying dividends decrease agency cost because it forces managers to raise money on the equity market. When this happens, the activity of the manager will be monitored by investment bankers and capital providers, this monitoring encourages managers to act more in line with the interests of shareholders, which will decrease agency costs [2].

Prior studies which examined the relationship between corporate governance and dividend policy have used two agency theoretical perspectives, namely, the outcome theory and the substitution theory [3, 4, 5, 6]. The outcome theory claims that, there is a positive relationship between corporate governance and dividend policy, and the payment of dividend is the result of effective governance. On the other hand, the substitute theory claims that, there is a negative relationship between corporate governance and dividend policy, and the payment of dividend substitutes weaker corporate governance where poorly governed firms need an alternative means of establishing a reputation for acting in the interests of shareholders, then there is high need to pay dividend, in contracts, if the firm is strongly governed consequently, the agency costs will decrease then there is less need to pay dividend.

Based on the agency theory, recent studies have focused on examining the effects of corporate board attributes and ownership structure on dividend payout. Effective board and paying dividend are two means to lower agency cost and can therefore be substitutes [7]. If the board is effective consequently, the agency costs will decrease then there is less need to pay dividend. The presence of independent directors play an important role in strengthening the monitoring functions of directors thus mitigates the agency costs [8, 9]. Also, ownership structure is considered as one of the important variables that influences dividend payout ratio [10]. Dividends are an outcome of both legal and internal mechanisms protecting minority shareholders' interest [4]. Dividend payments can be used decrease the agency problems between majority and minority shareholders [1]. Dividend payouts are on average higher in countries with stronger legal protection of minority shareholders. Therefore, if the protection of minority shareholders has a positive impact on dividend payouts, then shareholder protection represented by the corporate governance mechanisms should help explain differences in dividend payouts on firm-level [3]. Majority control gives the larger shareholders considerable power over key decisions, like dividends payout decisions [11]. Therefore, strong corporate governance mechanisms are needed to protect the interests of minority shareholders, such as dividends payment.

One of the most cited reasons for why firms pay dividends is the free cash flow hypothesis, which is based on the notion that there is a conflict of interest between principals (shareholders) and agents (managers). Rather than act in shareholders' best interests, managers could allocate the firm's resources to benefit themselves [9]. Dividends play a role in controlling equity agency problems, by facilitating primary capital market monitoring of the firm's activities and performance [12]. Agency theory suggests that shareholders (principals) may prefer dividends, particularly when they fear expropriation by agents (managers). Consequently, its hypothesized in this paper that, dividend payouts are determined by the strength of corporate governance in an emerging market.

Although much empirical evidence on the relationship between ownership structure and dividend payout has been documented, there is a little literature on the relationship between corporate board attributes and dividend payout, therefore, this study provides an opportunity to make a new contribution to the extant literature by providing a new evidence from emerging markets, namely from Bahrain. Based on the agency theory, the main objective of this study is to examine the effect of corporate governance mechanisms (i e.

board of directors' characteristics and ownership structure) on corporate dividend payout decisions of a sample of Bahraini listed companies. To the best of my knowledge, this is the first study to present evidence on the effect of corporate board characteristics and ownership structure on dividend payout decisions in Bahrain. As a small developing market, Bahrain's unique business environment and context offer a good opportunity and provides a useful setting for examining the effect of corporate board characteristics and ownership structure on dividend payout decision.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Board Independence

Outside Directors are believed to be more independent and, therefore, better able to protect the interests of the shareholders [13], which supports the positive association between board independence and firms' dividend payout decisions. On the other hand, outside directors will have less firm-specific expertise and knowledge about the company, and they can spend less time than inside directors. Therefore, they will not be able to make decisions as good as inside directors, which supports the negative association between board independence and firms' dividend payout decisions. The relationship between board attributes such as board independence and dividends can be theorized from [3]. The argument used is that, if the firm is strongly governed consequently, the agency costs will decrease then there is less need to pay dividend. Accordingly, as board independence increased, agency costs will decrease. Thus, it is expected a negative relationship between board independence and dividend payout, when board independence is higher, dividends ought to be lower or vice-versa.

Empirically, the findings of prior research are mixed, some studies found a positive association between board independence and firms' dividend payout (e.g. [14] in South African and Kenyan; [15] in India), other studies found no association (e.g. [16] in Egypt; [17] in UK), and some studies found negative association (e.g. [5] in UK, [14] in Nigeria; [18] in Malaysia; [19] in Malaysia).

