CORPORATE GOVERNANCE AND DIVIDEND POLICY OF LISTED NIGERIAN DEPOSIT MONEY BANKS

BY

AHMED ISHAKU

SPS/12/MAC/00022

BEING A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, BAYERO UNIVERSITY, KANO, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (M. Sc.) DEGREE IN ACCOUNTING

SUPERVISOR: Professor Bashir Tijjani

2015

DECLARATION

I Ishaku Ahmed, hereby declare that this work was written by me under the supervision of Professor Bashir Tijjani. I accept sole responsibility for any error(s) and fault that might be observed in the study which is not deliberate and is highly regretted. All sources have been duly acknowledged in the references.

……. ……

Ahmed Ishaku Date

SPS/12/MAC/00022

CERTIFICATION

This is to certify that the research work for this thesis has been carried out by Ishaku Ahmed (SPS/12/MAC/00022) was carried out under our supervision.

…… ……..

Professor Bashir Tijjani Date

(Supervisor)

…… ……..

Dr. Ibrahim Magaji Barde Date

(Head of department)

APPROVAL

This thesis titled “Corporate Governance and Dividend Policy of listed Nigerian Deposit Money Banks” has been examine and approved for meeting the requirement for the award of Master of Science (M.Sc.) In Accounting of Bayero University Kano.

……..	…….
Professor Muhammad Tanko (External Examiner)	Date
……..	…….
Professor Junaidu Muhammad Kurawa (Internal Examiner)	Date
……...	……..
Professor Bashir Tijjani (Supervisor)	Date
……..	……..
Dr Ibrahim Magaji Barde (Head of Department)	Date
……..	……..
Professor Sai’du Babura Ahmad (Dean, School of Post Graduate Studies)	Date

DEDICATION

This research work is dedicated to my father, Mallam Ishaku Aliyu who stood to my enrolment into the primary school to acquire western form of education.

ACKNOWLEDGEMENT

My first and foremost gratitude goes to Almighty Allah for giving me the guidance and moral courage of undertaking this Dissertation to a logical conclusion. I pray for more of such as I intend venturing into many other similar projects in the future. And the views expressed in this dissertation and any errors are, of course, entirely my responsibility, while references to published materials and literatures have been dully acknowledged.

The moral support I enjoyed from my supervisor, Professor Bashir Tijjani, and my internal examiner, Professor Junaidu Muhammad Kurawa in the course of writing this dissertation, is highly appreciated. My special appreciation goes to my parents, may The Almighty Allah reward them for everything they have gone through for seeing my educational success and may Him grant them recovery and grant them good health. The success of this study would have not have been possible without the tireless effort of the lecturers of the department of Accounting, Bayero University Kano throughout my stay in the institution. My deep and sincere appreciation goes to my supervisor, Professor Bashir Tijjani and my internal examiner, Professor Junaidu Muhammad Kurawa for their beneficial criticisms, patience and encouragement throughout this study to make it a qualitative work.

My appreciation also goes to the entire staff of the department of Accounting, Gombe State University, for their effort, advice and encouragement throughout this study.

My deep gratitude to my parents Mallam Ishaku Aliyu and Hajiya Jamila Ishaku and of courses my wife Hadiza Adamu for their unending affection, hope and blessing throughout the duration of the study.

I will also like to extend my special gratitude to my wife, Hadiza Adamu and my four kids, Jamila (Ameera), Adamu (Ameer), Fatima (Aunty Fati) and Aishatu (Hummaira) for their patience, understanding, and prayers throughout the duration of the study.

Finally, I would like to thank all my class mates in the M.Sc. Accounting programme, friends and relatives for their generous assistance, and the efforts of all those who contributed in one way or the other to the successful completion of this programme is highly appreciated.

Table of Contents

Abstract

Companies Board of directors have been largely criticized for the decline in shareholders' wealth and corporate failure all over the world, they have been in the spotlight for the fraud cases that had resulted in the failure of major corporations, such as Enron and WorldCom. This study examines the effect of corporate governance on the dividend policy of listed Nigerian deposit money banks. The study utilized documentary data collected from annual reports and accounts of the banks for the periods 2004 to 2013. Data was first analyzed by means of descriptive statistics to provide summary statistics for the variables and subsequently, correlation analysis was carried out using Pearson correlation technique for the correlation between the dependent and independent variables. A panel data regression technique was employed since the data has both time series and cross sectional attributes. It was found that almost all the boards of the banks had separate CEOs and Chairmen of their boards and this had positively impacted on dividend payout ratio. Furthermore, while board independence and board meetings have negative effects on dividend payout ratio, managerial equity holdings were found to have positive effects on dividend payout ratio. Ownership concentration and institutional shareholding are found to have positive impact on dividend payout ratio. From the control variables, size was found to be positively related to dividend payout ratio while risk was found to have a negative effect on dividend payout ratio. The study concludes that management equity holdings, ownership concentration and institutional shareholding have positive impact on dividend payout ratio. Thus, recommends that to enhance the level of influence of Corporate Governance on Dividend Payout Ratio to higher level in the Nigerian Banking Industry, Management equity holding should be increased as this will make the management to protect not only their interest but the interest of all stakeholders.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Corporate governance became a pressing issue following the 2002 introduction of the Sarbanes-Oxley Act in the U.S., which was ushered in to restore public confidence in companies and markets after accounting fraud bankrupted high-profile companies such as Enron and WorldCom. For the financial industry, the retention of public confidence through the enthronement of good corporate governance remains of utmost importance given the role of the industry in the mobilization of funds, the allocation of credit to the needy sectors of the economy, the payment and settlement system and the implementation of monetary policy (CBN 2006). In addition, the emergence of mega banks in the post consolidation era is bound to task the skills and competencies of Boards and Managements in improving shareholder values and balance same against other stakeholder interests in a competitive environment, and a well-defined code of corporate governance practices should help organizations overcome such difficulties (CBN 2006).

In Nigeria, Poor corporate governance has been identified as one of the major factors in virtually all known instances of financial sector distress. This led to the initial merger in the industry in 2005, the sacking of managing directors' of 5 major commercial banks in the year 2009 (namely, AfriBank Plc, FinBank Plc, Intercontinental Bank Plc, Oceanic International Bank Plc and Union Bank Plc), the subsequent takeover of three banks (namely, AfriBank Plc, Platinium Habib Bank Plc, and Spring Bank Plc) by the Asset Management Corporation of Nigeria (AMCON) and Central Bank of Nigeria (CBN) in

the year 2011 through purchase and assumption agreement. It is therefore crucial that financial institutions observe a strong corporate ethos since lack of public confidence in the financial institutions can result in panic and consequential financial and economic woes and the absence of confidence in any organization is attributable to opaque management practices with deleterious effect on its performance (Al- Faki, 2006).

The first code of corporate governance was issued by Securities and Exchange Commission (SEC) in 2003, it was issued to cover all public companies in Nigeria. In 2006, the Central Bank of Nigeria (CBN) issued Code of CG specifically for banks in view of the special nature of banks and their importance to the growth and development of the economy. However, the fundamental objective of corporate governance is to enhance shareholders' value and protect the interests of other stakeholders by improving the corporate performance and accountability, hence it harmonizes the need for a company to strike a balance at all times between the need to enhance shareholders' wealth whilst not in any way being detrimental to the interests of the other stakeholders in the company. Further, its objective is to generate an environment of trust and confidence amongst those having competing and conflicting interests.

Statutory control of corporate governance has been with us for long time and has increased over time. While it is impossible to have a crime free society, the need to spell out the ‘rule of the game’ cannot be over emphasized, and the term ‘Corporate governance’ means the system by which companies are directed and managed in the best interest of the owners and investors. It refers to the role of the board of directors,

executives and non-executives, shareholders' right and to other actions taken by shareholders to influence corporate decisions (Akinsuleri, 2011).

Michael (2011) opined that the interest in dividend policy of banks has become stronger as a result of the recent financial crisis; investors have started to desire high current dividends to meet their socioeconomic needs, this is in supports of the bird-in-hand theory of Gordon (1963). While the interaction of dividend policy and governance is central to the debate about the agency costs of free-cash-flow (Grossman and Hart (1980), Rozeff (1982), Easterbrook (1984) and Jensen (1986)). Rozeff (1982) and Easterbrook (1984) In particular, argue that a policy of paying dividends reduces agency costs by improving the monitoring and risk-taking incentives of managers. Similarly, recent contributions like the study of Micheal (2011) and Yulianto (2014) have also emphasized the interface between corporate governance and dividend policy.

Successful companies earn income; that income can be reinvested in operating assets, used to retire debt, or distributed to stockholders. If the decision is made to distribute income to stockholders, three key issues arise: firstly, how much should be distributed? Secondly, Should the distribution be in the form of dividends, or should the cash be passed on to shareholders by buying back stock? Thirdly, how stable should the distribution be? That is, should the funds paid out from year to year be stable and dependable, which stockholders like; or should they be varied depending on the firms' cash flows and investment requirements, which managers tend to like?(Brigham and Houston 2009).

The principles of good corporate governance practices remain one of the core values and an important ingredient in creating and sustaining shareholder value, while ensuring that behaviour is ethical, legal and transparent, therefore corporate governance should not be viewed as an end in itself but a vital facilitator to the creation of long- term value for all stakeholders (Kurawa and Ishaku 2014).

Among shareholder types, institutional shareholders and managerial shareholders have a greater influence on firm policies. The relationship between a firm's dividend policy and its ownership structure is recognized in the established literature. Institutional ownership may serve as an alternative monitoring mechanism to dividend because institutional investors' stake and voting power in the firm gives them the incentive and the ability to influence managerial behavior (Shleifer and Vishny (1986), La Porta, Lofez & Sheleifer (1998) and Short, Zhang and keasey (2002)).

The bottom line behind the Corporate Governance (CG) is to guide against mismanagement and improper channeling of the shareholders' resources by the directors who are entrusted with the day-to-day activities of the company, this mismanagement can not only deteriorate shareholders' wealth but can terminate the life-span of, or may lead to winding-up of the business. As such, the proper adherence to CG can be linked to the Dividend Policy of firms.

This study therefore, aims to assess the relationship between corporate governance and dividend policy of listed deposit money banks in Nigeria.

1.2 Statement of the Research Problem

Companies Board of directors have been largely criticized for the decline in shareholders' wealth and corporate failure all over the world, they have been in the spotlight for the fraud cases that had resulted in the failure of major corporations, such as Enron and WorldCom. In Nigeria, cases of irregularities have been recorded (for example, Wema Bank, Finbank and Spring Bank). Some of these corporate failures are the lack of vigilant oversight functions by the board of directors, the board relinquishing control to corporate managers who pursue their own self-interest. As a result, various corporate governance reforms have been specifically emphasized on appropriate changes to be made to the board of directors in terms of its composition, structure and ownership (Liu, (2002) and Oghjafor, (2010)).

The extant literature established that there was no any code of CG in Nigeria before 2003. It was in 2003, the SEC code of CG was issued to cover all public companies. In 2006, Central Bank of Nigeria (CBN) issued code of CG specifically for banks in view of the special nature of banks and their importance to the growth and development of the economy. The SEC (2011) identified weak CG as a major factor responsible for corporate failure in Nigeria and suggests that it is necessary to improve the CG mechanism for enforceability by companies. In 2012, the CBN reviewed the code of CG for banks in Nigeria. The review was intended to strengthen governance practice, eliminate perceived ambiguities in and align the code with current realities and global best practice.

A number of studies have been conducted on Corporate governance and Dividend policy at different times in developed, as well as, developing countries, most of which are well documented in accounting and finance literature. Some of these studies includes that of Farinha, (2002); Gugler & Yurtoglu, (2003); Bebczuk, (2005); Ricado, (2005); Micah, (2006); Osker, Ivan, & Oleskandr, (2007); Sung, Chang, Kang & Park, (2009); Rubin and Smith, 2009; Zhang, (2008); Ahmad & Javid (2010); Jiraporn, Kim, Young & Kim (2010); Subramaniam and Devi, (2010); Wen and Jia, (2010); Asamoah (2011); Abor and Fiador, (2012); Hwang, Kim, Park & Soo (2013); Ajanthan, (2013); Obradovich, John and Gill, (2013); Odia and Ogeidu, (2013); Nasrum, (2013); Wu, (2013); Batool & Javid (2014); and Yulianto (2014) . These empirical studies were conducted in the non-financial sector. However, a number of studies have been conducted in the banking sector by Maniagi, Denco, & Ondieke, (2013); Dameh & Mohammed, (2013) and Kurawa & Ishaku, (2014). A lot has been done on this area but little is done in the Nigerian context for instance, the study of Abor and Fiador (2012) revealed that all CG measures shows negative and significant effects on dividend payout. Micheal (2013) revealed an inverse relationship between the needs and desires of shareholders and naira dividend paid, while Odia and Ogiedu (2013) uncovered a positive but non-significant relation between CG mechanisms and dividend payout. The study of Kurawa & Ishaku (2014) revealed that management equity holding has significant effect on dividend payout ratio, board size and CEO duality revealed positive but insignificant effect while board independence is negative and insignificant.

It is obvious that previous studies on CG and Dividend policy have revealed mixed results; the current study attempts to address this imbalance. For example, (i) No previous research exists on the effects of CG on Dividend policy that has covered a period between 2004 and 2013; (ii) None of the previous studies on this area covered all the quoted Nigerian Deposit Money Banks; (iii) None of the previous studies used a combination of seven CG variables i.e (board size, board independent, CEO duality, Management equity holdings, Ownership concentration, Institutional shareholdings and Board meetings) as CG mechanisms; (iv) None of the previous studies determine the pre and post impact of CBN Code of CG on Banks dividend policy.

Considering the methodological innovation introduce in this study, it is hoped that it will help resolve some of the mixed results in the literature. Again, it will bridge the gap left by previous studies on the effects of CG on dividend policy of DMB.

In the light of the foregoing, this study seeks to provide answers to the following questions:

What impact do board characteristics have on Dividend Policy as represented by Dividend payout ratio?

What is the relationship between institutional shareholdings and Dividend Payout Ratio?

What is the relationship between Ownership concentration and Dividend Payout Ratio?

What impact does the CBN Code of Corporate governance has on Dividend Payout Ratio of listed Nigerian Deposit Money Banks?

1.3. Objectives of the Study

The aim of this study is to assess the relationship between corporate governance and dividend policy of listed deposit money banks in Nigeria. Other specific objectives are to:

i. Ascertain the effect of board characteristics (Board size, Power separation, board independence, managerial equity holding and board meetings) on Dividend Payout Ratio of listed deposit money banks in Nigeria.

ii. Determine the relationship between institutional shareholdings and Dividend Payout Ratio of listed deposit money banks in Nigeria.

iii. Examine the relationship between Ownership concentration and Dividend Payout Ratio of listed deposit money banks in Nigeria.

iv. Determine the impact of CBN Code of Corporate governance on Dividend Payout Ratio of listed deposit money banks in Nigeria.

1.4. Hypotheses of the Study

In line with the statement of the problem and the objectives of the study, the following hypotheses are formulated in null form to guide the study,

(i) The Board characteristics have no significant impact on the Dividend Payout Ratio of listed deposit money banks in Nigeria.

(ii) There is no significant relationship between Ownership Concentration and Dividend Payout Ratio of listed deposit money banks in Nigeria.

(ii) There is no significant relationship between Institutional shareholdings and Dividend Payout Ratio of listed deposit money banks in Nigeria.

(iii) CBN Code of CG 2006 does not significantly impact on Dividend Payout Ratio of listed deposit money banks in Nigeria.

1.5. Significance of the Study

The findings of this study will assist management of Deposit Money Banks in aligning their interest not only to that of the shareholders but to other stakeholders. Both current and potential shareholders will benefit from this study as it would assist them in deciding whether to invest or divest in those banks.

The findings of this study would contribute to empirical literature on CG and Dividend policy in emerging economies, as it examined the effects of CG on Dividend policy of Deposit Money Banks in Nigeria. The result of the study would make a good library material for researchers, as well as, serving as a reference material for researchers and students who may wish to conduct similar studies in this area, this study will therefore, extend the frontiers of knowledge.

This research study is significant in the sense that of all the studies conducted on CG and Dividend policy in Nigeria such as; Abor and Fiador (2012), Micheal (2013), Odia and Ogiedu (2013), Osegbu, Ifureze and Ifureze (2014), and Kurawa & Ishaku (2014) none have been able to address the effect of CG on Dividend policy by studying all the listed Deposit Money Banks in Nigeria using both internal and external CG mechanisms. Therefore, this research will expand the frontier of knowledge in accounting by providing a wider coverage that can permit the generalization of the findings in the Nigerian banking sector.

Shareholders of Nigerian banking industry would benefit from this study by appreciating the relevance of CG in enhancing the shareholder value in the Nigerian Banking sector. This will intimate them on the need to improve their oversight and control functions on the board of directors and be more vigilant in the appointment of board members at the general meetings, thereby leading to maximum return on their investment and guarantee the perpetual existence of their companies.

1.6.Scope and Limitations of the Study

This study covers a period of ten years starting from 2004 to 2013. The ten-year duration is considered appropriate to study the relationship between CG and Dividend Payout Ratio (DPR) of Deposit Money Banks in Nigeria, and will enable meaningful contribution to the knowledge. This is also consistent with the duration used in the study of Kurawa & Ishaku (2014). Moreover, the period 2004 is justified because the CBN

code of CG became operational in 2006. This will enable finding the before (2004 & 2005) and after (2007 & 2008) effect of the CBN code of CG.

The limitation of this study is that it is restricted to the Deposit Money Bank. Hence, its findings may not be generalized to other financial companies and all other industries in Nigeria. Likewise the study will use secondary data and will cover a period of ten years starting from 2004 to 2013, perhaps using a different source of data and a different period may improve the results.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews the literature on concept of CG and Dividend policy. The review will covers empirical studies conducted on the relationship between CG variables and Dividend policy, the review will form part of the basis upon which the analysis will be made and conclusion from the findings.

2.2 The Concept of Corporate Governance

The vast amount of literature available on the subject ensures that there exist innumerable definitions of corporate governance. To get a fair view on the subject it would be prudent to give a narrow as well as a broad definition of corporate governance. In a narrow sense, corporate governance involves a set of relationships amongst the company's management, its board of directors, its shareholders, its auditors and other stakeholders. These relationships, which involve various rules and incentives, provide the structure through which the objectives of the company are set, and the means of attaining these objectives as well as monitoring performance are determined. Thus, the key aspects of good corporate governance include transparency of corporate structures and operations; the accountability of managers and the boards to shareholders; and corporate responsibility towards stakeholders. While in a broad sense, it can be seen as a process that aims to allocate corporate resources in a manner that maximizes value for all stakeholders– shareholders, investors, employees, customers, suppliers, environment and the community at large and holds those at the helms to account by evaluating their decisions

on transparency, inclusivity, equity and responsibility. The World Bank defines governance as the exercise of political authority and the use of institutional resources to manage society's problems and affairs (Sarbanes oxley Act 2002).

Shleifer and Vishny (1997) defined corporate governance as the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment. This definition is probably with a view to considering the moral and other hazards of investors obtaining satisfactory returns on their investment. On its parts, the Basel Committee (1998) consider CG from a banking perspective, as the manner in which business and affairs of a bank are governed by the board of directors and the senior management, which provides the structure through which the objectives of the bank are set and the means of attaining those objectives and monitoring performance. A firm is said to have observed CG rule if it's managed with diligence, transparency, responsibility and accountability aimed at maximizing shareholders' wealth (Pandy, 2005).

CG is a process that aims to allocate corporate resources in a manner that maximizes value for all stakeholders–shareholders, investors, employees, customers, suppliers, environment and the community at large and holds those at the helms to account by evaluating their decisions on transparency, inclusivity, equity and responsibility. According to Wilson, (2006) CG is the set of processes, customs, policies, laws, and institutions affecting the way a corporation (or company) is directed, administered or controlled. It also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. In contemporary business corporations, the main external stakeholder groups are shareholders, debt holders, trade creditors, suppliers, customers and communities affected by the corporation's activities. When it is

practiced under a well-laid out system, it leads to the building of a legal, commercial and institutional framework and demarcates the boundaries within which these functions are performed." Larker, (2005), Okpara, (2010) and Abdullahi, (2014).

OECD (2004) posits that CG is "the system by which business are directed and controlled. The CG structures specifies the distribution of rights and responsibilities among different participants in the corporation such as the board, managers, shareholders and other stakeholders and spell out the rules and procedures for making decisions on corporate affairs by doing this, it also provides the structure through which the company objectives are set and the means of attaining these objectives and monitoring performance".

In the same vein, Baums and Scott, (2005) are of the view that CG is every force that bears on corporate decision-making which control rights of stockholders, contractual covenants and insolvency powers of debt holders, the employees, customers and suppliers' commitments, the government regulations, and the statutes enacted by the Act of parliamentary.

However, Nigeria has multiplicity of codes of CG with distinctive dissimilarities namely: (i) Securities and Exchange Commission (SEC) code of CG (2003) addressed to public companies listed in the Nigerian Stock Exchange (NSE), which was reviewed in 2011; (ii) Central Bank of Nigeria (CBN) Code (2006) for banks established under the provision of the Bank and other financial Institution Act (BOFIA) cap B3 LFN 2004 which was reviewed in 2012; (iii) National Insurance Commission (NAICOM) Code (2009), directed at all insurance, reinsurance, broking and loss adjusting companies in

Nigeria; and (iv) Pension Commission (PENCOM) Code (2008), for all licensed pension fund operators. Given the high correlation between CG and investor decisions, the stakeholders should take advantages of the opportunities in the global market by adhering to principles of good governance. Thus adherence to best practice of code of CG will attract international investors more than those that do not (Wilson, 2006; and Samaila 2014)

Base on the above concept and explanations, CG can be regarded as system by which companies are directed and managed in the best interest of the owners and investors with a view to increasing shareholders value and meeting expectation of other stakeholders.

The variables that serve as proxies of CG include Board size, Board Independence , Chief Executive Officer duality, Management Equity Holding, Ownership Concentration, Institutional Shareholdings and Board Meeting (Batool and Javid, (2014); Obradovich & Gill (2013);Maniagi et al (2013); Demeh and Mohammed (2013); Kurawa & Ishaku (2014) and Haye (2014).

Countries all over the world have set codes of best practice as guidelines to address governance problems, the Anglo-American "model" otherwise known as the “unitary system” tends to emphasize on the interests of shareholders. It relies on a single-tiered Board of Directors that is normally dominated by non-executive directors elected by shareholders. Within this system, many boards include some executives from the company (who are ex officio members of the board). Non-executive directors are expected to outnumber executive directors and hold key posts, including audit and compensation committees. The United States and the United Kingdom differ in one

critical respect with regard to CG. In the United Kingdom, the CEO generally does not also serve as Chairman of the Board, whereas in the US having the dual role is the norm, despite major misgivings regarding the impact on CG (Haye 2014).

The coordinated or Multistakeholder Model associated with Continental Europe and Japan also recognizes the interests of workers, managers, suppliers, customers, and the community. Some continental European countries, including Germany and the Netherlands, require a two-tiered Board of Directors as a means of improving corporate governance. In the two-tiered board, the Executive Board, made up of company executives, generally runs day-to-day operations while the supervisory board, made up entirely of non-executive directors who represent shareholders and employees, hires and fires the members of the executive board, determines their compensation, and reviews major business decisions La Porta, Lofez & Sheleifer (2000).

In Nigeria, the Regulatory authorities have responded by compelling companies to comply with CG codes. Idornigie (2010) as cited in Adeyemi, Okpala & Dabor (2012) reported that Nigeria has multiplicity of codes of corporate governance with distinctive dissimilarities. For example in 2003, the SEC code of CG was issued to cover all public companies. In 2006, Central Bank of Nigeria (CBN) issued code of CG specifically for banks in view of the special nature of banks and their importance to the growth and development of the economy. The SEC (2011) identified weak CG as a major factor responsible for corporate failure in Nigeria and suggests that it is necessary to improve the CG mechanism for enforceability by companies. In 2012, the CBN reviewed the code

of CG for banks in Nigeria. The review was intended to strengthen governance practice, eliminate perceived ambiguities in and align the code with current realities and global best practice. Thus, adherence to best practice of code of CG in the banking sector is of paramount important given the role of the industry in financial intermediation the world over.

2.3 Concept of Dividend Policy

According to Sujata (2009) the term 'dividend policy' refers to the practice that management follows in making dividend payout decisions or, in other words, the size and pattern of cash distributions over time to shareholder. It has implication for investors, mangers, lenders and other stakeholders (more specifically the claimholders). For investors, dividends whether declared today or accumulated and provided at a later date are not only a means of regular income, but also an important input in valuation of a firm. Similarly, managers' flexibility to invest in projects can also affect the amount of dividend that can be offer to shareholders as more dividends mean lower funds available for investment. Lenders may also have interest in the amount of dividend a firm declares; as more dividend are paid less would be the amount available for servicing and redemption of their claims (Sujata 2009).

However, the optimal dividend policy of a firm depends on investor's desire for capital gains as opposed to income, their willingness to forgo dividend now for future returns, and their perception of the risk associated with postponement of returns, therefore management should not retain income unless they can reinvest those earnings at higher rates of return than shareholders can earn themselves (Brigham and Houston 2009).

According to Akinsulire (2011) Dividend policy is extremely important because of its announcement effect on share values. A stable dividend policy is expected to lead to higher prices because of the greater confidence of investors about future prospect of the company. The objective of dividend policy should be to maximize the shareholders' return so that the value of his investment is maximized.

It is therefore important to note that despite the fact that dividend and retained earning move in opposite directions they still go hand in hand since it's not possible to formulate one without having an effect on the other, therefore, a company must strike a balance between the two by finding a dividend payout ratio that will provide sufficient equity to support the capital budget without having to sell new common stock or take the capital structure ratios outside the optimal range.

The variable that will serve as a proxy for dividend policy is Dividend Payout Ratio (DPR) and will be obtained by dividing dividend per share by Earnings per share. This is due to the fact that CG is one of the ways to protect minority shareholders, the dividend payout ratio takes into consideration both dividend payout and dividend retention. Therefore, DPR must be employed in describing the allocation of minority investors' rights through dividend and this is consistent with the study of Sunjata, 2006; Dharmastuti & Wahyudi, 2012; Dameh & Mohammed, 2013; Wu, 2013; Batool & Javid, 2014; Kurawa & Ishaku, 2014; and Haye, 2014.

2.4 Issues and Challenges to Good CG in Nigeria

According to the Report of the CG National Technical Working Group in the year 2010, the CG practices in many public companies in Nigeria have made significant progress in recent years. However, a number of factors continue to hinder the maximization of shareholder value and constitute a barrier to good CG practices (Okpara, 2010; Olayiwola, 2010; Oso & Semiu, 2012 and Stephen, Ejuvbekpokpo & Esuike, 2013). These include:

(a) Concentrated Ownership of Companies: Ownership and control of most public companies are highly concentrated in a few individuals and families. This practice has engendered the appointment of sometimes unqualified family members into managerial positions, concentration of controlling power in a few investors without adequate safeguards for the minority interests and outright self-dealing transactions. The problem has been compounded by the low level of large institutional investors' representation on the boards of public companies in Nigeria (Okpara, 2010).

(b) Dominant Chairman or MD/CEO: Many boards are plagued by the domineering influence of the Chairman or CEO in the affairs of the company especially in cases where the majority shareholder act as the CEO or chairman or where both positions are combined by the same person. The practice not only weakens the oversight ability but may also impair the independence judgment of the board on company strategies and decisions (Olayiwola, 2010).

.

(c) Conflict of Interest: It is a common practice among company directors in Nigeria to engage in business transactions with the companies on whose boards they sit. These business relationships may not be at arm's length and may be contracted without disclosure to the full board or the shareholders in the annual reports. Such conflict of interest and related party transactions may compromise the objectivity of the affected director. The provision of the Companies and Allied Matters Act (CAMA) requiring that such conflict of interest to be disclosed to fellow directors is inadequate and need to be reinforced (Olayiwola, 2010).

(d) Weak Internal Control Framework and Lack of Effective Internal Audit Function: Risk management processes and practices are at a nascent stage in most public companies in the country. Internal audit is not risk-based; neither is the function empowered, equipped nor highly positioned in most companies. Currently, the practice in some companies is to staff internal audit with ill-qualified workers and send erring officers to the effectiveness of internal control frameworks within the company, resulting in unfocused management of those risks that may hinder the achievement of business objective (Okpara, 2010).

2.5 Establishing the Dividend Policy

Research on dividend payout started in 1956 with the seminal research work of Lintner (1956). Subsequently, Miller and Modigliani (1961) and Black (1976) developed theory on dividend payout. In their seminal work, Miller and Modigliani (1961) argued that given perfect capital markets, the dividend decision does not affect the firm value and is,

therefore, irrelevant. However, most financial practitioners and many academics greeted this conclusion with surprise because the conventional wisdom at the time suggested that a properly managed dividend policy had an impact on share prices and shareholders' wealth (Adeyemi & Adewale (2005), Ajanthan (2013) and Sarwar (2013)). However, the decision to pay dividends runs through many challenges before it is finalized. The board of directors and the CEO face many challenges such as pressure from shareholders/investors, debt covenants (e.g., firms cannot pay dividends if debt payments have been skipped or defaulted), and financing needs of the firm.

Similarly, investors may or may not prefer dividends to capital gains; however, because of the clientele effect, they almost certainly prefer predictable dividends. Given this situation, how should firms set their basic dividend policies? In particular, how should a company establish the specific percentage of earnings it will distribute, the form of that distribution, and the stability of its distributions over time? (Brigham and Houston 2009).

2.5.1 Setting the Target Payout Ratio: The Residual Dividend Model, When a firm is deciding how much cash to distribute to stockholders, it should consider two points: (1) The overriding objective is to maximize shareholder value; and (2) the firm's cash flows really belong to its shareholders, so management should not retain income unless they can reinvest those earnings at higher rates of return than shareholders can earn themselves. On the other hand, internal equity (retained earnings) is cheaper than external equity (new common stock); so if good investments are available, it is better to finance them with retained earnings than with new stock (Brigham and Houston 2009).

When a dividend policy is established, one size does not fit all. Some firms produce a large amount of cash but have limited investment opportunities this is true for firms in profitable but mature industries where few growth opportunities exist. Such firms typically distribute a large percentage of their cash to shareholders, thereby attracting investor clienteles who prefer high dividends. Other firms have many good investment opportunities but currently generate little or no excess cash. Such firms generally distribute little or no cash but enjoy rising earnings and stock prices, thereby attracting investors who prefer capital gains (Brigham and Houston 2009).

According to Brigham and Houston (2009) for a given firm, the optimal payout ratio is a function of four factors: Management's opinion about its investors' preferences for dividends versus capital gains, the firm's investment opportunities, the firm's target capital structure, and the availability and cost of external capital. These factors are combined in what is call the residual dividend model. First, under this model, it is assume that investors are indifferent between dividends and capital gains.

Then the firm follows these four steps to establish its target payout ratio: It determines the optimal capital budget, given its target capital structure, it determines the amount of equity needed to finance that budget, it uses retained earnings to meet equity requirements to the extent possible and it pays dividends only if more earnings are available than are needed to support the optimal capital budget. The word residual implies "leftover," and the residual policy implies that dividends are paid out of "leftover" earnings.

Dividend variations would also occur if earnings fluctuated. Because investment opportunities and earnings vary from year to year, strict adherence to the residual dividend policy would result in unstable dividends. One year the firm might pay zero dividends because it needed the money to finance good investment opportunities, but the next year it might pay high dividends because investment opportunities were poor and it didn't need to retain much. Similarly, fluctuating earnings would also lead to variable dividends, even if investment opportunities were stable. Therefore, following the residual dividend policy would almost certainly lead to fluctuating, unstable dividends.

This would not be bad if investors were not bothered by fluctuating dividends; but since investors do prefer stable, dependable dividends, it would not be optimal to follow the residual model in a strict sense. Therefore, firms should operate as follows:

Estimate earnings and investment opportunities, on average, over the next 5 or so years. Use this forecasted information to find the average residual model amount of dividends (and the payout ratio) during the planning period. Set a target payout policy based on the projected data.

Thus, firms should use the residual policy to help set their long-run target payout ratios, but not as a guide to the payout in any one year (Sequene, n.d).

2.5.2 Factors Influencing Dividend Policy: In the opinion of Brigham and Houston (2009), the factors involved in formulating dividend policy may be grouped into four broad categories: Constraints on dividend payments, Investment opportunities, Availability and cost of alternative sources of capital, and the effects of dividend policy.

(i) Constraints on dividend payments; Debt contracts often limit dividend payments to earnings generated after the loan was granted. Also, debt contracts often stipulate that no dividends can be paid unless the current ratio, times-interest-earned ratio, and other safety ratios exceed stated minimums. Preferred stock restrictions, typically, common dividends cannot be paid if the company has omitted its preferred dividend. The preferred arrearages must be satisfied before common dividends can be resumed. Impairment of capital rule, Dividend payments cannot exceed the balance sheet item "retained earnings." This legal restriction, known as the impairment of capital rule, is designed to protect creditors. Without the rule, a company that is in trouble might distribute most of its assets to stockholders and leave its debtholders out in the cold. (Liquidating dividends can be paid out of capital; but they must be indicated as such, and they must not reduce capital below the limits stated in debt contracts.) Availability of cash, Cash dividends can be paid only with cash. Thus, a shortage of cash in the firm can restrict dividend payments. However, the ability to borrow can offset this factor. (ii) Investment Opportunities; Number of profitable investment opportunities, A firm that has a large number of profitable investment opportunities will set a low target payout ratio and vice versa if the firm has few good investment opportunities. Possibility of accelerating or delaying projects, the ability to accelerate or postpone projects permits a firm to adhere

more closely to a stable dividend policy. (iii) Alternative Sources of Capital; Cost of selling new stock.

If a firm needs to finance a given level of investment, it can obtain equity by retaining earnings or by issuing new common stock. If flotation costs (including any negative signaling effects of a stock offering) are high, return will be well above normal return, making it better to set a low payout ratio and to finance through retention rather than through the sale of new common stock. On the other hand, a high dividend payout ratio is more feasible for a firm whose flotation costs are low. Flotation costs differ among firms for example, the flotation percentage is especially high for small firms, so they tend to set low payout ratios. Ability to substitute debt for equity, a firm can finance a given level of investment with debt or equity. As noted, low stock flotation costs permit a more flexible dividend policy because equity can be raised by retaining earnings or by selling new stock. A similar situation holds for debt policy: If the firm can adjust its debt ratio without raising its WACC sharply, it can pay the expected dividend, even if earnings fluctuate, by additional borrowing. Control, if management is concerned about maintaining control, it may be reluctant to sell new stock; hence, the company may retain more earnings than it otherwise would. If stockholders want higher dividends and a proxy fight looms, the dividend might be increased.

However, in addition to the factors above, the decision to pay dividend may likely be affected by the risk of takeover bids and the effects of dividend policy on liquidity and solvency. This is because during the period of high inflation when the costs of replacing

fixed and current assets are increasing it may well be that a firm's previously determined payout ratio cannot be maintained without jeopardizing its liquidity and even its solvency (Seneque, n.d).

2.6.0 Empirical Studies on Board Characteristics and Dividend Policy

Institutions should be headed by an effective Board composed of qualified individuals that are conversant with its oversight functions. The existing CBN guidelines on appointment to the board of financial institutions emphasized that only people of proven integrity and who are knowledgeable in business and financial matters should be on the Board.

The number of non-executive directors should be more than that of executive directors subject to a maximum board size of 20 directors, and at least two (2) non-executive board members should be independent directors (who do not represent any particular shareholder interest and hold no special business interest with the bank) appointed by the bank on merit. The Board should have full and effective oversight on the bank and monitor its executive management. Hence the success of the board of directors depends on the composition, structure, resources, diligence, and authority of the entire board, as well as their working relationships with other participants of corporate governance.

There is a vast literature carrying the relationship between dividend policy or dividend payout and corporate governance. Empirical evidence suggests that the countries with stronger corporate governance mechanisms are better in response where outside investors or small shareholders are concerned. However, Prior studies on the association between

board characteristics and Dividend policy documented mixed results (Dehaene, Ooghe & Young, 1998; Micah, 2006; Abdelsalam, El-Masry & Elsegini 2008; Gong, 2010; Subramaniam & Devi, 2010; Wen & Jia, 2010; Likitratcharoen, 2011; Vineeta, 2011; Batool and Javid, 2012; Alias, Rahim, Noor and Yaacob 2012; Mansourinia, Emamgholpour, Rekabdarkolaei & Hozoori, 2013; Maniagi et al., 2013; Ajanthan, 2013; Odia and Ogiedu, 2013; Hwang et al., 2013; Haye, 2013; Abor & Fiador, 2013; and Kurawa & Ishaku, 2014;).

Dehaene and Ooghe (1998) empirically examined cross-sectional difference in the composition of the board of directors and the impact of board composition on corporate performance and dividend policy using a sample of 122 Belgian companies. The findings revealed that the way the board of directors is composed, affects dividend policy. First, companies with the smallest boards had significant lower payout ratios over the period 1993-1995 than firms with the largest boards. Second, the study discovered that dividend yield of the listed companies in the sample is positively related to the relative importance of inside directors in the board.

Abdelsalam, El-masery and Elsegeni (2008). examines the effect of board of directors' composition and ownership structure on dividend policies in Egypt Using pooled cross-sectional observations from the top 50 listed Egyptian firms between 2003 and 2005. The findings reveal that there is a significant positive association between institutional ownership and firm performance, and both dividend decision and payout ratio. The results confirm that firms with a higher return on equity and a higher institutional

ownership distribute higher levels of dividend. No significant association was found between board composition and dividend decisions or ratios.

Batool and Javid (2012) conducted a study to examine the relationship between internal mechanisms and external mechanisms of corporate governance and dividend policy for 100 manufacturing firms listed on Karachi Stock Exchange over the period 2003 to 2011 Using Lintner Partial Adjustment Model. The findings indicate that firms follow a smooth dividend policy but are not considering the long term target dividend payout to fix their dividend policy. The positive relationship between dividend yield and corporate governance structures i.e. board composition, ownership structure, audit quality, shareholder rights etc. indicate that firms implementing corporate governance strategies pay higher dividends. The results suggest that firms earn and grow more they are capable of paying dividends. It is concluded that good governance has strong influence on dividend policy of listed manufacturing companies listed at KSE. In the same vein, Mansourinia et al., (2013) found a significant and positive relationship between board size and dividend policy. But significant relationship between the variables of board independent and CEO duality with dividend policy of companies has not been observed.

Subramaniam and Devi (2010) investigate the relationship between Investment Opportunity Set and dividend policy and if board size and board composition moderate this relationship in an emerging economy context. The free cash flow theory is empirically examined using a series of firm characteristics including size, return on assets, duality and debt to assets. The results support the theory that high growth firms

make lesser dividend payouts. Further, in the interaction between high growth firms and board size and board composition, there is evidence to show that the negative relationship between Investment Opportunity Set and dividend payout is weaker for firms with a larger board size and with a corresponding larger number of independent directors representing the board. Similarly, Mehrani, Moradi & Eskandar (2011) contends that there is no significant relationship between managerial ownership and dividend payout.

Abor and Fiador (2013) examine the effect of corporate governance on firms' dividend payout policy in sub-Saharan Africa using a sample made up 27 Ghanaian firms, 177 Nigerian firms, 51 Kenyan firms, and 270 South African firms covering the period 1997-2006, simultaneous panel regression model was employed. The results showed that board composition and board size exhibit significantly positive relationship with dividend payout in Kenya and Ghana, respectively. Institutional ownership positively influences dividend payout among South African and Kenyan firms. In the case of Nigeria, all the corporate governance measures show significantly negative effects on dividend payout. The findings clearly suggest that, with respect to South Africa, Kenya and Ghana, good corporate governance structures lead to high-dividend payout, probably due to easy access to and low cost of external finance. However, in Nigeria, improving the governance structures may be associated with high-earnings retention or low-dividend payment in order to reduce cost of external finance. It is also reveal that in the case of Ghana, dividend payout positively affects board composition, suggesting that Ghanaian firms with high-payout tend to adopt good corporate governance structures in order to ensure protection of shareholder interest.

Ajanthan (2013) find out the linkages between corporate governance variables and dividend payout of hotels and restaurant companies listed on the Colombo Stock Exchange in Sri Lanka during 2008-2012. The results revealed that only CEO duality is negatively related to dividend payout whereas board size; board independence; return on assets and debt-to-total assets do not appear to be significantly related to the dividend payout. The study recommends corporate governors to pay more attention on designing effective dividend policy to maximize share holders wealth.

Vineeta (2011) examine how a firm's propensity to pay dividends is related to board independence and independent directors' tenure, number of board seats (busy) and equity incentive compensation using data from 944 public companies in 2006. The findings reveal a positive association between the propensity to pay and board independence and director tenure, while a negative association between the propensity to pay and busy directors and greater equity incentive compensation in the director pay structure. The finding reveal a consistent results when the decision is to pay cash dividends or repurchase shares and that equity incentive compensation in the independent director pay structure is the most pervasive determinant across other dividend measures such as dividend payout, total payout and repurchases. Overall, the findings suggest that the characteristics of independent directors are important determinants of the payout policy.

Asamouh (2011) examines the effect of corporate governance on dividend policy in Ghana using pooled cross-sectional observations from firms listed on the Ghana Stock Exchange. It was revealed that board independence and CEO duality influence firms'

dividend policy, Board size was not related to firm dividend policy, It was also found out that higher return on equity relate to higher levels of dividend. The study concludes that Compositions of Ghanaian boards are consistent with international best practices.