Despite the inconsistent findings in the literature reported above, and based on the substitute theory, it is therefore hypothesized that Bahraini firms with higher proportion of independent directors, strengthen the corporate governance practices in the company and hence, reduces the need to pay higher dividends. Therefore, this study proposes a negative association between board independence and Bahraini firms' dividend payout decision. Accordingly, the following hypothesis is formulated:

H1: There is a is a significant negative association between board independence and Bahraini firms' dividend payout decision.

Board Size

[20] argued that boards with more than seven or eight members are unlikely to be effective. Larger board size results in less effective coordination, communication and decision making. In addition, the agency problems associated with large boards are higher than small board. [17] argued that, poor governance is often associated with larger boards, and firms with larger boards are expected to pay higher dividends on average to compensate for their poor governance structures, such as poor managerial monitoring. On the other hand, according to agency theory, board size is a key determinant in monitoring managers, large boards allow directors to specialize, greater specialization can lead to more effective monitoring [21], and hence lower dividends are needed for the monitoring role. [22] and [23] claim that a large board with many members is more effective than small one with less members because of their resources, capabilities, as well as their broader external contractual relationships.

Empirically, most prior research supports a positive association between board size and dividend payout (e. g. [24] in Australia; [14] in South African and Kenyan; [15] in India; [25] in Turkey; [17] in UK). However, other researchers found no relationship between board size and dividend payout (e.g. [19] in Malaysia), whilst others found that board size negatively impact on the dividend payout policy (e.g. [14] in Nigeria; [26] in Indonesia). Based on the above discussions the following hypothesis is formulated:

H2: There is a is a significant positive association between board size and Bahraini firms' dividend payout decision.

Board Meetings

Board monitoring is expected to increase with the frequency of board meetings. [27] argued that, boards that meet infrequently are not likely to be effective monitors of management and are likely to skim over management plans without questioning the motives behind them, and boards that meet frequently should have more time to focus on issues such as firms' dividend payout decisions. However, [28] argued that, well-functioning boards should meet less frequently and exhibit fewer conflicts.

The relationship between the frequency of board meetings and dividends can be theorized from [3], the argument used is that, as the frequency of board meetings and dividends alleviate agency problems, they allow substitution with each other. Thus, it is expected, when the frequency of board meetings is higher, dividends ought to be lower or vice-versa. [4] suggests that, to substitute for poor governance associated with frequent board meetings, managers may use dividends to signal to the market that shareholders' interests are protected. [17] found a negative association between the frequency of board meetings and dividend payout. Based on the substitute theory, it is therefore hypothesized that Bahraini firms with higher board meetings, strengthen the corporate governance practices in the company and hence, reduces the need to pay higher dividends. Therefore, this study proposes a negative association between the frequency of board meetings and Bahraini firms' dividend payout decision. Accordingly, the following hypothesis is formulated:

H3: There is a is a significant negative association between the frequency of board meetings and Bahraini firms' dividend payout decision.

Blockholder Ownership

[3] found that firms with high ownership concentration tend to make higher dividend payments. [19] found that ownership concentration is positively associated with dividend payout in Malaysia. However, [29] found that ownership concentration is negatively associated with dividend policy in the UK. Also, [25] found that blockholder ownership is negatively associated with dividend payout ratio and dividend yield in Turkey, and [32] found that ownership concentration is negatively associated with dividend policy in Jordan. These results are consistent with agency models in which dividends substitute for poor monitoring by a firm's shareholders [29]. Based on that the following hypothesis is formulated:

H4: There is a is a significant negative association between blockholder ownership and Bahraini firms' dividend payout decision.

Institutional Ownership

Institutional ownership influences dividends payments. Institutional owners that do want to monitor the company and the need for dividend is lower. However, there are also institutional owners that do not want to monitor the company and instead ask for more dividend [12]. [30] found that institutions prefer firms pay dividend more than firms do not pay dividend. However, institutions are not attracted to firms that pay high dividends and higher institutional holdings do not lead to higher dividends. I this regard, [12] argued that, it is possible that institutions may influence higher dividend payouts by a company, to enhance managerial monitoring by external capital markets, especially if they believe their own direct monitoring efforts to be insufficient or too costly.

Empirically, the findings of prior research are mixed. [16] found a significant positive association between institutional ownership and dividend decision and payout ratio. [14] found that institutional ownership positively associated with

dividend payout in South African and Kenyan. Also, [29], [31] and [32] found that institutional ownership is positively associated with dividend payout policy. However, [15] and [25] found a negative association between institutional ownership and dividend payout ratio and dividend yield, also [14] found negative association in Nigeria. Despite the inconsistent findings in the literature, the following hypothesis is formulated:

H5: There is a is a significant negative association between institutional and Bahraini firms' dividend payout decision.

Managerial Ownership

When directors have shares of a company their interests are aligned with shareholders, this will decrease agency costs [33]. [34] argued that as the insider ownership increases the conflicts of interest between managers and shareholders will decrease, this will decrease agency costs and the need for high dividend payout. [15] argued that, shareholders can use dividend policy to their advantage and encourage managers to look after their own interests. In other words, from the shareholders perspective higher dividends provide greater monitoring by the capital markets and more managerial discipline. Managerial remuneration depends on company profitability and size; and will encourage managers to aim

for low dividend payout. Low dividend payout maximizes the company's assets under the control of the management. [1] found that dividend decreases as the voting power of owner-managers increased. On the other hand, [35] suggest that the high percentage of managerial ownership leads to an opportunistic behavior among the board of directors, which will result in high dividend levels to control this behavior.

Empirically, the findings of prior research are mixed. For example, [32] found that managerial ownership is positively associated with dividend policy in Jordan. Whilst, [36] found that managerial ownership is negatively associated with dividend policy in Hong Kong, and [31] found that managerial ownership is negatively associated with dividend payout in Pakistan. Based on the above discussions the following hypothesis is formulated:

H6: There is a is a significant positive association between managerial ownership and Bahraini firms' dividend payout decision.

RESEARCH METHODOLOGY

Sample Construction, Data Description and Data Analysis:

Bahrain Bourse is emerging market with small number of listed companies, therefore, all companies listed on Bahrain Bourse are considered for inclusion in the study. The initial study sample consists of all the companies listed in the Bahrain Bourse from 2014 to 2016. The data for the three years is then pooled to obtain 102 observations for each variable in the regression model. The main advantage of pooling is that it is possible to increase the number of observations, especially in cases where each individual cross-section sample is so small that it could affect the degrees of freedom adversely [37]. The data are collected from the sampled companies' annual reports that were downloaded from the official website of the Bahrain Bourse and websites of the Bahraini companies. The data is analyzed using bivariate correlation and linear regression analysis. The ordinary least-squares regression is used to examine the effect of corporate board characteristics, ownership structure on dividend payout decision.

Measurement of the Dependent and the Independent Variables:

The dependent variable in this study is the dividend payout decisions, and the independent variables are corporate board attributes and ownership structure, namely, board independence, board size, frequency of board meetings, blockholder ownership, institutional ownership and managerial ownership. Consistent with prior researches, the dependent variable and the six independent variables are identified and measured as shown in Table 1.

Measurement of the Control Variables:

In the regression analysis, two firm characteristics are used as control variables (i e. firm size and return on equity). larger firms tend to be more mature, have higher free cash flows, and are more likely to pay higher dividends than small firms. Therefore, a positive relationship between firm size and dividends is predicted. Return on equity is used to control for firm's profitability. Firms with higher profitability tend to pay higher dividends than firms with lower profitability. Therefore, a positive relationship between return on equity and dividends is predicted. The control variables were measured as shown in Table 1.

Table 1: Variables Definitions and Measurements

Variables	Definitions and Measurements
Dependent variable DIVDECISON	Dividend payout decisions; a dummy variable coded as 1 for companies declared and paid dividends and 0 otherwise.
Independent variables BORDIND	Board independence; the proportion of non-executive directors on the board;
BORDSIZ	Board size; the number of directors on the board;
BORDMEET	Board meetings, number of board meetings held during the year;
BLKHOWSH	Blockholder ownership, the proportion of shares, owned by substantial shareholders (5 percent or more);
INSITOWSH	Institutional ownership, the proportion of shares, owned by institutional shareholders;
MNGOWSH	Managerial ownership, the proportion of shares owned by mangers (i. e. the CEO and inside directors);
Control variables	
FIRMSIZ	Firm size; the firm' natural log of total assets;

REQUITY	Return on equity, measured as the ratio of the companies' net income to the companies' total shareholders' equity.