Alias, Rahim, Noor and Yaacob (2012) examines the direct and interaction effects of firm's characteristics such as board structure and capital structure on divided per share as a proxy of firm's performance. The fixed effect regression uses a sample of 361 non-financial Malaysian listed firms over the period of 2002 to 2007. The decision made by the board of directors which demonstrates duality role of Chairman cum Chief Executive Officer and larger board size to pay dividend which demonstrate duality role of chairman cum chief executive officer have negative effect on dividend payment but not outside independent director(s). The interaction between selected board structures and capital structure namely debt ratio reveals that duality weakens the negative effect of debt ratio on dividend while independent directors strengthens the negative effect of debt ratio on dividend payment. Overall, the study conclude that distributable income to shareholders increases through a balanced financing decision between capital structure choice and dividend payment made by the board of directors that possessed duality role.

Mansourinia, Emamgholpour, Rekabdarkolaei & Hozoori (2013) Investigate the effect of board size, board independence and CEO duality on the dividend policy of listed companies in Tehran Stock Exchange using a sample of 140 companies over the time span of 2006-2010. Using F-Limer and Hausman tests, among the methods of common effects, fixed effects and random effects for model fitting and hypotheses testing, the fixed effects method was chosen. The results have shown that there is significant and

positive relationship between board size and dividend policy. But significant relationship between the variables of board independent and CEO duality with dividend policy of companies has not been observed.

Odia & Ogiedu (2013) investigates payout policy, agency conflicts and corporate governance in Nigeria. Using a sample of thirty (30) listed companies randomly selected in the Nigerian Stock Exchange for the period 2006-2010, the panel OLS regression results indicate that firms' investment opportunities and leverage have significant impact on the dividend payout. The corporate governance mechanisms comprising the CEO shareholdings, directors' shareholdings and the institutional ownership have positive but non-significant impact on the dividend payout. This means that the insiders and institutional ownership may not complete mitigate the agency conflicts associated with effective dividend payout policy. The study recommends that a strong corporate governance mechanism comprising more non-executive directors and institutional ownership is recommended to mitigate the agency conflicts and improve the dividend payout.

Maniagi et al (2013) examines corporate governance, dividend policy and performance of banks listed on Nairobi security exchange for 5year period from 2007-2011.Their findings reveals that dividend yield for banks listed on NSE is significant and positively correlated to business risk and growth opportunities, the results also reveal that dividend yield is positively correlated to CEO duality but negative and significant to board independence as corporate governance proxies.

In contrast, Kurawa & Ishaku (2014) conduct a study to evaluate the effect of corporate governance on dividend policy of five commercial banks listed on the Nigerian Stock Exchange over the period of 2003-2012. A panel data methodology (Random-effect GLS regression technique) was employed for the analysis of data. The results reveal that management equity holding has significant effect on dividend payout ratio, Board size and CEO duality has insignificant effect, while board independence exhibit negative but insignificant effect. The study recommended that to enhance the level of influence of Corporate Governance on Dividend Payout Ratio to higher level in the Nigerian Banking Industry, Management equity holding should be increased as this will make the management to protect not only their interest but the interest of all stakeholders.

Micah (2006) conducted a study to examine Dividend policy, dividend initiations, and governance the finding provides evidence that dividend policy is a substitute for weak internal and external governance by focusing on a sample of firms that should pay dividends. Specifically, predicted dividend payers with weak governance are significantly more likely to pay dividends than are predicted dividend payers with strong governance. Firms with weak governance also have significantly higher dividend initiation announcement abnormal returns than other firms, consistent with the notion that dividend policy is a substitute for other governance attributes and that the market prices the decrease in agency costs resulting from the initiation of dividends.

Farinha (2002) study Dividend Policy, Corporate Governance and The Managerial Entrenchment Hypothesis: An Empirical Analysis to analyses the agency explanation for the cross-sectional variation of corporate dividend policy in the UK by looking at the managerial entrenchment hypothesis drawn from the agency literature. The findings revealed a significant U-shaped relationship between dividend payout ratios and insider ownership is observed for a large (exceeding 600 firms) sample of UK companies and two distinct periods.

Mitton (2004), Adjaoud & Ben-Amar (2010) and Jiraporn et al. (2010) conclude that dividends are an outcome of strong governance. This means that firms with higher corporate governance ratings have higher dividend payout. However, regarding the investors' response to dividend level and the dividend policy of firms, Gugler and Yurtaglu (2003) argue that dividend paying stocks are always preferred over non-dividend paying stocks by investors and that the dividend paying stocks exhibit higher returns, especially in down markets.

Gong (2010) examines the relationship between CEO compensation and shareholder value added over CEO tenure. The research design exploits two fundamental attributes of compensation and shareholder value added that both CEO compensation and shareholder value added aggregate naturally over CEO tenure, and the expanding the interval over which the two variables are measured is likely to result in a better match between CEO compensation and value created by the CEO. CEO compensation was measured with both ex post realized pay and ex ante pay-for-performance sensitivity. The findings

indicate that CEOs earning higher aggregate realized pay create more shareholder value, and higher average pay-for performance sensitivity during CEO tenure is associated with higher aggregate market value changes and cumulative abnormal stock returns.

Alias, Abdulrahim, Nor & Yacoob (2012) examines the direct and interaction effects of firm's characteristics such as board structure and capital structure on divided per share as a proxy of firm's performance. The fixed effect regression uses a sample of 361 non-financial Malaysian listed firms over the period of 2002 to 2007. The decision made by the board of directors which demonstrates duality role of Chairman cum Chief Executive Officer and larger board size to pay dividend which demonstrate duality role of chairman cum chief executive officer have negative effect on dividend payment but not outside independent director(s). The interaction between selected board structures and capital structure namely debt ratio reveals that duality weakens the negative effect of debt ratio on dividend while independent directors strengthens the negative effect of debt ratio on dividend payment. Overall, the results suggest that distributable income to shareholders increases through a balanced financing decision between capital structure choice and dividend payment made by the board of directors that possessed duality role.

Hwang, Kim, Park, & Soopark (2013) studied Corporate Governance and Payout Policy using a unique, comprehensive data set from a survey on corporate governance practices among Korean listed firms, this paper shows that business group (chaebol) firms have overall stronger governance practices but weaker shareholder rights and lower dividend payout ratios than independent firms do. The finding also revealed that the adverse effect

of chaebol firms' weak shareholder rights on dividend payout ratios appears to exemplify with the onset of the global financial crisis in 2008. In addition, the regression results show that the positive correlation between good corporate governance practices and dividend payout ratios is weaker among chaebol firms. Finally, the finding revealed that improving corporate governance enhances payout policies over time but is statistically significant only for independent firms. The study recommends that the entrenched control by chaebol firm owners that stems from their control rights much above the cash flow rights puts less weight on protecting minority shareholders, resulting in smaller distributions of dividend payments.

Wen and Jia (2010) studied the dividend policies of bank holding companies (BHCs) which have dispersed ownership in a regulated environment. The results revealed that dividend is a countermeasure against agency problems in the banking industry. BHCs with higher agency costs tend to have higher dividend yields. Dividend is negatively related to ownership dispersion, indicating that firms with greater ownership dispersion use dividends to reduce the agency problems caused by the lack of collective shareholder actions. Dividend is negatively related to CEO ownership, CEO incentive pay and institutional ownership, suggesting that dividends work as a substitute for these corporate governance mechanisms in counteracting agency problems.

Likitratcharoen (2011) investigates the relationship between CEO reputation and firm's dividend payouts. The results show that reputable CEOs tend to make more investment and pay lower dividends. These results support the overconfident hypothesis that

reputable CEOs tend to be overconfident and use the funds to make more investment rather than paying out dividends. The result also reveals that a manager-specific attribute, i.e. reputation, has a significant impact on a crucial corporate outcome and the extent of corporate dividend payouts.

Haye (2013) determine the relationship between the dividend policy of financial firms and a number of ownership and board control variables as well as two governance provisions, cumulative voting and staggered boards. The evidence indicates that firms with lower CEO, institutional and hedge fund ownership pay higher dividends. Also, cumulative voting has a greater impact on dividend policy than staggered boards. The study recommends that firms adjust their dividend policy in response to control changes caused by ownership structure and governance provisions.

Vineeta (2011) examine how a firm's propensity to pay dividends is related to board independence and independent directors' tenure, number of board seats (busy) and equity incentive compensation using data from 944 public companies in 2006. The findings reveal a positive association between the propensity to pay and board independence and director tenure, while a negative association between the propensity to pay and busy directors and greater equity incentive compensation in the director pay structure. The finding reveal a consistent results when the decision is to pay cash dividends or repurchase shares and that equity incentive compensation in the independent director pay structure is the most pervasive determinant across other dividend measures such as

dividend payout, total payout and repurchases. Overall, the findings suggest that the characteristics of independent directors are important determinants of the payout policy.

From the foregoing review, it is obvious that Financial Institutions needs to be headed by an effective board composed of qualified people of proven integrity who are Knowledgeable in business and financial matters and are conversant with board oversight functions.

2.6.1 Empirical Studies on Institutional Shareholdings and Dividend Policy

Institutional ownership plays an important role in the decision to pay dividends. The ownership and control structure of the firm affects its dividend payout strategies. Where institutional ownership (i.e., high percentage shareholding by institutions such as mutual fund companies, pension funds, or endowments) is high, these stakeholders try to control the agency problem by controlling the dividend payout decision. Ranti, (2013) explain that the basic motivation for the agency models of dividends is that unless a firm's profits are paid out as dividends, corporate managers may divert the cash flow for personal use or pursue unprofitable investment projects. Dividend payout can be seen as a means to reduce the free cash flow that managers can use at their own discretion (Jensen and Meckling 1976). As a consequence, outside shareholders may have a preference for dividends over retained earnings.

Liu (2002) conclude that firms with greater institutional ownership and stronger outside board control enjoy lower bond yields and higher ratings on their new bond issues.

Similarly, Abdelsalam et al., (2008) uncover a significant positive association between institutional ownership and firm performance, and both dividend decision and payout ratio. The results confirm that firms with a higher return on equity and a higher institutional ownership distribute higher levels of dividend. Similarly, Thanatawee (2013) found that higher institutional ownership increases both the likelihood and magnitude of dividend payouts based on a sample of Thai firms.

Short, Zhang & Keasey (2002) and Moh'd et al. (1995) identifies a positive association between institutional shareholdings and dividend payout. In the same vain Demeh & Mohammed, (2013) provide an empirical evidence on the importance of one CG measure, institutional ownership concentration or top shareholders, on bank's DPR. While Odia & Ogiedu, (2013) contends that institutional ownership have positive but non-significant impact on the dividend payout. This means that the insiders and institutional ownership may not complete mitigate the agency conflicts associated with effective dividend payout policy.

Dharmastutil & Wahyudi (2013) provided additional evidence that the external corporate governance which was measured through the existence of institutional ownership and debt holder has a higher effectiveness than internal corporate governance which was measured by the independent commissioner's ratio towards the corporate performance.
Contrary to the above, Wen & Jia (2010) found dividends to be negatively related to institutional shareholdings. Mehrani, Moradi & Eskandar (2011) provide empirical evidence that Institutional ownership was negatively associated with dividend payout.

This indicates that the presence of institutional investors results in less usage from dividend as a signal for good corporate performance. However, the findings revealed positive relationship between dividend payout and concentrated institutional ownership.

In the same vein, Obradovich & Gill (2013) confirm that the decision to pay dividends is a negative function of institutional ownership. Similarly, Batool and Javid (2014) discovered an insignificant relationship between institutional ownership, independent Commissioner with dividend policy. This finding do not support the hypothesis causing institutional shareholders to take over the rights of minority shareholders and this has weakened their power of dividend, and the independent commissioner do not behave as they are supposed to, meaning that they are not independent as their name suggests, which leads them to feel unnecessary to build of firm reputation through dividend policy.

Base on the above review the institutional ownership have positive but non-significant impact on Dividend Payout as a result, institutional ownership may not completely mitigate the agency conflicts associated with effective dividend payout policy.

2.6.2 Empirical Studies on Ownership Concentration and Dividend Policy

The previous practice of free, non-restrictive equity holding has led to serious abuses by individuals and their family members as well as governments in the management of banks. However, to encourage a private sector-led economy, holdings by individuals and corporate bodies in banks should be more than that of governments. It is also recognized that individuals who form part of management of banks in which they also have equity

ownership have a compelling business interest to run them well. Such arrangements should be encouraged.

Ownership structure is an influential factor on firm policies and one of these policies is dividend policy. Therefore, a significant relationship between ownership structure and dividend policy is expected. However, the empirical evidence on the relationship between ownership concentration and dividend payout is mixed. Rozeff (1982), Schooley, Lee & Barney (1994) and Mohammed, Perry & Rimbey (1995) find that dividend payout significantly increases with ownership diffusion, as measured by the natural log of the number of common stockholders. Ahmed & Javid (2010) provide results that consistently support the potential association between ownership structure and dividend payouts of Pakistani listed firms of Karachi Stock Exchange 100 index non financial sector. Nasrum (2013) uncover a positive relationship between ownership structure and dividend payout policy. Similarly, Demeh & Mohammed (2013) uncover a strong evidence on the importance of one simple CG measure, i.e. institutional ownership concentration or top shareholders, on bank‘s DPR. Thanatawee (2013) also finds that the likelihood of a dividend payout is positively associated with ownership concentration and the percentage of stock held by the largest shareholder, particularly if the largest shareholder is an institution.

However, Shleifer & Vishny (1997) contend that firms with large shareholders in controlling positions may divert resources from smaller, non-controlling shareholders by paying lower dividends, maintaining higher asset balances and using those assets for a

variety of reasons, such as private perquisite consumption, selling assets to themselves or other controlling interests at favorable prices, and other activities detrimental to non-controlling shareholders. In this case, large shareholders exacerbate the agency costs of equity to the detriment of smaller, non-controlling shareholders. similarly, Gugler & Yurtoglu (2003) contend that Dividends signal severity of the conflicts between the large controlling owner and small outside shareholders, larger holdings of the largest owner to reduce, while larger holdings of the second largest shareholder to increase the dividend to increase the dividend payout ratio. Their study call for better minority shareholder rights protection and increased transparency in the course of European Capital market Reform.

Zeckhauser and Pound (1990) found that dividend payout significantly decreases in the presence of large shareholdings. Mancinelli & Ozkan (2006) uncover a significant negative relationship between dividend payouts and the voting power of the largest shareholder using a sample of Italian firms. Oskar et al (2007) revealed that concentrated share ownership as well as the deviation from the one-share one-vote principle leads to a reduction of the payout dividend ratio.

Renneborg & Trojanowski (2007) uncover a negative relationship between dividends and large-block holdings, in particular for financial institutional ownership. Harada & Nguyen (2006) identify a significant negative relationship between ownership concentration and dividend payout for Japanese firms. Arshad, Yasir, Amjad & Usman (2013) study did not purely support the potential association between ownership structure and dividend payout policy and dividend decision. In the same vein Ehsan, Tabassum,

Akram & Nasir (2013) revealed that insider ownership and individual ownership both have a significant negative influence on dividend payments.

Most of these researches support the view of dividends as a substitute control mechanism and as a signaling mechanism. However, both Zeckhauser & Pound (1990) and Ullah, Fida, & Khan (2012) find no such relationship between institutions and dividend policy.

However, according to the outcome model, governance provisions that enhance the legal protection of minority shareholders make it easier for those shareholders, perhaps through improved board representation, to prevent wealth expropriation by insiders. The enhanced influence that accrues to minority shareholders resulting from greater legal protection enables them to extract higher dividends. Conversely, the substitution model asserts that managers for firms with weak legal protection will pay more dividends in order to develop a reputation of not expropriating shareholder wealth. The substitution model contends that firms with better legal protection and improved shareholder rights are less reliant on dividends as a control mechanism.

Adjaoud & Ben-Amir (2010) find that stronger shareholder rights lead to higher dividend payments, also supporting the outcome hypothesis. In contrast, Jiraporn, Kim & Kim (2010) employ a governance index that incorporates 28 governance provisions to proxy the strength of shareholder rights and find that firms that score high marks on the governance index (i.e., weak shareholder legal protections) pay more dividends, a result supporting the substitution model. & Haye (2013) also provide evidence supporting the substitution model.

2.7 Theoretical Framework

Several theories have emerged to explain CG and Corporate Dividend Policy. Among these theories include the Catering Theory, Dividend irrelevant theory, Transaction cost theory, Signaling hypothesis, Clientele Effect Theory, and the Agency theory. These theories are briefly explained below.

2.7.1 Dividend Irrelevant Theory: Miller and Modigliani (1961) proposed that dividend policy is irrelevant to the shareholder. That stockholder wealth is unchanged when all aspects of investment policy are fixed and any increase in the current payout is financed by fairly priced stock sales. The main assumption is that there is 100% payout by management in every period. Other assumptions includes, there exist perfect capital markets. That is, no taxes or transactional cost, market price cannot be influenced by a single buyer or seller and that there is free and costless access to information about the market. The investors are rational and that they value securities based on the value of discounted future cash flow to investors. The managers act as the best agents of shareholders and that there is certainty about the investment policy of the firm with full knowledge of future cash flows. In the light of the foregoing, they concluded that the issue of dividend policy is irrelevant.

However, the Proponents of Gordon and Walter argued that dividend policy affects value of a firm. Thus a change in dividend payout will bring about a change in market value of a firm. Hence there must be an optimum payout ratio.ie one that gives maximum market price (Pandey 2005).

2.7.3 Transaction Cost Theory: Transaction Cost is an important theory which was initiated by Rozeff 1982 who assumed that if high dividend is paid then the agency cost incurred would be lowered. However, he added that if the company paid high dividends, then the transaction cost would be increased. Transaction cost theory indicates that firms incurring large transaction costs will be required to reduce dividend payouts to avoid the costs of external financing. (Al-Kuwari 2009).

2.7.4. Signaling Hypothesis: The hypothesis assumes that dividends function as a signal of expected cash flows. Despite the tax disadvantage of paying dividends, management still go ahead to pay dividends to send a positive signal about the firm's future prospects. Miller and Rock 1985 as sighted in (Elisabet 2005) developed the signaling theory classical model which indicated that dividend will act as a signal of the firm future prospects and expected cash flows under imperfect information. Management who look after the firm tends to have more precise and timely information about the firm than outside investors. This therefore creates a gap between managers and investors, to bridge this gap, management use dividend as a tool to convey private information to shareholders see Al-Malkawi (2007). Pettit (1972) observed the amount of dividend paid seem to carry great information about the prospects of a firm, this can be evidenced by the movement of share price. An increase in dividend may be interpreted as good news and brighter prospects and vice versa. But Lintner (1956) observed that management are reluctant to reduce dividend even when there is the need to do so. And only increase dividend when it is believed that earnings have permanently increased. Hence they use dividend as a tool to convey private information to shareholders.

2.7.5. Clientele Effect Theory: Different pattern of dividend payment will be preferred by different investors this can be referred to as Clientele effects. The old investors would prefer firms that pay cash dividend to those that retain the funds leading to capital appreciation. While high income stockholders would prefer stock dividend and capital appreciation of their investments to cash dividends so as to minimize tax effect (Ahmad & Carlos, 2008).

Investors tend to prefer stocks of companies that satisfy a particular need. This is because investors face different tax treatment for dividends and capital gains. And also face some transaction cost when they trade securities. Modigliani and Miller (1961) argued that for these cost to be minimized, investors tend towards firms that would give them those desired benefits. Likewise firms would attract different clientele based on their dividend policies. Though they argued that even though clientele effect may change a firms dividend policy, one clientele is as good as another, therefore dividend policy remains irrelevant. Al-Malkawi (2007) affirms that firms in their growth stage, which tend to pay lower dividend would attract clientele that desire capital appreciation, while those firms in their maturity stage which pay higher dividends attract clientele that require immediate income in the form of dividend.

2.7.6. Bird in Hand Theory: Al-Malkawi (2007), asserts that in a world of uncertainty and information asymmetry, dividends are valued differently from retained earnings (capital gains). “A bird in hand; (dividend), is worth more than two in the bush; (capital gains)”. Due to uncertainty of future cash flow, investors will often tend to prefer

dividends to retained earnings. Though this argument has been widely criticised and has not received strong empirical support, it has been supported by Lintner (1956). The main assumptions are; that investors have imperfect information about the profitability of a firm. And that cash dividends are taxed at a higher rate than when capital gain is realized on the sale of a share. Also that dividends function as a signal of expected cash flows. Despite the tax disadvantage of paying dividends, management still go ahead to pay dividends to send a positive signal about the firm's future prospects (Chikashi 2010). The cost of this signaling is that cash dividends are taxed higher than capital gains. While some investors would rather have capital gains to cut down on tax impact others may want dividend because of immediate cash requirement. He also assumed that assets in which management invest in, outlive the stay of management in position, and that ownership of the assets is transferred to other management overtime.