Model Development:

To examine the effect of corporate board attributes, ownership structure on dividend payout decision the following multivariate regression model is executed.

$$DIVDECISON = \beta_0 + \beta_1 BORDIND + \beta_2 BORDSIZ + \beta_3 BORDMEET + \beta_4 BLKHOWSH + \beta_5 INSITOWSH + \beta_6 MNGOWSH + \beta_7 FIRMSIZ + \beta_8 REQUITY + e$$

where:

DIVDECISON = Dividend payout decision;
BORDIND = Board independence;
BORDSIZ = Board size;
BORDMEET = Board meetings;
BLKHOWSH = Blockholder ownership;
INSITOWSH = Institutional ownership;
MNGOWSH = Managerial ownership;
FIRMSIZ = Firm size;
REQUITY = Return on equity;
e = error term.

RESULTS

The descriptive statistical test results in Table 2 show that, the average percentage of independent directors on the board is 47.49 percent. The average number of members on the board is 9.41, ranging from a minimum of 5 members to a maximum of 14 members. The average number of board meetings held during the year is 6 meetings, ranging from a minimum of 4 meetings to a maximum of 11 meetings. The average percentage of blockholder ownership, institutional ownership and managerial ownership, are 50.82 percent, 20.64 percent and 6.82 percent, respectively. Blockholder ownership records the highest mean value (50.82 percent) amongst other ownership structure indicators. Also, the descriptive statistical test results in Table 2 show that, the firm size on average is 8.44 of it is natural logarithm value. The average of return on equity ratio is 8.75 percent, ranging from a minimum of -41 percent, to a maximum of 113 percent.

Table 2: Descriptive Statistics for Sample Firms

	Minimum	Maximum	Mean	Std. Deviation
DIVDECISON	0.00	1.00	.7843	.41333
BORDIND	0.25	1.00	.4749	.21579
BORDSIZ	5.00	14.00	9.4118	1.90025
BORDMEET	4.00	11.00	6.000	1.65529
BLKHOWSH	0.14	0.94	.5082	.27786
INSITOWSH	0.12	0.89	.2064	.21786
MNGOWSH	0.03	0.55	.0682	.16396
FIRMSIZ	5.06	10.10	8.4438	1.03149
REQUITY	-.41	1.13	.0875	.14328

Table 3: Correlations matrix (Pearson correlations)

	DICDECISON	BORDIND	BORDSIZ	BORDMEET	BLKHOWSH	INSITOWSH	MNGOWSH	FIRMSIZ	EQUITY
DICDECISON	1								
BORDIND	-.055	1							
	.584								
BORDSIZ	.215*	.476**	1						
	.030	.000							
BORDMEET	.160	.233*	.270**	1					
	.110	.019	.006						
BLKHOWSH	.139	-.116	.055	.074	1				
	.166	.251	.582	.462					
INSITOWSH	-.039	-.011	-.005	.089	.254*	1			
	.694	.910	.961	.379	.011				
MNGOWSH	.189	-.184	.072	.029	.129	-.093	1		
	.057	.067	.474	.776	.200	.352			
FIRMSIZ	.037	.204*	.273**	.146	-.005	.103	.061	1	
	.714	.041	.005	.146	.963	.303	.544		
REQUITY	.225*	.227*	.246*	.174	.123	.224*	-.049	.592**	1
	.023	.023	.013	.082	.219	.023	.623	.000	

The variables are defined in Table 1.
* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

The results in Table 3 show that there is a moderately high correlation between some variables. However, it has been suggested that correlation coefficients should not be considered harmful until they exceed 0.80. The coefficients in the correlation matrix in Table 3 reveal that the highest correlation is (.59) between return on equity and firm size. Therefore, the correlations matrix (Pearson correlations) in Table 3 suggested that multicollinearity between the explanatory variables was most unlikely to cause a serious problem in the interpretation of the results of the regression model.

The R-Square and the adjusted R-Square and F-values for the regression model are presented in table 4. The results indicate that, the multiple regression model is highly significant, which statistically supports the significance of the model. Table 4 also presents the results of the ordinary least regression model; standardized beta coefficients and t-values are given for each independent and control variable.

Table 4: The Results of the Regression Model

Dependent Variable Dividend decision (DIVDECISON) **Independent Variables**	**Expected Sign**	**Model**
Constant		(.819)
Board variables		
BORDINDP	_	-.200 (-1.759)*
BORDSIZ	+	.236 (2.085)**
BORDMEET	_	.121 (1.218)
Ownership variables		
BLKHOWSH	_	.058 (.581)
INSITOWSH	_	-.105 (-1.040)
MNGOWSH	+	.149 (1.501)
Control variables		
FIRMSIZ	+	-.194 (-1.624)*
REQUITY	+	.336 (2.756)***
R-Square	.394	
Adjusted *R-Square*	.223	
F-statistic	2.730	
Prob (*F*-statistic)	0.010	
Observations	102	

The variables are defined in Table 1. *t*-values in parentheses.
* Significant at the 0.10 level (2-tailed).
** Significant at the 0.05 level (2-tailed).
*** Significant at the 0.01 level (2-tailed).

The empirical evidence derived from the results of the regression model in table 4 indicates that, there is a significant negative association at the 10 percent level between board independence and dividend payout decision. This finding supports Hypothesis 1, and suggests that, Bahraini firms with a higher proportion of independent directors pay lower dividends. This result suggests that, firms with higher number of outside directors on the board are more restricted to pay higher dividends. This evidence is in favor of the substitution theory. This result supports the view that, outside directors will have less firm-specific expertise and knowledge about the company, and they can spend less time than inside directors. Therefore, they will not be able to make decisions as good as inside directors, Also, it supports the argument that, effective board and paying dividend are two means to lower agency cost and can therefore be substitutes. If the board is effective consequently, the agency costs will decrease then there is less need to pay dividend.

Also, the empirical results in table 4 indicate that, there is a significant positive association at the 5 percent level between board size and dividend payout decision. This result supports Hypothesis 2, and suggests that, higher board size is associated with a significant increase in dividend payout among Bahraini listed companies. Therefore, this result supports the view that, a large board with many members is better than small one with less members because of their resources, capabilities, as well as their broader external contractual relationships. Also, it supports the argument that, board size is a key determinant in monitoring managers, large boards allow directors to specialize, greater specialization can lead to more effective monitoring. The empirical results indicate that, no significant association between the frequency of board meetings and Bahraini firms' dividend payout decision, therefore, the third hypothesis is rejected.

The ownership structure plays important role in the corporate dividend payout policy while minimizing the agency cost associated with the agency issue. However, the empirical results of the regression model show no significant association between any of the ownership structure variables (i e. blockholder ownership, institutional ownership, and managerial ownership) and dividend payout decisions among Bahraini listed companies. Accordingly, the fourth, fifth and sixth hypotheses are rejected.
The results of the control variables show a significant positive relationship at the 10 percent level between firm size and dividend payout decisions, this result suggests that, Bharani large firms distribute higher levels of dividend than small firms. Also, the results show a significant positive relationship at the 1 percent level between return on equity and dividend payout decisions, this result suggests that, Bharani firms with a higher profitability distribute higher levels of dividend.

CONCLUSION

This study is one of the first attempts at examining the relationship between corporate governance and dividend payout policy in Bahrain. Based on the agency theory, this study examines the effect of both board of directors' characteristics and ownership structure on dividend payout decision of Bahraini listed firms over the period of 2014 to 2016.

The empirical evidence derived from the regression model indicates that, board size and the proportion of non-executive directors on the board have significant impact on the dividend payout decision of Bahraini listed firms. The empirical results show a significant negative association between board independence and dividend payout decision. This finding suggests that, Bahraini firms with a higher proportion of independent directors pay lower dividends. This result suggests that board independence and dividend payout are substitutes in reducing agency costs, if the board is effective consequently, the agency costs will decrease then there is less need to pay dividend. Also, the empirical results show a significant positive association between board size and dividend payout decision. This result suggests that, higher board size is associated with a significant increase in dividend payout among Bahraini listed companies. Therefore, this result supports the argument that, board size is a key determinant in monitoring managers, large boards allow directors to specialize, greater specialization can lead to more effective monitoring.