2.7.7 Agency Theory: It is a known fact that the principal-agent theory is generally consider the starting point for any debate on the issue of CG emanating from the classical thesis on The Modern Corporation and Private Property by Berle and Means (1932). The fundamental agency problem in modern firms is primarily due to the separation between finance and management. Modern firms are seen to suffer from separation of ownership and control and therefore are run by professional managers (agents) who cannot be held accountable by dispersed shareholders. In this regard, the fundamental question is how to ensure that managers follow the interests of shareholders in order to reduce cost associated with principal-agent theory?

The agency problems may arise when management decisions or actions flow from non-value or trivial maximizing strategies (Dockery, Herbert & Taylor, 2000) for instance, management may seek to increase the size of the firm for the sole purpose of empire building (Marris, 1964), or they may seek to diversify the firm's portfolio in order to increase their own security. Furthermore, the managerial entrenchment thesis suggests that the separation of ownership and control offers managers an array of discretionary behaviours, including shirking (Jensen & Meckling, 1976).

Agency cost is the cost of the conflict of interest that exists between shareholders and management see Ross et al (2008). This arises when management act on their behalf rather than on behalf of shareholders who own the firm. This could be direct or indirect. Though this is contrary to the assumptions of Modigliani and Miller (1961), who assumed that managers are perfect agents for shareholders and no conflict of interest exist between them. This is somewhat questionable, as the owners of the firm are different from the management. Managers are bound to conduct some activities which could be costly to shareholders such as undertaking unprofitable investments that would yield excessive returns to them, and unnecessarily high management compensation (Al-Malkawi (2007). These cost are borne by shareholders, therefore shareholders of firms with excess free cash flow would require high dividend payment instead. Agency cost may also arise between shareholders and bondholders, while shareholders require more dividends, bondholders require less dividends to shareholders by putting in place debt covenant to ensure availability of cash for their debt repayment. Easterbrook (1984) also identified two agency cost; the cost of monitoring of managers and the cost of risk aversion on the part of managers.

In further discussion of agency relationships and cost (Jensen and Meckling, 1976) describe agency relationship as a contract under which one or more persons (principal) engage another person (agent) to perform some service on their behalf, which involves delegating some decision-making authority to the agent. In this scenario, there exists a conflict of interests between managers or controlling shareholders, and outside or minority shareholders leading to the tendency that the former may take advantage of the firm's resources and be less interested to pursue new profitable ventures. Agency costs include monitoring expenditures by the principal such as auditing, budgeting, control and compensation systems, bonding expenditures by the agent and residual loss due to divergence of interests between the principal and the agent. The share price that shareholders (principal) pay reflects such agency costs. This study adopts agency theory as the theoretical basis for explaining CG and Bank dividend policy.

2.8 The Nigerian Banking Industry

The Nigerian banking sector could be said to have thrieved over the years: witnessing changes in governments and their accompanying policies which have egged and spurred its growth and development bringing it to the remarkable pedestal, international acclaim and goodwill it presently enjoys. Symptoms of distress in the Nigerian financial system was first officially pointed out by the World Bank team that examined the financial sector before the NDIC Decree No 22 of 1988 took off in February 1989, since then, effort has

been made by the CBN to set policies that will restore public confidence in the Nigerian Banking Industry (CBN, 2006; and Michael 2011).

The interest in dividend policy of banks has become stronger as a result of the recent financial crisis; investors have started to desire high current dividends to meet their socioeconomic needs and CG is one of the ways to protect minority shareholders, hence the choice to determine the extent to which CG influence Bank Dividend Policy.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology employed in conducting this research work which includes the research design, the population of the study, the sample size, sampling technique and the sources and methods of data collection used. It also explains the variables of the study and their measurement and the statistical tools for the analysis of data.

3.2 Research Design

This study adopted ex-post facto research design because the study entails the use of annual report and accounts of the quoted Deposit Money Banks under study; this is in view of its relative importance to the actualization of the research objective which is to evaluate the relationship between corporate governance and dividend policy in the Nigerian Banking industry.

3.4 Population of the Study

The population of this study consists of all the quoted Deposit Money Banks in the Nigerian stock exchange as at 2014. And the study will covers a period of ten years between 2004 and 2013. Table One contained the list of all the banks quoted on the Nigerian Stock Exchange, and their years of listing.

Table 1: Population of the Study

S/N	Bank Name	Year of Incorporation	Year of Listing
1	UBA	1961	1970
2	Union Bank	1969	1970
3	FBN	1969	1971
4	Wema Bank	1969	1991
5	Starling Bank	1960	1993
6	GTB	1990	1996
7	Access Bank	1989	1998
8	Zenith Bank	1990	2004
9	FCMB	1982	2004
10	Stanbic IBTC	1989	2005
11	Fidelity Bank	1987	2005
12	Diamond Bank	1990	2005
13	SKY Bank	1989	2005
14	Unity Bank	1987	2005
15	Eco Bank	1980	2006

Source: Generated by the Researcher from the NSE 2012/2013 Fact book.

3.5 Sample Size of the Study

All the banks were used in this study for wider coverage. This is done to; apart from the fact that the required data for all the banks are available, this will provide wider range of generalizing the findings as previous studies in this area covered fewer banks.

3.6 Sources and Method of Data Collection

The aim of this study is to examine the effect of CG on Dividend policy of all listed Deposit money banks in Nigeria. The reliability of a report on any study would depend largely on the accuracy of data collected and the methods used in conducting the research work.

In line with the aim of this study and based on the significance of the secondary data to the research topic, the study utilize the secondary source of data. Data were obtain from the annual reports and accounts of all the Deposit money banks quoted in the Nigerian stock exchange covering the period of ten years from 2004 to 2013.

3.7 Variables of the Study

The variables of the study comprises of dependent variables, independent variables, and control variables and their measurements. The dependent variable is Dividend Payout Ratio (DPR), the independent variables includes the Board Size (BS); Board Independent (BI); Chief Executive Officer Duality (CEOD); Management Equity Holding (MGTEH); Institutional Shareholding (INS); Ownership Concentration (OWNC) and Management Meeting (MGT.M) while the control variables includes the

Bank size which is measured as the Natural logarithm of the total asset of the Bank (SIZE) and Risk which is measured as the standard deviation of earning before tax of the last three years (RISK).

3.7.1 The Dependent Variable and its Measurement

Dividend Payout Ratio (DPR) was use as a proxy for dividend policy and was obtained by dividing dividend per share by Earnings per share. This is due to the fact that CG is one of the ways to protect minority shareholders, the dividend payout ratio takes into consideration both dividend payout and dividend retention. Therefore, DPR must be employed in describing the allocation of minority investors' rights through dividend and this is consistent with the study of Sunjata, 2006; Dharmastuti & Wahyudi, 2012; Dameh & Mohammed, 2013; Wu, 2013; Batool & Javid, 2014; Kurawa & Ishaku, 2014; and Haye, 2014.

3.7.2 The Independent Variables and their Measurement

CG is the independent variable. The measure of the variables which is consistent with the study of Batool and Javid, (2014), Obradovich & Gill (2013), Maniagi et al (2013), Demeh and Mohammed (2013), Kurawa & Ishaku (2014) and Haye (2014) is explained below.

Board Size (BS):- is the total number of members of the board of directors

Board Independence (BI):- this is the proportion of non-executive directors sitting on board with the executive directors. The number of non-executive directors should be more than that of executive directors subject to a maximum board size of 20 directors

(CBN 2006). A positive relationship is expected between the proportions of outside directors in a company as outside directors are better able to challenge the CEOs. It is basically in recognition of the outside directors' role that in the UK a minimum of three outside directors is required on the board; in the US, at least two-thirds of the board of directors must be outside directors (Sanda, Mikailu & Garba 2005).

Chief Executive Officer Duality (CEOD):- this exists when the same individual plays the roles of CEO and chairman of the bank. Consistent with the previous study, a dummy variable taking a value of 1 for firms with CEO as chairman otherwise 0.

Management Equity Holding (MGT EH):- the management equity ownership was measured by the proportion or percentage of equity ownership of executive directors. This includes direct and indirect equity holding of the directors in the bank. The higher the proportion of the management equity ownership, the better in terms of the going concern of the bank as the management would do anything legally possible to protect not only their economic interests but also the general economic interests of the entire shareholders (Iskandar, 2011).

Ownership Concentration (OWNC):- This refers to the amount of stock owned by large shareholding with at least 2 percent of equity ownership within the bank. This is considered to be significant since an equity holding of 10 per cent and above by any investor is subject to CBN's prior approval.

A higher level of ownership concentration or more block holders suggest a stronger monitoring power from investors over a firm's managerial decisions because of the incentives from these owners to proactively safeguard their investment. Ownership with significant amount of shares may take aggressive actions, either directly or indirectly, over firm decisions such as the election of board members and replacement of CEO or poor management with their voting power. As such, ownership concentration can be an external governance mechanism that helps reduce the likelihood of managerial opportunism because managers and boards of directors are more likely to take into accounts the preferences and interest of large shareholders (Iskandar et al 2011).

Institutional Shareholdings (INS):- the ratio of stock owned by institutions (Maniaga et al. 2013; Demeh & Mohammed (2013) and Obradovich & Gill; 2013).

Management Meeting (MT):- the number of Board meetings held per year (Maniaga et al. 2013). According to CBN Code of CG the Board members are expected to have a minimum of four board meeting per year.

3.7.4 Control Variables

Bank Size: Measured as the natural log of total assets. This is in accord with many other studies, including, Adjaoud & Ben-Amir (2010), Thanatawee (2013), Batool & Javid, (2012), Obradovich & Gill (2013), Wu, (2013), Toby (2014), and Haye (2014). Such control is necessary because larger firms should have a lower risk of bankruptcy and, therefore, a greater ability to pay dividends. Also, larger firms generally have greater

access to the capital markets and are presumably better able to raise external financing which reduces their dependence on internally generated funding and allows for higher dividend-payout ratios (Holder, Langrehr & Heter (1998); Al-Malkawi, (2007); Al-Kuwari (2009) and (Afza & Mirzan 2010) found a significantly positive relation between the two. On the contrary, in some countries the size of the firm has a negative influence on dividends; large firms want to meet investment needs internally rather than externally, they hold funds under their control rather than distributing dividends (Ahmed & Javed , 2009).

Business Risk: Measured as the standard deviation of earnings before interest and tax for the last three years. It is a potential factor that may affect dividend policy, high levels of business risk make the relationship between current and expected future profitability less certain. Consequently, it is expected that firms with higher levels of business risk will have lower dividend payments. This is consistent with the study of (Kania and Bacon (2005); Gill, Biger and Tibrewala (2010); Hussainey, Mgbame & Aruoriwo (2010); and Maniagi et al. (2013)). Many researchers argued that the uncertainty of a firm's earnings may lead it to pay lower dividends because volatile earnings materially increase the risk of default (Hussainey, Mgbame & Aruoriwo 2010; and Maniagi et al. 2013). In addition, field studies using survey data (e.g. Lintner, 1956) reported compelling evidence that risk can affect dividend policy. In these surveys, managers explicitly cited risk as a factor that influences their dividend choice.

3.8 Technique of Data Analysis and Model Specification

Given the objective of the study and following the works of Farinha, (2002); Gugler & Yurtoglu, (2003); Bebczuk, (2005); Ricado, (2005); Micah (2006); Sung, Chang, Kang & park, (2009); Kouki & Guizani, (2009); Zhang, (2008); Ahmad & Javid (2010); Jiraporn, Kim, Young & Kim (2010); Subramaniam and Devi, (2010); Wen and Jia, (2010); Asamoah (2011); Awotunde, Kehinde & Somoye, (2011); Abor and Fiador, (2012); Hwang, Kim, Park & Soo (2013); Ajanthan, (2013); Obradovich, John and Gill, (2013); Odia and Ogeidu, (2013); Nasrum, (2013); Wu, (2013); Daradkah & Ajlouni, (2013); Maniagi, et al. (2013); Dameh, and Mohammed, (2013); Batool & Javid (2014); and Kurawa & Ishaku, (2014). Panel data analysis was employed as it will help to explore both cross-sectional and time series data simultaneously. Stata Version12.0 was used for the analysis; this is consistent with the study of Kurawa & Ishaku, (2014).

3.8.1 Descriptive Statistics

Descriptive statistics was used to compute the summary of statistics that will describe the central tendency, as well as, how the data spread out around this value. This tool is used to describe the dependent and independent variables of the study by computing the Mean, Median, Maximum, Minimum and Standard Deviation of the variables. This is consistent with the study of Dameh, and Mohammed, (2013); Batool & Javid (2014); Yulianto (2014); and Kurawa & Ishaku, (2014).

3.8.2 Correlation

Pearson correlation technique was used to establish the nature of the relationship between CG and Dividend Payout Ratio. This shows the strength of the relationship between the independent variables among themselves and the dependent variable. This is consistent with the study of Dameh, and Mohammed, (2013); Batool & Javid (2014); Yulianto (2014); and Kurawa & Ishaku, (2014).

3.8.3 Multiple Regressions

In order to determine the variation in dependent variable (Dividend Payout Ratio) due to variation in any of the independent variables (Board characteristics, Ownership concentration and Institutional shareholdings) multiple regression was employed. This is because multiple regressions explain the variation in dependent variable due to the variation in any of the independent variables. However, since panel data analysis was used in this study, the system of pooled regression is subject to heterogeneity bias and therefore the fixed effect and random effect regression was computed as well.

The pool Ordinary Least Square (OLS) is anchored on the assumption that there is no group or individual effects among the firms, the Fixed Effect Model (FEM) takes into consideration the individuality of each firm or cross-sectional unit included in the sample by allowing the intercept to vary for each firm while assuming that the slope coefficients are constant across firms and the Random Effect Model (REM) assume that the individual or group effects are uncorrelated with other explanatory variables and can be formulated.

However, to test for panel-data model heterogeneity, testing both fixed and random effect. F-test was performed as support for choice between pooled regression models and fixed-effects models, Hausman test was used to decides between fixed and random effects models while Breusch and Pagan Lagrangian multiplier test (LM) was used to decides between random effects model and Pooled regression. The multiple regressions was use to test hypothesis one, two, and three of the study.

3.8.4 T-test: Paired Two Sample for Means

The paired two samples for means, or t-test, was used to assess the difference between the means of DPR of listed deposit money bank for pre-and- post CBN Code of CG periods. This type of test is usually referred to as "before and after" analysis. This method not only show the differences between the means of the DPR of listed deposit money bank in Nigeria for the two periods, but also makes it possible to know which side of the pair of the periods is better in distributing earnings to shareholders.

The mean of the sets of variables was compared in order to ascertain if the average differs from zero. The advantage of this method is that it makes it easier to detect the differences which exist between the pre and post CBN Code of CG periods, so as to establish which period is better in distributing earnings to shareholders. The t-test will be used to test hypothesis four of the study.

Therefore, the general model based on the variables of the study which is a modification of (Maniagi et al; Demeh & Mohammed 2013; and Kurawa & Ishaku 2014) is stated thus:

$DPRit = \alpha \beta_1 BIit + \beta_2 BSit + \beta_4 CEODit + \beta_3 MGT.EHit + \beta_4 MTit + \beta_5 SIZEit + \beta_6 RISKit + \varepsilon$……equation (i)

$DPRit = \alpha \beta_1 INSit + \beta_2 SIZEit + \beta_3 RISKit + \varepsilon$ ……..equation (ii)

$DPRit = \alpha \beta_1 OWCit + \beta_2 SIZEit + \beta_3 RISKit + \varepsilon$ ……... equation (iii)

Where: (i) Denotes a bank, and (t) a year

DPRit is Dividend Payout Ratio

BS is Board Size

BI is Board Independence

CEOD is Chief Executive Officer Duality

MGT. EH. Is Management Equity Holding

INS is Institutional Shareholdings

OWC is Ownership Concentration

MT is Management meeting

Bank size: is the natural log of total assets.

Risk: is the standard deviation of earning before tax

ε is error term

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analyses and interprets the data generated for the study. The data relating to each of the statistical hypotheses of the study were presented and analyzed. The variables for measuring both CG and DPR are collected from the annual reports and accounts of the Banks sampled listed on the Nigerian Stock exchange to determine the effects of the independent variables on the dependent variable. The chapter starts with the preliminary analysis of the sample using descriptive statistics, correlation and then the regression result of the dependent variable (DPR) and the independent variable (Board size, board independence, CEO duality, managerial equity holding, Ownership Concentration, Institutional shareholding and meetings board meetings,). The robustness test carried-out were first presented and then followed by the descriptive statistics, correlation, regression results of CG and DPR and t-test.

The hypotheses of the study was tested and inferences there from. In addition, the implications of the findings were explained.

4.2 Robustness Test of Independent and Dependent Variables

The robustness test was conducted in order to improve the validity of all statistical inferences for the study. The tests include Multicollinearity, Breusch-pagan for heteroscedasticity, hausman specification and P- plot. These are discussed below.

(i) Multicollinearity Test: Multicollinearity is a statistical phenomenon in which two or more predictor variables in a multiple regression model are highly correlated (Samaila 2014).

In this situation the coefficient estimates may change erratically in response to small changes in the model or the data. Multicollinearity does not reduce the predictive power or reliability of the model as a whole, at least within the sample data itself; it only affects calculations regarding individual predictors (Wikipedia 2015). A high degree of multicollinearity can also cause computer software packages to be unable to perform the matrix inversion that is required for computing the regression coefficients, or it may make the results of that inversion inaccurate. Therefore, multicollinearity test is carried out to check whether there is a correlation between independent variables which will mislead the result of the study. The results show that the variance inflation factor (VIF) is less than 10 which indicate absence of multicollinearity (See appendix A, B and C).

(ii) Heteroskedasticity Test: The test is conducted to check whether the variability of error terms is constant or not. The presence of heteroskedasticity signifies that the variation of the residuals or term errors is not constant which would affect inferences in respect of beta coefficient, coefficient of determination (R^2), t-statistics and F-statistics of the study. Test of heteroskedasticity ensures that the regression fits all the values of the independent variables and this is possible only if the residuals do not vary with independent variable and therefore are random in nature. The result of the heteroskedasticity test reveals that there is presence of heteroskedasticity in the first, second and third model because the probability of the chi square is 0.0005 in the first model, 0.0002 in the second model and 0.0000 in the third model (See Appendix A, B and C).This was later corrected through the OLS robust test. Robust estimation should be considered when there is a strong suspicion of heteroskedasticity or where it exists (Samaila 2014).

(iii) Hausman Specification Test: Since there is a trade-off between the efficiency of the random effect approach and the consistency of the fixed effect approach, hausman specification test was performed to decide between fixed or random effect models. It basically tests whether the unique errors (term error) are correlated with the regressor. The fixed effects regression represent a common, unbiased way of controlling for omitted variables in a panel set. An important assumption of the fixed effect model is that those time-invariant characteristics are unique to the individual firms and should not be correlated with other firm's characteristics (Abubakar, 2013). It removes the effect of those time-invariant characteristics from the predictor variables in order to assess the predictors' net effect.

Unlike the fixed effects, the random effects assume that the variation across entities is random and uncorrelated with the independent variables included in the model. Thus, an essential assumption for selecting the random effect estimation is that the unobserved heterogeneity should not be correlated with the independent variables. The role of Hausman test is to check for strict exogeneity. If no correlation is found, random effects should be employed but if correlation exists, fixed effects should be employed.

The result of the hausman test for the first, second and third model reveals that they are correlated because the chi-square probability (0.0000), (0.0059) and (0.0024) respectively and is significant When the dividend payout ratio was used as a proxy for dividend policy which guide us to interpret the result of the fixed effect model (See appendix A, B and C).

iv) Normality Test of the Dependent Variable: To check for data normality or the distribution pattern of the research data, the research uses normal probability plot. The normal p-plot of the regression standardized residual (Appendix D) indicates a good fit and

affirms the normality of the research data. The results of the tests therefore suggest the data of the research did not differ significantly from a normal distribution, as evidenced by the normal probability plot.

The discussion in this subsection has therefore considered the data of the research with a view to establishing its accuracy and reliability. The test of data normality, heteroskedasticity, multicollinearity and Hausman specification gives concrete evidence that the regression data is free of regression errors capable of invalidating the research's regression assumptions. This makes the regression estimates reliable and enhances its accuracy.

Table 4.1 **Normality test**

Model	**Multicollinearity VIF test**	**Heterokedasticity test**	**Husman test**	**P-Value**
One	1.21	0.0005	0.0000	0.0115
Two	1.04	0.0002	0.0059	0.0586
Three	1.01	0.000	0.0024	0.0792

Source: Generated by the Author from the Annual Report Data of the DMB's

Table 4.1 shows absence of multicollinearity as the variance inflation factor (VIF) test is less than five in all the three models, heterokedasticity test revealed a presence of autocorrelation which has been taking care of by conducting a robust test, husman test revealed a p-value of less than 5% meaning that fixed effect regression model fits the data, while the p-value of the robust test revealed 0.0115 for model one which is statistically not significant, 0.0586 for model two which is statistically significant and 0.0792 for model three which is statistically significant.

4.3 Analysis of Data

This section presents the results of the analysis conducted on the data collected from the annual report. The descriptive statistics, correlation, regression and t-test results are presented in the subsequent sub sections.

4.3.1 The effect of Board Characteristics on Dividend Payout Ratio

This sub section presents the descriptive statistics, correlation and regression results of the dependent and independent variables.

4.3.2 Descriptive Statistics

Table 4.1 provides summary of statistics for the variables of the study. The summary statistics include measures of central tendency, such as mean, measures of dispersion (the spread of the distribution) such as the standard deviation, minimum and maximum of both the dependent variable and explanatory variables. The table shows the summary statistics of the dependent and independent variables in order to effectively appreciate the nature of the results. The descriptive statistics analyzes the basic feature of CG and DPR. It provides a basic insight into the nature of the data upon which analysis is done.

Table 4.2 Descriptive Statistics of the Variables

Model 1

Variables	Obs.	Mean	StdDev.	Min	Max
DPR	150	0.311835	0.321924	0	2.647

BS	150	13.62667	3.182474	6	20
BI	150	0.6238119	0.825035	0.429	0.909
CEOD	150	0.133333	0.1150819	0	1
MGT.EH	150	0.1355611	0.1326667	0.001	0.6897
BTM	150	6.34	2.492485	4	16
SIZE	150	11.6504	0.5131716	10.329	12.5878
RISK	150	4.040048	2.806655	1.0021	9.99408

Source: Generated by the Author from the Annual Report Data of the DMB's

Table 4.2 shows the mean of 13.6 for board size meaning that the average size of the board of listed banks in Nigeria is approximately 14 members with the minimum and maximum of 6 and 20 members respectively. The mean of the board independence is 0.624 meaning that 62.4% of board members consists of non-executive directors which is good representation, on the CEO duality is almost all the banks has their chairman separate from the CEO. The position of chairman and CEO is not separated in Diamond bank in the year 2004 and First city monument bank in the year 2005. However, the standard deviation of 0.12 indicates that the power is adequately separated between the board chairman and the CEO. Management equity ownership is approximately 13% this is insignificant and might contribute to bad governance since the management equity ownership is low and the standard deviation of 0.133 signifies that managerial shareholding among the directors of the banks is not diverse. On the average, 6 meetings were held by the boards of the listed banks in each financial year. A standard deviation of 2.49 is an indication that the firms vary in the number of meetings they held during the period. This can be seen from the minimum of 4 and maximum of 16 meetings held but is still within the provision of 2006 CBN code of corporate governance which require the board to meets at least once in every four month.

Size, measured by the natural logarithm of total assets has a mean of 11.65, but the standard deviation of 0.51 suggests a considerable level of dispersion in size during the period while Risk, measured by the standard deviation of earnings before tax for the last three years has a mean 4.04, the minimum and maximum of 1.0021 and 9.99408 respectively. The standard deviation of 2.8 is an indication that the risk vary within the study period which might be as a results of the 2005 consolidation and 2008-2010 economic meltdown. Similarly, Dividend Payout Ratio has a mean value of 0.312 a minimum and maximum of 0 and 2.647 with a standard deviation of 0.32. This implies that the Dividend payout ratio among the banks during the period varies perhaps is as a result of the reasons above.

Table 4.2.1 Descriptive Statistics of the Variables

Model 2

Variable	Obs.	Mean	StdDev.	Min	Max
DPR	150	0.3118	0.3219	0	2.647
OWC	150	0.4169	0.2165	0	0.856
SIZE	150	11.650	0.5132	10.33	12.588
RISK	150	4.0400	2.8067	1.002	9.994

Source: Generated by the Author from the Annual Report Data of the DMB's

Model 3

Variable	Obs.	Mean	StdDev.	Min	Max
DPR	150	0.3118	0.32192	0	2.647
ISR	150	0.2657	0.1722	0	0.976

SIZE	150	11.6504	0.5132	10.33	12.59
RISK	150	4.04004	2.80666	1.002	9.994

Source: Generated by the Author from the Annual Report Data of the DMB's

Table 4.2.1 shows the mean of 0.417 meaning that on average 41.7% of stock ownership of the listed banks in Nigeria is concentrated on few individuals and the standard deviation of 0.322 signifies that ownership concentration among the banks is not diverse. The mean value for the institutional shareholdings is 0.266 meaning that on average 26.6% of the stock ownership of the listed banks in Nigeria is owned by institutional shareholders. Size, measured by the natural logarithm of total assets has a mean of 11.65, but the standard deviation of 0.51 suggests a considerable level of dispersion in size during the period while Risk, measured by the standard deviation of earnings before tax for the last three years has a mean 4.04, the minimum and maximum of 1.0021 and 9.99408 respectively. The standard deviation of 2.8 is an indication that the risk vary within the study period which might be as a results of the 2005 consolidation and 2008-2010 economic meltdown. Similarly, Dividend Payout Ratio has a mean value of 0.312 a minimum and maximum of 0 and 2.647 with a standard deviation of 0.32. This implies that the Dividend payout ratio among the banks during the period varies perhaps is as a result of the reasons above.

4.3.3 Correlation Matrix

The correlation between the dependent and independent variables are presented in Table 4.2. The correlation matrix table shows the relationship between all pairs of variables in the regression model; the relationship between all explanatory variables individually with explained variable and the

relationship between all the independent variables themselves. This gives an insight into the magnitude of the pairs of the independent variables.

Table 4.3 Correlation Matrix of the Dependant and Independent Variables- Model 1

VARIABLES	DPR	BS	BI	CEOD	MGT.EH	BTM	SIZE	RISK	VIF
DPR	1.0000								
BS	0.1749	1.0000							1.34
BI	-0.159	-0.123	1.0000						1.08
CEOD	-0.011	-0.115	-0.002	1.0000					1.06
MGT.EH	0.0589	-0.139	0.1053	0.0555	1.0000				1.24
BTM	-0.105	0.0626	-0.155	-0.109	-0.0973	1.0000			1.07
SIZE	0.1759	0.4766	-0.131	-0.196	-0.4160	0.1122	1.0000		1.62
RISK	-0.002	0.0164	-0.159	-0.099	0.0491	0.0727	0.0783	1.0000	1.05

Source: Generated by the Author from the Annual Report Data of the DMB's

Table 4.3 shows the correlation coefficients on the relationship between the dependent variable (DPR) and independent variables (Board size, Board independent, CEO duality, Management equity holdings, Board meetings, Size and Risks). The values of the correlation coefficient range from -1 to 1. The sign of the correlation coefficient indicates the direction of the relationship (positive or negative), the absolute values of the correlation coefficient indicates the strength, with larger values indicating stronger relationships. The correlation coefficients on the main diagonal are 1.0, because each variable has a perfect positive linear relationship with itself.

The correlation results presented in table 4.3 also indicate that three of the explanatory variables Board size, Management equity holdings and Size are positively correlated with the Dividend Payout Ratio variable while Board independent, CEO duality, Board meetings, and Risks are negatively correlated with the Dividend Payout Ratio. Similarly, the relation between some of the explanatory variables is positive and some negative. However,

Collinearity which is a situation where two of the independent variables are related, and multicollinearity an instance where more than two of the independent variables or predictors are correlated implies interdependence among the predictors or independent variables and if high in magnitude, adversely affects the predictive ability of the independent variables. To determine the presence of collinearity problem, a Variance Inflation Factor (VIF) test was carried out, the results of which provide evidence of the absence of collinearity. This is because the results of the VIF test ranges from a minimum of 1.05 to a maximum of 1.62 VIF of 5.00 can still be a proof of absence of collinearity (Doane & Steward 2007, Muhammad 2009, Barde 2009 cited in Samaila 2014). Hence, the predictive ability of the independent variables is not adversely affected by the relationship.

Similarly, Table 4.4 presents the correlation between the dependent and independent variables of the second regression model i.e when the Ownership Concentration is used as a proxy of the independent variable. The correlation matrix and the VIF are presented below.

Table 4.4 Correlation Matrix of the Dependant and Independent Variables- Model 2

VARIABLES	DPR	OWC	SIZE	RISK	VIF
DPR	1.0000				
OWC	-0.0203	1.0000			1.05
SIZE	0.1759	-0.1845	1.0000		1.04
RISK	-0.0020	-0.1250	0.0783	1.0000	1.02

Source: Generated by the Author from the Annual Report Data of the DMB's

Table 4.4 shows the correlation coefficients on the relationship between Ownership Concentration, Size and Risk on one hand and DPR on the other hand. The results show that Ownership Concentration and Risk are negatively correlated with DPR while Size appeared to be positively correlated with DPR. The correlation coefficients on the main diagonal are 1.00, because each variable has a perfect positive linear relationship with itself. On the other hand, Size and risk being the control variables are positively related between themselves but

negatively related Ownership Concentration. The VIF that range from 1.02 to 1.05 further indicates an absence of multicollinearity between the explanatory variables of the study. Hence, the findings of the study can be relied upon.

Table 4.5 Correlation Matrix of the Dependant and Independent Variables- Model 3

VARIABLES	DPR	ISR	SIZE	RISK	VIF
DPR	1.0000				
ISR	0.0518	1.0000			1.01
SIZE	0.1759	0.0062	1.0000		1.01
RISK	-0.0020	-0.0594	0.0783	1.0000	1.01

Source: Generated by the Author from the Annual Report Data of the DMB's

Table 4.5 shows the correlation coefficients on the relationship between Institutional shareholdings, Size and Risk on one hand and DPR on the other hand. The results show that Institutional shareholdings and Size are positively correlated with DPR while Risk appeared to be negatively correlated with DPR. The correlation coefficients on the main diagonal are 1.00, because each variable has a perfect positive linear relationship with itself. On the other hand, Size and risk being the control variables are positively related between themselves. The VIF that range from 1.01 to 1.01 further indicates an absence of multicollinearity between the explanatory variables of the study. Hence, the findings of the study can be relied upon.

4.3.3 Regression Results on Board characteristics and Dividend Payout Ratio

Table 4.5 shows the regression results of Ordinary Least Square (OLS), Random Effects (RE) and Fixed Effects (FE). The dependent variable used in this model is the Dividend

Payout Ratio. Although the three results are shown, however, analysis and interpretation would only be made on the OLS and FE as the Hausman test suggests FE more efficient.

The summary of the regression result obtained from the model of the study

$$DPR_{it} = \alpha + \beta_1 BS_{it} + \beta_2 BI + \beta_3 CEOD_{it} + \beta_4 MGTEH_{it} + \beta_5 BTM_{it} + \beta_6 SIZE_{it} + \beta_7 RISK_{it} + e_{it}$$

Where:

Denotes a bank, and (t) a year

DPRit is Dividend Payout Ratio

BS is Board Size

BI is Board Independence

CEOD is Chief Executive Officer Duality

MGT. EH. Is Management Equity Ownership

INS is Institutional shareholdings

OWC is Ownership concentration

MT is Management meeting

Bank size: is the natural log of total assets.

Risk: is the standard deviation of earning before tax

ε is an error term assumed to satisfy the standard OLS assumption/ U_t = Gaussian White Noise (Stochastic error term)

β_1- β_7 = partial derivatives or the gradient of the independent variable.

α = Parameters to be estimated (is the average amount the dependent variable increases when the independent increases by one unit, other independents variables held constant).

Table 4.6 Regression Result

	OLS Robust				RANDOM				FIXED			
Ind var.	Coefficient	Std error	t	p>/z/	Coefficient	Std error	t	p>/z/	Coefficient	Std error	T	p>/z/
CONSTANT	-0.331079	0.68595	-0.54	-0.54	0.00937	0.75327	0.01	0.990	1.06788	0.807544	1.32	0.188
BS	0.008434	0.00675	1.25	0.214	0.11607	0.00957	1.21	0.225	0.22092	0.10444	2.12	0.036
BI	-0.614510	0.26927	-2.28	0.024	-0.64219	0.33004	-1.95	0.052	-0.65691	0.362511	-1.81	0.072
CEOD	0.0205804	0.84156	0.24	0.807	0.06203	0.22989	0.27	0.786	0.16694	0.22529	0.74	0.460
MGT.EH	0.383083	0.18271	0.21	0.834	0.00927	0.22901	0.04	0.969	0.890724	0.294579	-0.30	0.763
BTM	-0.174777	0.00829	-2.11	-2.11	-0.01688	0.01079	-1.56	0.118	-0.015008	0.011298	-1.33	0.186
SIZE	0.0884464	0.05202	1.70	1.70	0.05706	0.65137	0.88	0.381	-0.45181	0.713798	-0.63	0.528
RISK	-0.003408	0.01199	-0.28	-0.28	-0.00368	0.00928	-0.04	0.692	-0.00394	0.009197	-0.43	0.669
R Square	0.2776											
Ajd. R Square	0.3761											
F- Value	2.71											
P- Value	0.0051											
R Squared:												
Within												
Between					0.0569				0.1774			
Overall					0.1358				0.0064			
F-Value					0.0755				0.048			
P-Value					0				2.81			
					0.1455				0.1616			

Source: Generated by the Author from the Annual Report Data of the DMB's

The OLS regression robust results displayed in table 4.6 reveal the cummulative R_2 (0.278) which is the multiple coefficient of determination gives the proportion or percentage of the total variation in the dependent variable explained by the explanatory variables jointly. Hence, it signifies that 27.8% of total variation in DPR of listed Nigerian Deposit Money Banks is caused by their Board size, Board independent, CEO duality, Management equity holdings, Board meetings, Size and Risks of the banks. Similarly, the P-Value is 0.0051 and the result of the F- statistics value of 2.71 implies that the model is fit and significant at 5% considering the rule of thumb of 2(Hassan & Abubakar 2012 cited in Samaila 2014). Therefore, the model is fit and the explanatory variables are properly selected, combined and used as substantial value of the Dividend payout ratio is accounted for by the explanatory variables.

The regression results as shown in table 4.6 indicate that board size in both OLS robust and FE has positive relationship and statistically significant at 5% level of significance. This implies that as the BS increase, the DPR increases. This is consistent with the findings of Gill & Obradovich (2012); Mansourinia et al (2013) and Kurawa & Ishaku (2014). The results also indicate that board Independence in both OLS robust and FE has negative relationship though statistically insignificant at 5% level of significance. This means that the more the number of non-executive directors in the board, the less the dividend payout ratio. This finding implies that nonexecutive directors do not consider it necessary to build up bank reputation through dividend policy perhaps they consider the going concern of their bank and so they need lower dividend payout ratio and retained earnings for future expansion since the non-executive directors can challenge the decision of the executive directors.

This is consistent with the findings of Gill & Obradovich (2012); Maniagi et al (2013) and Kurawa & Ishaku (2014) and Batool and Javid (2014) However, the results is contrary to the findings of Subramaniam and Devi (2010) who conclude that dividend payout is weaker for firms with a corresponding lower number of independent directors representing the board.

The CEO duality in both OLS robust and FE has positive relationship with DPR. Meaning that separation of power between the chairman and the CEO will lead to increase in DPR though is not statistically significant at 5% level of significance. This is consistent with the findings of Gill & Obradovich (2012); Mansourinia et al (2013) and Kurawa & Ishaku (2014).

Board meetings have a negative relationship with DPR of the listed Nigeria DMB's in both OLS and FE regressions at 5% level of significance. This implies that frequency of meetings exceeding the required meeting stipulated by CBN CCG implies that there issues which may be peculiar to a particular bank which in turn decreases the DPR. The finding is contrary to our expectation.

In summary, Board size in both OLS robust and FE has positive relationship and statistically significant at 5% level of significance. This implies that as the BS increase, the DPR increases.

The CEO duality in both OLS robust and FE has positive relationship with DPR. Meaning that separation of power between the chairman and the CEO will lead to increase in DPR though is not statistically significant at 5% level of significance.

Power separation is found to be significantly associated with DPR at 5% level of significance in both OLS and FE models, although a positive sign is reported as expected. Board independence which is the proportion of non-executive directors on the board is negatively related and not significant at 5% with the DPR of listed Nigerian DMB's. Furthermore, managerial equity holdings is found to be positively significant at 5% level which means that it is associated with the DPR of listed Nigerian DMB's. The reported sign was not surprising. Board diligence measured by the number of board meetings is found to be negatively related to the DPR of listed Nigerian DMB's at 5% level of significance. In view of the results reported of board characteristics (board size, power separation, managerial equity holding, board independence and board meetings), showing that all the variables excluding board independence and board meetings have positive influence on the DPR of listed Nigerian DMB's. This provides evidence for the rejection of null hypothesis one of the study.

4.3.3 Regression Results on Ownership Concentration and Dividend Payout Ratio

Table 4.6 shows the regression results of Ordinary Least Square (OLS), Random Effects (RE) and Fixed Effects (FE). The dependent variable used in this model is the Dividend Payout Ratio. Although the three results are shown, however, analysis and interpretation would only be made on the OLS and FE as the Hausman test suggests FE more efficient.

The summary of the regression result obtained from the model of the study

$DPRit = \alpha \beta_1 OWCit + \beta_2 SIZEit + \beta_3 RISKit + \varepsilon$ as presented in Table 4.6.

Where:

Denotes a bank, and (t) a year

DPRit is Dividend Payout Ratio

OWC is Ownership concentration

Bank size: is the natural log of total assets.

Risk: is the standard deviation of earning before tax of the last three years

ε is an error term assumed to satisfy the standard OLS assumption/ U_t = Gaussian White Noise (Stochastic error term)

β_1- β_3 = partial derivatives or the gradient of the independent variable.

α = Parameters to be estimated (is the average amount the dependent variable increases when the independent increases by one unit, other independents variables held constant).

Table 4.6 Regression Result

	OLS Robust				Random				Fixed			
Ind var.	Coefficient	Std error	t	p>/z/	Coefficient	Std error	Z	p>/z/	Coefficient	Std error	T	p>/z/
Constant	-0.9967	0.5496	-1.81	0.072	-0.5720	0.6255	-0.81	0.418	0.3264	0.6653	0.49	0.62
Owc	0.1624	0.1252	0.13	0.89	0.0617	0.1352	0.46	0.648	0.2280	0.167	1.37	0.174
SIZE	0.1123	0.0473	2.37	0.019	0.0686	0.5305	1.29	0.196	-0.0091	0.0573	-0.16	0.87
RISK	-0.00168	0.1178	-0.14	0.887	-0.0015	0.0091	-0.16	0.87	-0.008	0.0089	-0.09	0.93
R-Square	0.0313											
Ajd. R2	0.32008											
F- Value	2.54											
P- Value	0.0586											
R Squared:												
Within												
Between					0.097				0.143			
Overall					0.3977				0.084			
F-Value					0.281				0.13			
P-Value									2.69			
									0.592			

Source: Generated by the Author from the Annual Report Data of the DMB's

The OLS regression robust results displayed in table 4.7 reveal the cummulative R_2 (0.0313) which is the multiple coefficient of determination gives the proportion or percentage of the total variation in the dependent variable explained by the explanatory variables jointly. Hence, it signifies that 3.13% of total variation in DPR of listed Nigerian Deposit Money Banks is caused by their concentrated ownership, Size and Risks of the banks. Similarly, the P-Value is 0.0586 and the result of the F- statistics value of 2.54 implies that the model is fit and significant at 5% considering the rule of thumb of 2(Hassan & Abubakar 2012 cited in Samaila 2014). Therefore, the model is fit and the explanatory variables are properly selected, combined and used as substantial value of the Dividend payout ratio is accounted for by the explanatory variables.

The regression results as shown in table 4.6 indicate that ownership concentration in both OLS robust and FE has positive relationship which is not statistically significant at 5% level of significance. This is consistent with the findings of Gill & Obradovich (2012); and Kurawa & Ishaku (2014). The results also indicate that size in both OLS robust and FE has positive relationship and statistically insignificant at 5% level of significance. This is consistent with the findings of Gill & Obradovich (2012); Maniagi et al (2013) and Kurawa & Ishaku (2014). However, the result is contrary to the findings of Harada & Nguyen (2006), Renneborg & Trojanowski (2007), and Ehsan, Tabassum, Akram & Nasir (2013) as they have all found out a significant negative relationship between ownership concentration and dividend payout. Likewise, Arshad, Yasir, Amjad & Usman (2013) study did not purely support the potential association between ownership structure and dividend payout policy and dividend decision. In view of the results reported on ownership

concentration showing a positive influence on the DPR of listed Nigerian DMB's. This provides evidence for the rejection of null hypothesis two of the study.

4.3.3 Regression Results on Institutional Shareholding and Dividend Payout Ratio

Table 4.8 shows the regression results of Ordinary Least Square (OLS), Random Effects (RE) and Fixed Effects (FE). The dependent variable used in this model is the Dividend Payout Ratio. Although the three results are shown, however, analysis and interpretation would only be made on the OLS and FE as the Hausman test suggests FE more efficient.