The results of this study suggest that corporate governance mechanisms and dividend payout are substitutes in reducing agency costs, and it support the view that, bigger boards offer better monitoring and non-executive directors bring with them wealth of knowledge and expertise from which the firm benefits. Also, the empirical results revealed that, firm size and return on equity are positively associated with dividend payout decisions. This result supports the view that, the larger firms tend to be more mature, have higher free cash flows, and are more likely to pay higher dividends than small firms, and firms with higher profitability tend to pay higher dividends than firms with lower profitability. The results of this study confirm that Bahrain listed firms with a higher, size, profitability and a board size distribute higher levels of dividend. Also, the results confirm that firms with a higher board independence distribute lower levels of dividend.

This study provides additional evidence from the emerging market of Bahrain on board of directors' characteristics in relation to how they act as substitute mechanisms with dividends for reducing agency costs. The findings of this study are important because they provide insight into the effect of agency problems specific to corporate governance and dividends and are important for stakeholders as well as the policy makers and regulators in Bahrain.

REFERENCES

1. M. C. Jensen, "The agency cost of free cash flow, corporate finance and takeover", *American Economic Review*, Vol. 76 No. 2, pp. 323-329, 1986.
2. F. H. Easterbrook, "Two agency-cost explanations of dividends", *The American Economic Review*, Vol. 74 No. 4, pp. 650-659. 1984.
3. R., La Porta, Lopez-De-Silanes, F., Shleifer, A. and Vishny, R.W. "Agency problems and dividend policies around the world", *Journal of Finance*, Vol. 5 No. 1, pp. 1-33, 2000.
4. J. Sawicki, "Corporate governance and dividend policy in Southeast Asia pre- and post-crisis", *The European Journal of Finance*, Vol. 15 No. 2, pp. 211-230, 2009.
5. B. Al-Najjar, and K. Hussainey, "The association between dividend payout and outside directorships", *Journal of Applied Accounting Research*, Vol. 10 No. 1, pp. 4-19, 2009. [6] P. Jiraporn, J.C. Kim, and Y.S. Kim, "Dividend pay-outs and corporate governance quality: an empirical investigation", *Financial Review*, Vol. 46 No. 2, pp. 251-279, 2011.
6. C. Fernandez, and R. Arrondo, "Alternative Internal Controls as Substitutes of the Board of Directors", *Corporate Governance: An International Review*, Vol. 13 No. 6, pp. 856-866, 2005.
7. S. Ghosh, "Do board characteristics affect corporate performance? Firm-level evidence for India", *Applied Economics Letters*, Vol. 13 No. 7, pp. 435-443, 2006.
8. M. C. Jensen, and W.H. Meckling, "Theory of the firm: managerial behavior, agency costs and ownership structure", *Journal of Financial Economics*, Vol. 3 No. 4, pp. 305-360, 1976.
9. J. Kumar, "Corporate Governance and Dividends Payout in India", *Journal of Emerging Market Finance*, Vol. 5 No. 1, pp. 15-58, 2006.
10. K. Gugler, "Corporate Governance, Dividend Payout Policy, and the Interrelation between Dividends, R&D, and Capital Investment", *Journal of Banking and Finance*, Vol. 27 No. 7, pp. 1297-1321, 2003.
11. J. Farinha, "Dividend policy, corporate governance and the managerial entrenchment hypothesis: an empirical analysis", *Journal of Business Finance & Accounting*, Vol. 30 No. 9-10, pp. 1173-1209, 2003.
12. S. Rosenstein, and J. G. Wyatt, "Outside directors, board independence, and shareholder wealth", *Journal of Financial Economics*, Vol. 26 No. 2, pp. 175-191, 1990.
13. J. Abor and V. Fiador, "Does corporate governance explain dividend policy in Sub-Saharan Africa?", *International Journal of Law and Management*, Vol. 55 No. 3, pp. 201-225, 2013.
14. A. Roy, "Dividend policy, ownership structure and corporate governance: An empirical analysis of Indian firms", *Indian Journal of Corporate Governance*, Vol. 8 No. 1, pp. 1-33, 2015.