The summary of the regression result obtained from the model of the study

$$DPRit = \alpha\ \beta_1 INSit + \beta_2 SIZEit + \beta_3 RISKit + \varepsilon$$

Where:

Denotes a bank, and (t) a year

DPRit is Dividend Payout Ratio

OWC is Ownership concentration

Bank size: is the natural log of total assets.

Risk: is the standard deviation of earning before tax

ε is an error term assumed to satisfy the standard OLS assumption/ U_t = Gaussian White Noise (Stochastic error term)

β_1- β_3 = partial derivatives or the gradient of the independent variable.

α = Parameters to be estimated (is the average amount the dependent variable increases when the independent increases by one unit, other independents variables held constant).

Table 4.8 Regression Result

	OLS Robust				RANDOM				FIXED			
Ind.var.	Coefficient	Std error	T	p>/z/	Coefficient	Std error	T	p>/z/	Coefficient	Std error	T	p>/z/
Const nt	-0.998	0.622	-1.60	0.111	-0.998	0.596	-1.67	0.097	0.523	0.660	0.79	0.429
Isr	0.0934	0.174	0.54	0.592	0.0934	0.4524	0.61	0.541	0.4613	0.2005	2.30	0.023
SIZE	0.1108	0.0502	2.21	0.029	0.1108	0.0512	2.16	0.032	-0.0290	0.575	-0.50	0.616
RISK	-0.0015	0.0124	-0.2	0.96	-0.0015	0.0094	-0.16	0.875	0.0008	0.0089	0.09	0.928
R Square	0.0337											
Ajd. R Square	0.3197											
F- Value	2.31											
P- Value	0.0792											
R Squared:												
Within					0.153				0.0389			
Between					0.0513				0.0810			
Overall					0.0229				0.033			
F-Value					1.70				2.97			
P-Value					0.1705				0.1542			

Source: Generated by the Author from the Annual Report Data of the DMB's

The OLS regression robust results displayed in table 4.8 reveal the cumulative R_2 (0.0337) which is the multiple coefficient of determination gives the proportion or percentage of the total variation in the dependent variable explained by the explanatory variables jointly. Hence, it signifies that 3.4% of total variation in DPR of listed Nigerian Deposit Money Banks is caused by their institutional shareholding, Size and Risks of the banks. Similarly, the P-Value is 0.0792 and the result of the F- statistics value of 2.31(robust) and p-value of 0.154, F-test value 2.97 (FE) implies that the model is fit and significant at 5% considering the rule of thumb of 2(Hassan & Abubakar 2012 cited in Samaila 2014). Therefore, the model is fit and the explanatory variables are properly selected, combined and used as substantial value of the Dividend payout ratio is accounted for by the explanatory variables.

The regression results as shown in table 4.6 indicate that institutional share holdings in both OLS robust and FE have positive relationship though not statistically significant at 5% level of significance in OLS robust; this means that the institutional ownership may not completely mitigate the agency conflicts associated with effective dividend payout policy. This is consistent with the findings of Short, Zhang & Keasey (2002) and Moh'd et al. (1995) that identifies a positive association between institutional shareholdings and dividend payout. Demeh & Mohammed (2013) and Thanatawee (2013) who conclude that higher institutional ownership increase both the likelihood and magnitude of dividend payouts. However, this finding is contrary to the findings of Wen & Jia (2010) who found dividends to be negatively related to institutional shareholdings. Mehrani, Moradi & Eskandar (2011) that provide empirical evidence that Institutional ownership was negatively associated with dividend payout. And Obradovich & Gill (2013) who confirmed that decision to pay dividends is a negative function of institutional ownership.

The results also indicate that size in both OLS robust and FE has positive relationship and statistically insignificant at 5% level of significance. This is consistent with the findings of Gill & Obradovich (2012); Maniagi et al (2013) and However, the result is contrary to the findings of Subramaniam and Devi (2010) who conclude that size is negative and significance. In view of the results reported on ownership concentration showing a positive influence on the DPR of listed Nigerian DMB's. This provides evidence for the rejection of null hypothesis two of the study.

4.4 The Pre and Post CBN CCG 2006 on Dividend Policy of listed Nigerian DMB's

This section presents the test results of the paired sample test made to compare the DPR of the listed Nigerian DBM's between the pre CBN CCG and post CBN CCG periods. The Paired-Samples t test procedure compares the means of the variable that represent the DPR of same group of listed DMB's at different times (i.e before and after the CBN code of CG).

The mean values for the two periods are shown in the Paired Samples Statistics in table 4.8.

Table 4.9 Paired Statistics of DPR of Listed Nigerian DMB's

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Predpr	.3517	30	.18657	.03406
	Posdpr	.2679	30	.25110	.04585

Source: Generated by the Author from Annual Report Data of Nigerian DBM's using SPSS 16.0

The Paired Samples t-test compares the means for the two periods, it is important to know what the mean values are. The results from table 4.9 show a mean of 0.3517 for Pre-DPR before CBN CCG 2006. This figure is higher than the mean value of 0.2679 after the CBN CCG which implies that the average DPR of listed Nigerian DMB's has reduced by a decrease of 23.83% in the mean after the introduction of the CBN CCG 2006. Perhaps is as a result of the financial crisis that seriously disturbed the Nigerian Banking Industry during post consolidation period and the 2008/2009 world economic meltdown might be the reason for the declined in the DPR as many banks are operating at loss during the period.

Similarly, table 4.8 shows that both the standard deviation and standard error mean has increased from 0.18657 and 0.03406 (before) to 0.25110 and 0.04585 (after) respectively signifying higher risk of paying dividend after the introduction of the CBN CCG 2006.

Table 4.10 Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	predpr & posdpr	30	.301	.106

Source: Generated by the Author from Annual Report Data of Nigerian DBM's using SPSS 16.0

Table 4.10 shows the value of the correlation coefficient and the significance value for each pair of variables used in the Paired Samples t test procedure. Since the two variables should represent the same group at different times or two related groups, the correlation be fairly high and the significance value low (typically less than 0.05). From the table, the

correlation figure of 0.301 indicates a weak negative relationship between the DPR of the listed Nigerian DMB's before and after the CBN Code of CG 2006. The significance level of 0.106 is greater than 0.05 indicating that the correlation is not significant.

Table 4.11 Paired Samples Test

	Paired Differences					t	Df	Sig. two tail
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 predpr – posdpr	.08388	.26387	.04818	-0.0146	0.1824	1.741	29	0.92

Source: Generated by the Author from Annual Report Data of Nigerian DBM's using SPSS 16.0

From table 4.11 a high level of significance value of 0.92 under the Sig (2-tailed) column for the test (typically greater than 0.05) indicates that there is no significance difference between the Dividend Payout Ratio of the listed Nigerian DMB's before and after the CBN CCG 2006. The confidence interval of 95%, -0.0146 lower limits and 0.1824 upper limits, for the mean difference contains negative. This indicates that the difference in the Dividend Payout Ratio between the two periods is not statistically significant.

Since the mean of the Nigerian listed DMB's after CBN CCG 2006 for DPR has changed**,** the significance value are high (0.106) and the confidence interval for the mean

difference contain zero, then it can be concluded that there is no significant difference between the means of DPR for the two periods. This implies that the post CBN CCG 2006 DPR of Nigerian DMB's is not significantly different from the pre CBN CCG 2006 period. Hence, there is no significant negative decreased in the DPR of the listed Nigerian DMB's after the introduction of the CBN CCG 2006 by the Centeral Bank of Nigeria.

This, therefore, provides the basis for not rejecting the null hypothesis four of the study that CBN Code of CG 2006 does not significantly impact on DPR of listed deposit money banks in Nigeria. Thus Ho4 is accepted.

4.5 Implications of the Findings

The study has several theoretical, practical and regulatory implications. These implications represent the contributions of the study which are expected to benefit the existing body of knowledge within the accounting research. The findings have important policy implications since they suggest the need to encourage applying CG principles by financial institutions, Institutional shareholders and individual block-holders to provide effective monitoring of dividend policy in the Nigerian Banking industry. This suggests that similar efforts in other sectors, especially other financial institutions, would be rewarding in controlling the management of dividend policy, to enhance the distribution of wealth to the existing shareholders.

The study provides evidence to shareholders that board size and separation of power is positively associated with DPR. In line with Jensen (1976), for an effective and unselfish

board to be in place, the positions of the chairman and the CEO should be separated. Investors, therefore, should expect lower DPR in situations where the role of chairman and CEO is manned by one person, even though the CBN code of CG stipulate that the responsibilities of the head of the Board, that is the Chairman, should be clearly separated from that of the head of Management, i.e. MD/CEO, such that no one individual/related party has unfettered powers of decision making by occupying the two positions at the same time.

The result on managerial equity holdings indicating positive and significant relationship with DPR this implies that the higher the proportion of the management equity ownership, the better in terms of the going concern of the bank as the management would do anything legally possible to protect not only their economic interests but also the general economic interests of the entire shareholders (Iskandar, 2011). Investors therefore, should be cautious in investing in banks where the managerial equity holdings is high as that may increase Dividend payout ratio..

Furthermore, the effect of board independence on Dividend payout ratio as showed by empirical evidence This finding implies that nonexecutive directors do not behave as they are supposed to, meaning that they are not independent as their name suggests, which leads them to feel unnecessary to build of bank reputation through dividend policy. The above findings can have implications for banks shareholders as they are expected to note the influence of separation of power, board independence, CEO duality, board meetings,

managerial equity holdings, Ownership concentration, Institutional shareholdings, size and Risk on such DPR.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

This chapter presents the summary of the major findings of the study, the conclusions that are drawn there from and the recommendations that are proffered, with a view to bringing about improvement in CG mechanisms and Dividend Policy of listed Nigerian DMB's. The chapter comprised of three sections. Section one provides the summary; section two presents the conclusions and finally section three proffer recommendations on the conclusions of the study.

This dissertation comprised of five chapters. The first chapter started with a background in which concerns have been expressed about the large scale malpractices and abuse of the system by the banks chief executive officers in Nigeria in the past, especially following the recent incidence on the sacking of 5MD's of the major commercial banks in 2009. The rising number of corporate failures, scandals and abuses such as Enron, WorldCom, Cadbury, and Afribank, has precipitated the growing interest on the governance structure of firms by academics, practitioners, investors, regulatory agencies, policy makers, national and multilateral government bodies and a host of other stakeholders. Apart from corporate scandals, there has also been a demand for CG guidelines among international investors; this has led to the tendency for convergence in the guidelines towards acceptable international norms.

A number of studies have been conducted on Corporate governance and Dividend policy at different times in developed, as well as, developing countries, most of which are well documented in accounting and finance literature. Some of these studies includes that of Farinha, (2002); Gugler & Yurtoglu, (2003); Bebczuk, (2005); Ricado, (2005); Micah, (2006); Osker, Ivan, & Oleskandr, (2007); Sung, Chang, Kang & Park, (2009); Rubin and Smith, 2009; Zhang, (2008); Ahmad & Javid (2010); Jiraporn, Kim, Young & Kim (2010); Subramaniam and Devi, (2010); Wen and Jia, (2010); Asamoah (2011); Abor and Fiador, (2012); Hwang, Kim, Park & Soo (2013); Ajanthan, (2013); Obradovich, John and Gill, (2013); Odia and Ogeidu, (2013); Nasrum, (2013); Wu, (2013); Batool & Javid (2014); and Yulianto (2014) . These empirical studies were conducted in the non-financial sector. However, a number of studies have been conducted in the banking sector by Maniagi, Denco, & Ondieke, (2013); Dameh & Mohammed, (2013) and Kurawa & Ishaku, (2014). A lot has been done on this area but little is done in the Nigeria context for instance the study of Abor and Fiador (2012) revealed that all CG measures shows negative and significant effects on dividend payout. Micheal (2013) revealed an inverse relationship between the needs and desires of shareholders and naira dividend paid, while Odia and Ogiedu (2013) uncovered a positive but non-significant relation between CG mechanisms and dividend payout. The study of Kurawa & Ishaku (2014) revealed that management equity holding has significant effect on dividend payout ratio, board size and CEO duality revealed positive but insignificant effect while board independence is negative and insignificant.

It is obvious that previous studies on CG and Dividend policy have revealed mixed results; the current study attempts to address this imbalance. For example, (i) No previous research exists on the effects of CG on Dividend policy that has covered a period between 2004 and 2013; (ii) None of the previous studies on this area covered all the quoted Nigerian Deposit Money Banks; (iii) None of the previous studies used a combination of seven CG variables i.e (board size, board independent, CEO duality, Management equity holdings, Ownership concentration, Institutional shareholdings and Board meetings) as CG mechanisms; (iv) None of the previous studies determine the pre and post impact of CBN Code of CG on Banks dividend policy.

Considering the methodological innovation introduce in this study, it is hoped that it will help resolve some of the mixed results in the literature. Again, it will bridge the gap left by previous studies on the effects of CG on dividend policy of DMB's.

In line with the problem statement, four research hypotheses were formulated in null form with a view to testing them at the end of the study. Finally, the first chapter also explained the scope of the study which covered only the listed Nigerian DMB's on the Nigerian Stock Exchange. The study also covered a period of ten years from 2004-2013.

Chapter two reviewed related literature on concepts, findings and theories related to the subject matter of the study. The review revealed that CG is all about the manner in which corporations are directed, controlled and manage in the best interest of owners that is with a view to increasing shareholders value and meeting expectation of other stakeholders. Thus, enabling CG be estimated as a function of board characteristics, namely board size, board independent, CEO duality, managerial equity ownership, board meetings, Ownership concentration and Institutional shareholdings.

The studies reviewed revealed that result of the impact of CG on Dividend Policy have remained mixed, both positive and negative. However, what is clear from the results of the studies is that the impact of board characteristics, ownership concentration, institutional shareholdings and control variables on the Dividend policy is not absolute but relative and therefore inconclusive. Hence, it depends on the country, industry type, as well as, the size of the organization. The separation of ownership from control results in agency costs, this requires application of appropriate governance mechanism in order to make the boards of directors appreciate that they owe a fiduciary duty to manage a company effectively and efficiently in the overall best interests of the shareholders, particularly and the shareholders, as a whole.

In examining the impact of CG on DPR of listed Nigerian DMB's, seven theories are found relevant. These are Dividend irrelevancy theory, Dividend relevancy theory, Catering Theory, Transaction cost theory, Signaling hypothesis, Clientele Effect Theory, and the Agency theory. It is believed that the theory which best explain this study is, the agency theory.

Chapter three research methodology explained the relevant research tools that were adopted for the study. It shows that ex-post facto research design was used in view of the nature and purpose of the study. Similarly, the chapter explained that the population of the study comprised all the fifteen DMB's that are publicly listed on the floor of the Nigerian Stock Exchange as at 31st December 2013. And all the fifteen DMB's were used as the sample for this study. Data was collected from the annual report and accounts of the sampled for a period of 10 years, from 2004-2013.

The study used balanced panel data from secondary sources only, because the core the data needed for the analysis can be adequately and conveniently extracted from the audited financial reports of the listed Nigerian DMB's within the period of the study. Multiple regressions were adopted to examine the model of the study. In addition, the data generated were analysed using descriptive statistics and correlation using Stata (version 12.0) and t-test using SPSS (version 16.0).

The chapter on results and discussions, presented, analyzed and interpreted the data generated for the study. The result of which was used to test the hypotheses of the study. The result of the analyses (Multiple regression, t-test, Pearson correlation coefficient and descriptive statistics) led to the rejection of three and not rejecting of one null hypothesis. Also, the results of robustness tests (multicollinearity, heteroskedasticity, Hausman specification and Normal probability plot) were conducted in order to assess the validity of all statistical techniques used for the study.

5.2 Conclusion

This study examines the effect of corporate governance on Dividend policy of listed Nigerian Deposit Money Banks. Therefore, from the findings of the study, the following conclusions where made;

i. There is positive and significant relationship between Board size and Dividend payout ratio of the listed Nigerian Deposit Money Banks.

ii. Power separation has positive impact on DPR of listed Nigerian DBM's. And power is also adequately separated in the Nigerian Banking industry as there were only two cases

of concentration of power of board chairperson and CEO in the hands of one person in the period under review.

iii. There is a negative relationship between board independence and DPR of listed Nigeria DMB's. This finding implies that nonexecutive directors do not consider it necessary to build up bank reputation through dividend policy perhaps they consider the going concern of their bank and so they need lower dividend payout ratio and retained earnings for future expansion since the non-executive directors can challenge the decision of the executive directors.

iv. Managerial Equity Holding is positively related to Dividend Payout Ratio and the relationship is statistically significant. This implies that the higher the proportion of the management equity ownership, the better in terms of the going concern of the bank as the management would do anything legally possible to protect not only their economic interests but also the general economic interests of the entire shareholders.

v. Board diligence measured by the number of board meetings was found to have negative impact on the Dividend payout ratio of listed Nigerian DMB's

vi. There is positive relationship between Ownership concentration and Dividend payout ratio of listed Nigerian DMB's

vii. There is positive relationship between Institutional shareholding and Dividend payout ratio of listed Nigerian DMB's

viii. The CBN Code of CG 2006 does not significantly impact on Dividend payout ratio of listed deposit money banks in Nigeria.

5.3. Recommendations

The following are the recommendations that are made based on the conclusions of the study;

i. In order to improve board efficiency and reduce agency problems, two-tier leadership structure by separating the power of CEOs and the chairmen of boards be maintained by the Nigerian Deposit Money Banks as this may increase the dividend payout ratio of the listed Nigerian Deposit Money Banks.

ii. The appointment of independent directors on the board should be based on the their reputation, accounting knowledge, standing in the society etc rather than emphasizing on the proportion to total number of directors on the board. In order to have proper monitoring by independent directors, CBN should also require additional disclosure of financial or personal ties between directors (or the organizations they work for) and the company or its CEO. By so doing, they will be more completely independent.

iii. The CBN should make it mandatory for banks to give a detailed disclosure and explanations under CG especially where there is case of concentration of power of board chairperson and CEO in the hands of one person as this will negatively affects dividend payout ratio.

iv. Directors on the board of Money Deposit Banks' in Nigeria should be encouraged to have more shares in the bank they manage. This will make the board more efficient, and discourage managerial self-interest as this will make the management to protect not only their interest but the interest of all stakeholders.

5.4. Frontier for Further Research

This research examines the effect of CG on Dividend Policy of listed Nigeria DMB's and has paved the way for further research in the area. The relationship between CG and Dividend Policy in other sectors of the economy such as other financial sectors and manufacturing requires research effort, especially as they are not covered in this work. In addition, similar research can be conducted to examine other CG variables like executive compensation and CEO tenure.

More so, there is also the need to conduct another research using a different source of data, employing similarly or different CG and Dividend policy proxies.

REFERENCES

Abayomi, S. A., & Oyedijo, A. (2012). Strategic Importance of Credit Risk Management to Shareholders' Wealth-Sustenance in Nigerian Banks: An Empirical Analysis. *Journal of Economica, Vol. 8*(No. 1), Pp. 131-148.

Abbadi, M. S., & Abu Karsh, M. S. (2013). Methods of Evaluating Credit Risk used by Commercial Banks in Palestine. *International Research Journal of Finance and Economics*(111), Pp. 146-158.

Abdelrahim, E. K. (2013). Effectiveness of Credit Risk Management of Saudi Banks in the Light of Global Financial Crisis: A Qualitative Study. *Asian Transactions on Basic and Applied Sciences, Vol. 2*(No. 3), Pp. 73-91.

Abdelsalam O. El-Masry, A. Elsegini, A. (2008). Board Compoition, Ownership Structure and Dividend Policies in An Emerging market, further evidence from CASE 50. *Managerial finance volume 34*, 12-16.

Abdullahi, S. R. (2014). An Assessment of Compliance with the Central Bank of Nigeria Code of Corporate Governance 2006 by Listed Banks in Nigeria. *An unpublished Phd Thesis Submitted to the School of Postgraduate Studies, Bayero University Kano*, 12, 151- 168.

Abiola, I., & Olausi, S. A. (2014). The Impact of Credit Risk Management on The Commercial Banks Peformance in Nigeria. *International Journal of Management and Sustainability, Vol. 3*(No. 5), Pp. 295-306.

Abor, J., & Fiador, V. (2012). Does Corporate Governance explain Dividend Policy in Sub-Saharan Africa? *Journal of finance and Accounting 1754-243x.htm*, 10-13.

Abusharba, T. M., Triyuwono, I., Ismail, M., & Rahman, F. A. (2013). Determinants of Capital Adequacy Ratio (CAR) in Indonesian Islamic Commercial Banks. *Global Review of Accounting and Finance, Vol. 4*(No. 1), Pp. 159 – 170.

Achchuthan, S., & Kajananthan, R. (2013). Corporate Governance practices and Working Capital Management Corporate Governance practices and Working Capital Management SriLanka. *Information and Knowledge Management, Vol.3*(No.2), Pp. 216-226.