15. O. Abdelsalam, A. El-Masry and S. Elsegini, "Board composition, ownership structure and dividend policies in an emerging market: Further evidence from CASE 50", *Managerial Finance*, Vol. 34 No. 12, pp. 953-964, 2008.
16. M. H. Elmagrhi, C. G. Ntim, R. M. Crossley, J. K. Malagila, S. Fosu, and T. V. Vu, "Corporate governance and dividend pay-out policy in UK listed SMEs: The effects of corporate board characteristics", *International Journal of Accounting and Information Management*, Vol. 25 No. 4, pp. 459-483, 2017.
17. S. J. Benjamin and M. Mat Zain, "Corporate governance and dividends payout: are they substitutes or complementary?", *Journal of Asia Business Studies*, Vol. 9 No. 2, pp. 177-194, 2015.
18. M. Shehu, "Board Characteristics and Dividend Payout: Evidence from Malaysian Public Listed Companies", *Research Journal of Finance and Accounting*, Vol. 6 No. 16, pp. 35- 40, 2015.
19. S. Cheng, "Board size and the variability of corporate performance", *Journal of Financial Economics*, Vol. 87 No. 1, pp. 157-176, 2008.
20. A. Klein, "Audit committee, board of director characteristics, and earnings management", *Journal of Accounting and Economics*, Vol. 33 No. 3, pp.375-400, 2002.S.A. Zahra and J.A. Pearce, "Board of directors and corporate performance: a review and integrative model", *Journal of Management*, Vol. 15 No.2, pp. 291-334, 1989. N. A. Amran, "Corporate governance mechanisms and company performance: Evidence from Malaysian companies", *International Review of Business Research Papers*, Vol. 7 No. 6, pp. 101-114, 2011.
21. G.C. Kiel and G.J. Nicholson, "Board composition and corporate performance: how the Australian experience informs contrasting theories of corporate governance", *Corporate Governance: An International Review*, Vol. 11 No. 3, pp. 189-205, 2003.
22. B. Al-Najjar and E. Kilincarslan, "*The effect of ownership structure on dividend policy: evidence from Turkey*", *Corporate Governance: The international journal of business in society*, Vol. 16 No. 1, pp. 135-161, 2016.
23. D. Setiawan and L. Kee Phua, "Corporate governance and dividend policy in Indonesia", *Business Strategy Series*, Vol. 14 No. 5/6, pp. 135-143, 2013.
24. B. Xie, W. N. Davidson and P. J. DaDalt, "Earnings management and corporate governance: the roles of the board and the audit committee", *Journal of Corporate Finance*, Vol. 9 No. 3, pp. 295-314, 2003.
25. M. C. Jensen, "The modern industrial revolution, exit, and the failure of internal control systems", *Journal of Finance*, Vol. 48 No. 3, pp. 831-880, 1993.
26. T. Khan, "Company Dividends and Ownership Structure: Evidence from UK Panel Data", *The Economic Journal*, Vol. 116 No. 510, pp. C172-C189, 2006.
27. Y. Grinstein and R. Michaely, "Institutional holdings and payout policy", *The Journal of Finance*, Vol. 60 No. 3, pp. 1389-1426, 2005.
28. H. Ullah, A. Fida and S. Khan, "The Impact of Ownership Structure on Dividend Policy Evidence from Emerging Markets KSE-100 Index Pakistan", *International Journal of Business and Social Science*, Vol. 3 No. 9, pp. 298-307, 2012. [32] A. N. Obaidat, "Ownership Structure and Dividends Policy: Emerging Market Evidence", *International Business Research*; Vol. 11, No. 6, pp. 65-72, 2018.

29. C. Ghosh and C. F. Sirmans, "Do Managerial Motives Impact Dividend Decisions in REITs?", *The Journal of Real Estate Finance and Economics*, Vol. 32, No. 3, pp 327–355, 2006.
30. N. Lace, J. Bistrova and K. Kozlovskis, "Ownership Type Influence on Dividend Payments in CEE Countries", *Business: Theory and Practice*, Vol. 14 No. 3, pp. 259-266, 2013.
31. T. H. Al-Qahtani and A. Ajina, "The Impact of Ownership Structure on Dividend Policy the Evidence from Saudi Arabia", *Journal of Emerging Issues in Economics, Finance and Banking*, Vol. 6 No. 1, pp. 2187-2202, 2017.
32. Z. Chen, Y.-L. Cheung, A. Stouraitis and A.W.S. Wong, "Ownership concentration, firm performance, and dividend policy in Hong Kong", *Pacific-Basin Finance Journal*, Vol. 13 No. 4, pp. 431-449, 2005.
33. C. Adaoglu, "Instability in the dividend policy of the Istanbul Stock Exchange (ISE) corporations: evidence from an emerging market", *Emerging Markets Review*, Vol. 1 No. 3, pp. 252-270, 2000.