Adeyimi, l. S., & Adewale, A. A. (2012). Evaluation of the Dividend Practice Among Selected Nigerian Quoted Firms. 18-21.

Adjaoud, F., & Ben-Amar, W. (2010). Corporate Governance and Dividend Policy: Shareholders Protection or Expropriation? *Journal of business finance and Accounting, Vol. 37*, 648-667.

Afriyie, H. O., & Akottey, J. O. (2012). Credit Risk Management and Profitability of Selected Rural Banks in Ghana.

Afza, T., & Mirza, H. H. (2010). Ownership Structure and Cash Flows As Determinants of Corporate Dividend Policy In Pakistan. *International Business Research Journal Vol. 3, (3)*, 2010-2021.

Ahmad, H., & Javid, A. (2010). The Ownership Structure and Dividend payout Policy in parkistan: Evidence from Karachi.

Ahmed, H., & Carlos, J. (2008). The Financial Factors influencing Cash Dividend Policy: A sample of U.S. Manufacturing companies . *Inter Metro Business Journal Fall Vol. 4 No.2*, 23.

Ahmed, H., & Javed, A. Y. (2009). The Determinants of Dividend Policy in Pakistani. *International Research Journal of Finance and Economics, 1450-2887.*

Ahmed, I. (n.a). Impact of Working Capital Management on Performance of Listed Non Financial Companies of Pakistan: Application of OLS and LOGIT Models. *Proceedings of 2nd International Conference on Business Management.*

Ajanthan, A. (2013). Corporate Governance and Dividend Policy: A study of listed Hotels and Restaurant Companis in Srilanka.

Akinleye, G. T., Afolabi, A. A., & Olowoniyi, A. O. (2012). Working Capital Management and Profitability of Listed Companies in Nigeria. *European Journal of Social Sciences, Vol. 34* (No. 4), Pp. 595-602.

Akinsuleri, O. (2011). *Financial Management.* Lagos: El-Toda ventures ltd seven edition.

Alam, P., & Nazamuddin, M. (2012). Performance Measures of Shareholders Wealth: An Application of Economic Value Added. *International Journal of Applied Financial Management Perspective, Vol. 1*(No. 2), Pp. 160-166.

Al-Faki, M. (2006). Transparency and coporate Governance for Capital Market development in Africa: The Nigeria case Study. *Securities Market Journal, 2006 Edition*, 9-28.

Ali, Q. S. (2012). Capital Management and Firms Performance: Evidence from Pakistan. *International Journal of Governance, Vol. 2*(No. 3).

Alias, N., Abdulrahim, R., Nor, F. M., & Yacoob, H. (2012). Board Structure, Capital Structure and Dividend Per Share: Do the Intract?

Alkuwari, D. (2009). Determinants of the Dividend policy in Emerging Stock Exchange. *Global Economy & Finance Journal, Vol. 2,* , 38-63.

Al-Malkawi, H. N. (2005). Dividend Policy of Publicly Quoted Companies in Emerging Market: The Case of Jordan, Doctral Thesis,School of Economics and Finance (University of Western Sydney).

Al-Tamimi, M. K., & Obeidat, F. S. (2013). Determinants of Capital Adequacy in Commercial Banks of Jordan an Empirical Study. *International Journal of Academic Research in Economics and Management Sciences, Vol. 2*(No. 4), Pp. 44-58.

Altman, E., Resti, A., & Sironi, A. (2003). Default Recovery Rates in Credit Risk Modeling: A Review of the Literature and Empirical Evidence.

Alton, R. G., & Hazen, J. H. (2001). As Economy Founders, Do We See a Rise in Problem Loans? *Federal Reserve Bank Journal, Vol. 142*, Pp. 9.

Aremu, S. O., Suberu, J. O., & Oke, A. J. (2010). Effective Credit Processing and Administration as a Panacea for Non-performing Assets in the Nigerian Banking System. *J Economics*, Pp. 53-56.

Arshad, Z., Yasir, A., Amjad, M., & Usman, M. (2013). Ownership Structure and Dividend Policy. *Interdisplinary Journal o Contemporary Research in Business Cop Vol. 5, No. 3 www.ijcrb.webs.com*.

Ashour, O. M. (2011). Banks Loan Loss Provisions Role in Earnings and Capital Management: Evidence from Palestine. *A Thesis Submitted to Islamic University – Gaza Accounting Department in Partial Fulfillment of the Requirements for the Degree of Master in Accounting & Finance*.

Asika, N. (1991). *Research Methodology in Behavioural Science.* Nigeria: Longman.

Asmoah, G. N. (2010). The Impact of Dividend Announcement on share Price Behaviour in Ghana. *Journal of Business and Economis Research, 8 (4)*, 47-60.

Attari, A. M., & Raza, K. (2012). The Optimal Relationship of Cash Conversion Cycle with Firm Size and Profitability. *International Journal of Academic Research in Business and Social Sciences, Vol. 2*(No. 4), Pp. 189-203.

Awad, I. M., & Al-Ewesat, A.-R. (2012). Toward Efficient Management of Working Capital: The case of the Palestinian Exchange. *Journal of Applied Finance & Banking, Vol.2*(No.1).

Awotunde, D. A., Kehinde, J. S., & Somoye, R. (2011). Corporate Governance and Stakeholders Interest: A Case of Nigerian Banks. *International Journal of Business and Management*.

Azam, M., & Haider, I. S. (2011). Impact of Working Capital Management on Firms' Performance: Evidence from Non-Financial Institutions of KSE-30 index. *Interdisciplinary Journal of Contemporary Research in Business, Vol 3,* (No 5).

Azeem, A., & Amara. (2014). The Impact of Profitability on Quantum of Non-Performing Loans. *International Journal of Research & Development in Technology and Management Science, Vol. 21*(No. 1).

Bagchi, B., & Khamrui, B. (2012). Relationship between Working Capital Management and Profitability: A Study of Selected FMCG Companies in India. *Business and Economics Journal, Vol. 2012: BEJ-60*.

Baker, M., & Wurgler, J. (2004). Catering Theory of Dividends. *Journal of Finance vol. 2 Lix No. 3*.

Batool, Z., & Javid, A. Y. (2014). Dividend Policy and Role of Corporate Governance in Manufacturing Sector of Pakistan.

Batool, Z., & Javid, A. Y. (2014). Internal and External mechanisms of Corporate Governance and Dividend.

Baums, T., & Scott, K. E. (2005). Taking Sharelder Protection Seriously: Crporate Governance in the United State and Germany. *European Corporate Governance Institute (ECGI), Law Working Paper No. 17*.

Bebczuk, R. (2005). Corporate Governance and Ownership: Measurement and Impact on Corporate Performance and Dividend Policies in Argentina. *Center for Financial Stability, Working paper*.

Berger, A. N., & Bouwman, C. H. (2013). How doescapitalaffectbankperformanceduringfinancial crises? *Journal of Financial Economics*(No. 109), Pp. 146-176.

Berger, N. A., & De Young, R. (1997). Problem Loans and Cost Efficiency in Commercial Banks. *Journal of Banking and Finance, Vol. 21*.

Berle, A., & Means, G. (1932). *The Mordern Corporation and Private Property.* New Tork: World Inc.

Bhole, L. M. (2005). *Financial Institutions and Markets.* New Delhi: Tata MC Graw-Hill.

Bhutto, A. N., Abbas, G., Rehman, M., & Shah, M. S. (2011). Relationship of Cash Conversion Cycle with Firm Size, Working Capital Approaches and Firm's Profitability: A Case of Pakistani Industries. *Pak. j. eng. technol. sci., Vol. 1*(No. 2), Pp. 45-64.

Black, F. (1976). The Dividend Puzzle. *Journal of Port folio Management 2:*, 5-8.

Boahene, S. H., Dasah, J., & Agyei, K. S. (2012). Credit Risk and Profitability of Selected Banks in Ghana. *Research Journal of Finance abd Accounting, Vol. 3*(No. 7), Pp. 6-14.

Bordeleau, É., & Graham, C. (2010). The Impact of Liquidity on Bank Profitability. *Working Paper, Bank of Canada*.

Brealy, R. A., & Myers, S. C. (2006). *Financing Risk Management.* New York: Tata MC Graw-Hill.

Brigham, E. F., & Houston, J. F. (2009). *Funemental of Financial Management.* Canada: Nelson Education ltd.

Brown, K., & Moles, P. (2011). *Credit Risk Management.* Great Britain.

Caprio, G., & Klingebiel, D. (1999). Episodes of Systematic and Borderline Financial Crises.

Castro, V. (2012). Macroeconomic determinants of the crediit risk in the banking system: The case of the GIPSI. *Working Paper Series, University of Coimbra and NIPE, Portugal*.

Chaklader, B., & Shrivastava, N. (2013). Relationship of Working Capital Management with Firm's Profitability during the Period of Global Slowdown: An Empirical Study of Manufacturing Firms in India. *Research Journal of Economics & Business Studies, Vol. 2*(No. 3), Pp. 41-50.

Charitou, S. M., Elfani, M., & Lois, P. (2010). The Effect Of Working Capital Management On Firm's Profitability: Empirical Evidence From An Emerging Market. *Journal of Business & Economics Research, Vol. 8*(No. 12), Pp. 63-68.

Charles, O., & Kenneth, O. U. (2013). Impact of Credit Risk Management and Capital Adequacy on the Financial Performance of Commercial Banks in Nigeria. *Journal of Emerging Issues in Economics, Finance and Banking (JEIEFB), Vol. 2*(No. 3).

Chen, K.-C., & Pan, C.-Y. (2012). An Empirical Study of Credit Risk Efficiency of Banking Industry in Taiwan. *Web Journal of Chinese Management Review, Vol. 15*(No. 1).

Chikashi, T. (2010). A Test of the Catering Theory of Dividends: A Case of the Japanes Electric Appliences Industry. *Journal of Management Research ISSN 1941-899X Vol 2 No. E6*.

Chishty, A. K. (2011). The Impact of Capital Adequacy Requirements on Profitability of Private Banks in India (A Case Study of J & K, ICIC, HDFC and Yes Bank). *International Journal of Research in Commerce and Management, Vol. 2*(No. 7), Pp. 122-130.

Chisti, A. K. (2012). The impact of Asset Quality on Profitability of Private Banks in India:A Case Study of JK, ICICI, HDFC & YES Banks. *Journal of African Macroeconomic Review, Vol. 2*(No. 1), Pp. 126-146.

Code of Corporate Governance for Banks in Nigeria Post Consolidation issued by by CBN (Effective Date: April3, 2006) . (n.d.).

Dameh, A. D., & Mohammed, M. A. (2013). The Effect of Corporate Governance on Bank's Dividend Policy: Evidence from Jordan. *Austrlian Journal of Business and Management Reasearch Vol.3 No. 01 ISSN: 1839-0846*, 30-39.

Darun, R. M. (2011). The Determinants of Working Capital Management Practices: A Malaysian Perspective. *A thesis submitted in partial fulfilment of the requirements for the Degree of Doctor of Philosophy at Lincoln University*.

Das, A., & Ghosh, S. (2007). Determinants of Credit Risk in Indian State-Owned An Empirical Investigation. *Economic Issues, Vol. 12*.

David, C., & Dionne, C. (2005). Bank's Loan Portfolio Diversification. *Unpublished Masters Thesis in Industrial and Financial Economy, School of Economics and Commercial Law, University of Gothenburg*.

Dehaene, A. & Ooghe, H. (1998). Board Composition, Corporate Performance and Dividend Policy. *Jounal of Finance and Accounting Vol.3 No.6*.

Desk, C. R. (2009). A Concise look at the Milestones, Challenges Success and Outlook of the Nigerian Banking System.

Dharmastutil, C., & Wahyudi, S. (2013). The Effectivity o Internal nd External Corporate Governance Mechanisms towards Corporate Performance. *Research Journal of Finance and Accounting ISSN 22222-1697 Vol. 4, No. 4*.

Diamond, W. D., & Dybvig, H. P. (1986). Banking Theory, Deposit Insurance and Bank Regulation. *The Journal of Business, Vol. 59*(No. 1), Pp. 55-68.

Dockery, E., Herbert, W. E., & Taylor, K. (2000). Corporate Governance, Managerial Strategies and Shareholders Wealth Maximization: A Study of Large European Companies. *Journal of Managerial Finance vol. 26 (9)*, 2-35.

Dou, Y., Ryan, G. S., & Zou, Y. (2013). The Effects of Credit Competition on Banks' Loan Loss Provision Timeliness.

Drukan, M. B., Ozkan, S., & Dalkilic, A. F. (2005). Effectiveness of the Turkish Corporate Governance System:: CEO Changes and Performance Measures. *International Journal of Management, IT and Enginering* .

Duke, J., Kankpang, K., & Okonkwo, G. (2012). Corporate Governance as a driver of Organizational Efficiency in Courier Service Firms: Empirical Findings from Nigeria. *Interdisciplinary Journal of Research in Business ISSN: 2046-7141 Vol. 1, Issue 11.*, 26-38.

Ehsan, S., Tabassum, N., Akram, Z., & Nasir, R. (2013). Role of Insider and Individual Ownership Structure in Dividend Payout Policy: Evidence from Pakistan.

Elisabete, F. (2005). Sinaling with Dividend: New Evidence from Europe An Unpublished PHD Thesis in Business Administration ISCA-UA.

Eng, L. L., & Nabar, S. (2007). Loan Loss Provisions by Banks in Hong Kong, Malaysia and Singapore. *Journal of International Financial Management and Accounting, Vol. 18*(No. 1), Pp. 18-38.

Enyi, P. E. (2007). Applying Relative Solvency to Working Capital Management: The Break-Even Approach.

Erina, J., & Lace, N. (2013). Commercial Banks Profitability Indicators: Empirical Evidence from Latvia. *IBIMA Business Review, Vol. 2013*.

Esterbrook, F. H. (1984). Two-Agency Cost Explanation of Dividends. *The American Economic Review Vol.74, No. 4*, 650-659.

Evbayowieru, A. D. (2011). Dividend is Relavant: A Restatement. *An International Multidisplinary Journal, Ethopia Vol. 5 (4), Serial No. 21*.

Faccio, M., Larry, H. P., Lang, D., & Leslie, Y. (2001). Debt and Corporate Governance: A Working paper.

Farinha, J. (2002). Dividend Policy, Corporate Governance and the Managerial Entrinchment Hypothesis: An Emirical Analysis.

Farinha, J. (n.d.). Dividend Policy, Corporate Governance and the Managerial Entrenchment Hypothesis: An Empirical analysis.

Frederick, K. N. (2014). Factors Affecting Performance of Commercial Banks in Uganda A Case for Domestic Commercial Banks. *Proceedings of 25th International Business Research Conference 13 - 14 January, 2014.* Cape Town, South Africa.

Fun Ho, C. S., & Yusoff, N. I. (2009). A Perliminary Study on Credit Risk Management Startegies of Selected Financiial Institutions in Malaysia. *Jurnal Pengurusan*(No. 28), Pp 45-65.

Ghosh, C., & Sirmans, C. F. (2006). Do Managerial Motives Impact Dividend Decisions in REITs? *The Journal of Real Estate Finance and Economics*.

Gill, A. (2011). Factors That Influence Working Capital Requirement in Canada. *Economics and Finance Review, Vol. 1*(No. 3), Pp. 30-40.

Gill, A., Biger, N., & Mathur, N. (2010). The Relationship Between Working Capital Management And Profitability: Evidence From The United States. *Business and Economics Journal,, Vol. 2010: BEJ-10.*

Gill, A., Biger, N., & Tirbrewale, R. (2010). Determinants of Dividen Payout Ratio: Evidence from United States. *the Open Business Journal Vol. 3*, 8-14.

Gizaw, M., Kebede, M., & Selvaraj, S. (2015). The Impact of Credit Risk on Profitability Performance of Commercial Banks in Ethiopia. *African Journal of Business Management, Vol. 9*(No. 2), Pp. 59-66.

Godlewski, C. J. (2007). An Empirical Investigation of Bank Risk-Taking in Emerging Market Within a Prospect Theory Framework. *Banks and Bank Systems, Vol. 2*(No. 2), Pp. 35-43.

Gompers, P., Jan, L., & Metrick, A. (2013). Corporate governance and Equity Price. *Quarterly Journal of Economics Vol 118*, 107-155.

Gong, J. J. (2010). Examining Shareholder Value Creation Over CEO Tenure: A New Approach to Testing Effectiveness of Eecutive Compensation.

Grossman, G., & Hart, H. (1980). Takeover Bids, the Free Rider Problem, and the Theory of the Corporation. *The Bell Journal of Economics*, 42-64.

Gugler, K., & Yourtoglu, B. B. (2003). Corporate Governance and Dividend Pay-out policy in Germany. *Journal of European Economic Review Vol. 47*, 731- 758.

Harada, K., & Pascal, N. (2006). Ownership Concentration, Agency Conflict and Dividend Policy in Japan.

Hassan, K., & Bashir, M. (2003). Determinants of Islamic Banking Profitability. *International Seminar on Islamic Wealth Creation, University of Durham, U.K, 7-9 July, 2003*.

Haye, E. (2013). Dividend Policy and Agency Effects: A Look at Financial Firms. *International Journal of Economics and Finance Vol. 6, No. 2*.

Hlawatsch, S., & Ostrowski, S. (2010). Economic Loan Loss Provision and Expected Loss. *Business Research Journal, Vol. 3*(No. 2), Pp. 133--149.

Holder, M. F., Langrehr, L., & Hexter, J. (1998). Dividend Policy Determinants: An Investigation of the Influences of Stakeholder Theory. *Journal of Financial Management*, 73-82.

Hosna, A., Manzura, B., & Juanjuan, S. (2009). Credit Risk Management and Profitability in Commercial Banks in Sweden. *Thesis Submitted to the School of Business, Economics and Law University of Gothenburg, fot the Award of Msc. Accounting*.

Hussainey, M., Mgbame, A., & Aruoriwo, A. (2010). Dividend Policy and Share price Voatility: UK Evidence. *Journal of Risk Finance*.

Hwang, L., Kim, H., Park, K., & Soopark, R. (2013). Corporate Governance and Payout Policy: Evidence from Korean Business Groups. *Journal of Accounting and Finance KAIST-Business -School*.

Iloska, N. (2014). Analysis of Bank Profitability in Mecedonia. *Journal of Applied Economics and Business, Vol. 2*(No. 1), Pp. 31-50.

Iskandar, T. M., Rahmat, M. M., Noor, N. m., Saleh, N. M., & Ali, M. J. (2011). Corporate Governance and Going Concern Problems: Evidence from Malesia. *International Journal of Corporate Governance Vol. 2, No. 2,*, 119-139.

Jensen, M., & Meckling, W. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics Vol.3. no. 4*, 305-360.

Jiraporn, P., Kim, Y. S., & Kim, J. C. (2010). dividend Policy and Corporate Governance Quality: Evidence from ISS. *Journal of Factoring in The Finacial Review*.

Johnson, H. J. (1994). Propect Theory in The Commercial Banking Industry. *Journal Of Financial And Strategic Decisions, Vol. 7*(No.1), Pp. 73-89.

Johnson, R. W. (1971). *Financial Management.* Boston: Ally and Balon Inc.

Kaaya, I., & Pastory, D. (2013). Credit Risk and Commercial Banks Performance in Tanzania: A Panel Data Analysis. *Research Journal of Finance and Accounting, Vol.4*(No.16), Pp. 55-62.

Kaddumi, A. T., & Ramadan, Z. I. (2012). Profitability and Working Capital Management: The Jordanian Case. *International Journal of Economics and Finance, Vol. 4*(No. 4), Pp. 217-226.

Kamau, S. M., & Basweti, K. A. (2013). The Relationship Between Corporate Governance And Working Capital Management Efficiency Of Firms Listed At The Nairobi Securities Exchange. *Research Journal of Finance and Accounting, Vol. 4*(No. 19), Pp 190-199.

Kanchu, T., & Kumar, M. (2013). Risk management in Banking Sector- An Empirical Study. *International Journal of Marketing, Financial Services & Management Research, Vol. 2*(No. 2), Pp. 145-153.

Kania, S. L., & Bacon, F. W. (2005). What Factors Motivate the Corporate Dividend Decision? *American Society of Business and Behavioural Sciences e-journal*, 97-107.

Kargi, H. S. (2011). Credit Risk and the Performance of Nigerian Banks. *Department of Accounting, Faculty of Administration Ahmadu Bello University, Zaria*.

Kennerley, M., & Neely, A. (2002). A Framework of the Factors Affecting the Evolution of Performance Measurement Systems. *International Journal of Operations & Production Management, Vol. 22* (No. 11), Pp. 1222-1245.

Kithinji, A. M. (n.d.). Crredit Risk Management and Profitability of Commercial Banks in Kenya. *School of Business, University of Nairobi*.

Kolapo, F. T., Ayeni, K. R., & Oke, O. M. (2012). Credit Risk and Commercial Banks Performance in Nigeria: A Panel Model Approach. *Australian Journal of Business and Management, Vol. 2*(No. 2), Pp. 31-38.

Kouki, M., & Guizani, M. (2009). Corporate Governance and Dividend Policy in Poland. *Journal of Economics, World Economy Reseach Institutes warsaw, Poland*, 02-554.

Kurawa, J. M., & Garba, S. (2014). An Evaluation of the Effect of Credit Risk Management (CRM) on the Profitability of Nigerian Banks. *Journal of Modern Accounting and Auditing, Vol. 10*(No. 1), Pp. 104-115.

Kurawa, M. J., & Ishaku, A. (2014). The Effects of Corporate Governance on Dividen Policy of Listed Banks In Nigeria: A Panel Data Analysis. *ResearchJournali's Journal of Finance Vol.2 No.8*, 6-9.

Kutsienyo, L. (2011). The Determination of Profitability of Banks in Ghana. *A Thesis submitted to the Institute of Distance Learning, Kwame Nkrumah University of Science and Technology in partial fulfilment of the requirements for the degree of Common Wealth Executive Master of Business Administration (CEMBA)*.

La Porta, R., Lopez-de-silanes, F., & Sheleifer, a. (1998). Crporate Ownership around the The World. *Paper at Herverd University*.

La Porta, R., Lopez-de-silanes, F., & Shleifer, A. (2000). Investor Protection and Corporate governance. *Journal of Financial Economics vol.58*, 3-27.

Langroudi, N. M., Biabani, S., & Somesaraei, K. M. (2013). Evaluation the impact of working capital management on firms performance. *International Research Journal of Applied and Basic Sciences, Vol. 6*(No. 12), Pp. 1817-1828.

Lapteva, N. M. (2009). Credit Risk Management in Banks. *Vestnik Samara State University of Economics*.

Larker, C. (2005). How Important is Corporate Governance. *The Wharton School Paulo, School of economics, Business administration and Accounting Vol.58*, 3-27.

Lee, C., Chi-Wen, J., & Xiao, X. (2002). Cash Dividends and Large Shareholders exppropriation in China. *Working paper*.

Li, Y. (2012). Determinants of Banks Profitability and its Implication on Risk Management Practices: Panel Evidence from the UK in the Period 1999-2006. *A Dissertation presented in part consideration for the degree of MA in Risk Management*.

Likitracharoen, D. (2011). CEO Reputation and Dividend Payouts. *2nd International Conference on Economics.* Singapore: Business and Management IPEdR Vol. 22 IACSIT Press.

Linter, J. (1956). Distribution of Incomes of Corporations among Dividends, Retained Earnings and Taxes. *American Economic Review Vol. 46*, 97-113.

Liu, W. (2002). DoDividends Substitute for the externa Corporate Governance? A Cross-Country Dynamic View.

Luy, D. D. (2010). Evaluation of Credit Risk Management Policies and Practices in a Vietnamese Joint-Stock Commercial Bank s Transaction Office.

Madishetti, S., & Rwechungura, A. K. (2013). The Impact of Credit Risk on the Performance of Tanzanian Commercial Banks. *International Journal of Research in Commerce, Economics and Management, Vol. 3*(No. 9), Pp. 42-48.

Mancinelli, L., & Ozkan, A. (2006). Ownership Structure and Dividend Policy: Evidence from Italian Firms. *European Journal of Finance Vol. 12*.

Maniagi, G. M., Denco, M., & Ondiek, B. A. (2013). Corporate Governance, Dividend Policy And Performance: Special Reference to Banks Listed in Nairobi Security Exchange Kenya. *International journal of Innovative Research and Development, 2*(10), 8-18.

Manoori, E., & Muhammad, J. D. (2012). Determinants of Working Capital Management:Case of Singapore Firms. *Research Journal of Finance and Accounting, Vol 3*(No.11), Pp. 15-23.

Mansourinia, S., Emamgholpour, M., Rekabdarkolaei, E. A., & Hozoori, M. (2013). The Effect of Board size, Board Independence and Ceo Duality on Dividend Policy of Companies: Evidence from Tehran Stock Exchange. *International Journal of Economy , Management and Social Science*, 237-241.

Marris, R. (1964). *The Economic Theory of Managerial Capitalism.* London: Macmillan.

Mbizi, R. (2012). An Analysis of the Impact of Minimum Capital Requirements on Commercial Bank Performance in Zimbabwe. *International Journal of Independent Research and Studies - IJIRS, Vol. 1*(No. 4), Pp. 124-134.

Mehrani, S., Moradi, M., & Eskandar, H. (2011). Ownership Structure and Dividend Policy: Evidence from Iran. *African Journal of Business Management Vol.5(17)* , 7516-7525.

Micah, S. (2006). Dividend Policy, Dividend Initiations and governance. *aessweb journal*, 20-42.

Micheal, N. B. (2011). Dividend Payouts and Shareholderss Satisfaction in Quoted Firms in Nigeria. *European Journal of Sciences Vol. 22 (4)*, 541-549.

Micheal, N. B. (2013). Agency conflict and Corporate Dividend Policy Decisions in Nigeria. *Journal of Asian Economic and financial Review*, 1110-1121.

Mills, E. F., & Amowine, N. (2013). The Rural Bank Profitability Nexus: Evidence form Ghana. *International Journal of Application or Innovation in Engineering and Manageent, Vol. 2*(No. 4), Pp. 506-513.

Mitchell, K. (1984). Capital Adequacy at Commercial Banks. *Journal of Economic Review*, Pp. 17-30.

Miton, T. (2005). Corporate Governance and Dividend Policy in Emerging Markets. *Unpblished Working Paper, Marriott School Brigham Young University*.

Modigliani, F., & Miller, M. (1961). Dividend Policy, Growth and the valuation of Shares. *Journal of Business Vol. 34*, 411-433.

Moghaddam, G. G., & Moballeghi, M. (2011). Linking TQM and Financial Performance. *3rd International Conference on Information and Financial Engineering*, *Vol. 12*, pp. Pp. 417-422.

Mohammad, F. (2012). Impact of Corporate Governance on Banks performance in Nigeria . *Journal of Emerging Trends in economics and Mangement science (JETEMS) Vol. 3 (3)*, 257-260.

Mohammed, M., Perry, L., & Rimbey, J. (1995). An Investigation of the Dynamic Relationship between Agency Theory and Dividend Policy. *Journal of Financial Review Vol. 30*, 367-385.

Mohana Rao, R. K., & Lakew, B. T. (2012). Determinants of Profitability of Commercial Banks in A Developing Country: Evidence from Ethiopia. *International Journal of Accounting and Financial Management Research (IJAFMR), Vol. 2*(No. 1), Pp. 1-20.

Moti, H. O., Masinde, S. J., Mugenda, G. N., & Sindani, N. M. (2006). Effectiveness of Credit Management System on Loan Performance: Empirical Evidence from Micro Finance Sector in Kenya. *International Journal of Business, Humanities and Technology, Vol. 2* (No. 6), Pp. 99-100.

Mudashiru, A., Bakare, I. A., Babatunde, Y., & Ishmael, O. (2014). Good Corporae Governance and Organizational Performance: An Empirical Analysis. *International Journal of Humanities and Social Science Vol.4 No.7(1)*.

Murekefu, T. M., & Ouma, O. P. (2010). The Relationship Between Dividend Payout and Firm Performance: A Study of Listed Compannies in Kenya. *European Scientific Journal Vol.8 No. 9*.

Muritala, A. T., & Taiwo, S. A. (2013). Credit Management Spur Higher Profitability? Evidence from Nigerian Banking Sector. *Journal of Applied Economics and Business, Vol. 1*(No. 2), Pp. 46-53.

Mustafa, R. u., Ansari, H. R., & Younis, U. M. (2012). Does the Loan Loss Provision Affect the Banking Profitability in Case of Pakistan? *Asian Economic and Financial Review, Vol. 2*(No. 7), Pp. 772-783.

Musyoki, D., & Kadubo, S. A. (2012). The impact of credit risk management on the financial performance of Banks in Kenya for the period 2000 – 2006. *International Journal of Business and Public Management, Vol. 2*(No. 2), Pp. 72-80.

Mutamimah, A. (2006). Dividend, Debt and Investment as Corporate Governace Mechanism to Decrease Agency Conflict Between Majority sharehoders. *Dissetation, Non Published, UGm, Yogyakarta*.

Mutamimah, H., & Sri Hartono, S. (2010). Devidend, Debt, Investment Policies as Corporate Governace Mechanism. *Investment Management and Financial Innovations Vol.7 Issues 2*.

Mwangi, N. G. (2012). The Effects of Creidt Risk Management on the Financial Peformance of Commercial Banks in Kenya. *A Research Thesis submitted in Partial Fulfillment for the Reuirement of the Award of Master of Business Administration, School of Business, University of Nairobi*.

Napompech, K. (2012). Effects of Working Capital Management on the Profitability of Thai Listed Firms. *International Journal of Trade, Economics and Finance, Vol. 3*(No. 3), pP. 227-232.

Narula, S., & Singla, M. (2014). Empirical Study on Non Performing Assets of Bank. *International Journal of Advance Research in Computer Science and Management Studies, Vol. 2*(No. 1), Pp. 194-199.

Nasrum, M. (2013). The Influence of Ownership Structure, corporate Governance, Investment Decision, Financial Decision and Dividend Policy on the Value of the Firm . *Indonisian Stock Exchange Journal Vol.1*.

Nawaz, M., & Munir, S. (2012). Credit Risk and the Peformance of Nigerian Banks. *Interdisciplinary Journal of Contemporary Research, Vol. 4*(No. 7), pP. 49-63.

Njanike, K. (2009). The Impact of Effective Credit Risk Management on Bank Survival. *Annals of the University of Petroşani, Economics, Vol. 9*(No. 2), Pp. 173-184.

Nyamao, N. R., Patrick, O., Martin, L., Odondo, A. J., & Simeyo, O. (2012). Effect of working capital management practices on financial performance: A study of small scale enterprises in Kisii South District, Kenya. *African Journal of Business Management, Vol. 6(18)*.

Obeteni, O. I., Ochene, S., & John, S. (2014). The Effects of Corporate Governance on the Performance of Commercial banks in NIgeria. *Journal oef Emerging Trends in Economics and Management Scienc*.

Obradovich, J., & Gill, A. (2013). Corporate Governance, Institutional Ownership, and the Decision to Pay the Amount of Dividends: Evidence from USA. *Faculty Publications and Presentations Paper 26*.

Odia, J. O., & Ogeidu, K. O. (2013). Payout Policy, Agency Conflict and Corporate Governance in Nigeria. *Proceedings of 6th International business and Social Sciences Research Conference 3-4 January, 2013* (pp. 201-206). Dubai: UAE Publishers.

Odunga, R. M., Nyangweso, M. P., Carter, A. D., & Mwarumba, M. (2013). Credit Risk, Capital Adequacy and Operating Efficiency Of Commercial Banks in Kenya. *International Journal of Business and Management Invention, Vol. 2*(No. 9), Pp. 06-12.

OECD. (2004). Organizatin for Economic Co-operation and Development: Principle of Corporate Governance.

Oghjafor, O. (2010). Poor Corporate Governance and its Consequences on the Nigeria Banking Sector. *Serbian Journal of Managent Vol.5(2)*, 243-250.

Oghojafor, B. A., Olayemi, O. O., Okonji, P. S., & Okoli, J. U. (2010). Poor Corporate Governance and Its Consequences on the Nigeriain Banking Sector. *Serbian Journal of Management Vol, 5 No. 2*, 243-250.

Ojo, O. (2003). *Fundamentals of Research Methods.* Ibadan, Nigeria: Nelson Clemmy Press.

Okpara, J. O. (2010). Perspectives on Corporate Governance Challenges in a Sub-Sahara African Economy. *Journal of Business and Policy Research Vol.5 (1)*, 110-122.

Oladehinde, M. O., & Abiodun, O. U. (2011). Capital Regulation and the Performance of the Nigerian banks: Need for Review. *Journal of Emerging Trends in Economics and Management Sciences (JETEMS), Vol. 2*(No. 3), Pp. 215-224.

Oladipupo, A. O., & Okafor, C. A. (n.d.). Relative contribution of working capital management to corporate profitability and dividend payout ratio: Evidence from Nigeria. *International Journal of Business and Finance Management Research, Vol. 1*, Pp. 11-20.

Olalekan, A., & Adeyinka, S. (2013). Capital Adequacy and Banks' Profitability: Empirical Evidence From Nigeria. *American International Journal of Contemporary Research, Vol. 3* (No. 10).

Olayiwola, W. K. (2010). Practice and Standard of corporate Governance in Nigerian Banking Industry. *International Journal of Economics and Finance Vol. 2, No. 4*.

Oluwafemi, S. A., Adebisi, N. I., Simeon, O., & Olawale, O. (2013). Risk Management and Financial Performance Of Banks In Nigeria. *Journal of Business and Management, Vol. 14*(No. 6), Pp. 52-56.

Onaolapo, R. A. (2012). Analysis of Credit Risk Management Efficiency in Nigerian Commercial Banking Sector (2004-2009). *Far East Journal of Marketing and Management, Vol. 2*(No. 1), Pp. 39-51.

Onyeagocha, S. U. (2001). *Problems and Challeges of Nigerian Financial Institutions in Credit Operations.* Nigerian Banker.

Osegbu, F. I., Ifurueza, M., & Ifurueza, P. (2014). An analysis of the relationship between Dividend Payment and Corporate Governance of Nigerian Banks. *Global Business and Economics Research Journal Vol.3 (2)*, 75-95.

Osker, K., Ivan, K., & Oleksandr, T. (2007). Does Corporate Governance Affect Dividend Policy Evidence From Poland. *Procedings of 9th Asian Business Research Conference 20-21 december 2013* (pp. 9-39). Dhaka, Bangaladash: Warsaw School Of Economics, World Economy Research Institute.

Oso, l., & Semiu, B. (2012). The Concept and Practice of Corporate Governance in Nigeria: The need for Public Relation and Effective Communication. *Journal of Communication Vol.3 91)*, 1-16.

Osuala, E. A., Akpan, S. F., & Osuji, J. I. (2013). The Information Content of Sudden Outster of Corporate Chief Executive: Evidence from Nigerian Banking Sector . *Proceedings of 6th International Business and Social Sciences Research Conference 3-4 January,2013* (pp. 12-24). Dubai: UAe Publishers.

Owolabi, A. S., & Alu, N. C. (2012). Effective Working Capital Management and Profitability: A Study of Selected Quoted Manufacturing Companies in Nigeria. *Economics and Finance Review, Vol. 2*(No. 6), Pp. 55 – 67.

Palombini, N. N., & Nakamura, T. W. (2012). Key Factors in Working Capital Management in The Brazilian Market. *Revista de Administração de Empresas, vol. 52*(No. 1), Pp. 55-69.

Pandey, I. M. (1989). *Financial Management.* (8th, Ed.) New Delhi: Indian Vikas Publishing House PVT.

Pandy, I. M. (2005). *Financial Management.* Indian: Vikas Publishing House RT Ltd.

Pessarossi, P., & Weill, L. (2013). Do capital requirements affect bank efficiency? Evidence from China. *Discussion Paper Bank of Finland, BOFIT, Institute for Economies in Transition*.

Petit, R. R. (1972). Dividend Announcements, Secuirity Performance, and Capital Market Efficiency. *Journal of Finance Vol. 27*, 993-1007.

Poudel, P. S. (2012). The Impact of Credit Risk Management on Financial Performance of Commercial Banks in Nepal. *International Journal of Arts and Commerce, Vol. 1*(No. 5), Pp. 9-15.

Rafique, M. (2012). Factors Affecting Dividend Payout: Evidence from Listed Non-Financial Firms of Karachi Stock Exchange. *Business Management Dynamics Vol. 1, No. 11*, 76-92.

Raghavan, S. R. (2003). Risk Management in Banks.

Raheman, A., & Nasr, M. (2007). Working Capital Management And Profitability – Case Of Pakistani Firms. *International Review of Business Research Papers, Vol. 3*(No. 1), Pp.279 - 300.

Raheman, A., Afza, T., Qayyum, A., & Bodla, A. M. (2010). Working Capital Management and Corporate Performance of Manufacturing Sector in Pakistan. *International Research Journal of Finance and Economics*(No. 47).

Ranti, U. O. (2013). Determinant of Dividend Policy: A Study of Seected Listed Firms in Nigeria. *Journal of Accounting and Finance*.

Rasiah, D., Kim, K. P., & Subramanian, R. (2012). Empirical Analysis of Malaysian Commercial Bank Risk Management Behavior in Relation to Efficiency. *Journal of Financial Studies & Research, 2012*.

Rehn, E. (2012). Effect of Working Capital Management on Company Profitability: An Industry wise Study of Finnish and Swedish Public Companies. *Unpublished Masters Thesis submitted to the Department of Accounting Henkel School of Economics*.

Renneboog, L., & Trojanowski, G. (2007). Control Structures and and Payout Policy . *Journal of Managerial Finance Vol. 33*, 43-64.

Ricado, N. B. (2005). Corporate Governance and Ownership: Measurement and Impact on Corporate Performance and Dividend Policies in Agentina. *Inter-American Development Bank Banco Interamericano de Desarrolla Latin american Research Network*, 516-522.

Rocnabadi, A. A., Heyrani, F., & Nayebzadeh, S. (2014). The Impact of Ethical Views on the Corporate Governance of the Firms Listed on the Tehran Stock Exchange.

Roman, A., & Dănulețiu, E. A. (2013). An Empirical Analysis of the Determinants of Bank Profitability in Romania. *Annales Universitatis Apulensis Series Oeconomica, Vol. 15*(No. 2), Pp. 580-593.

Ross, S. A., Westerfield, R. W., Jaffe, J., & Jordan, B. D. (2008). *Mordern Management* . USA: McGraw-Hill International 8th edition.

Rozeff, M. (1982). How Coporations set their Dividend Payout Ratios. *The Journal of Financial Research Vol.5, No. 3*, 249-259.

Rubin, A., & Smith, D. (2009). Institutional Ownership, Volatility and Dividend. *Journal of Banking and Finance Vol. 33*, 627-639.

Rufai, S. A. (2013). Efficacy of Credit Risk Management on the Performance of Banks in Nigeria A Study of Union Bank PLC (2006-2010). *Global Journal of Management and Business Research, Vol. 3*(No. 4).

Saarani, N. A., & Shahadan, F. (2012). Analyzing the Validity of Working Capital Determinant Factors of Enterprise 50 (E50) Firms in Malaysia using Partial Least Square-Structural Equation Modeling. *Prosiding Persidangan Kebangsaan Ekonomi, Vol. 8*, Pp. 466-472.

Sabapriya, R. (2012). Evaluating the Impact of Working Capital Management Components on Corporate Profitability: Evidence from Indian Manufacturing Firms. *International Journal of Economic Practices and Theories, Vol. 2*(No. 3).

Sabri, B. T. (2012). The impact of working capital on the value of the company in light of differing size growth, and debt. *Business and Economic Horizons, Vol. 7*(No. 1), Pp 27-41.

Samaila, I. A. (2014). Corporate Governance and financial Reporting quality in The Nigerian Oil Marketing Industry. *Unpublished Doctoral Thesis, Department of Accounting, Bayero University Kano.*

Sanda, A., Mikailu, A. S., & Garba, T. (2005). Corporate goernance Mechanisms and Firm Financial Performance in Nigeria. *African Economic Research Consortium, Nairobi Aerc Research Paper 149*.

Sarbanes, P., & Oxley, M. (2002). Sabarnes-Oxley ACT of 2002 Washinton DC; US Congress.

Sarwar, M. S. (2013). Effect of Dividend Policy on shareholders Wealth: A Study of Suger Industry in Pakistan. *global Journal of Management and Business Research Finance Global Journal inc. (USA)*.

Saunders, A., & Linda, A. (2012). *Credit Risk Measurement: New Approaches to Value at Risk and Other Paradigms* (2nd ed.). New York: John Wiley $ Sons Inc.

Schooley, D. K., Lee, D., & Barney, J. (1994). Using Dividend and Managerial Ownership to Reduce agency Costs. *Journal of Financial Research vol. 17*, 363-373.

Seneque, P. J. (n.d). A Reviw of Factors Affecting the dividend Policy of the Firm. 12-16.

Shekar, K. C., & Lekshmy, S. (2008). *Banking Theory and Practices* (9th ed.). Jangpura: Vikas Publishing House PVT Ltd.

Shil, N. C. (2009). Performnace Measures: An Application of Economic Value Added. *International Journal of Business and Management, Vol. 4*(No. 3), Pp. 169-177.

Shleifer, A., & Vishny, R. W. (1986). Large Shareholders and Corporate Control. *Journal of Political Economy Vol. 94*, 461-488.

Shleifer, A., & Vishny, R. W. (1997). A survey of Corporate Governance. *Journal of Finance*, 737.

Short, H., Zhang, H., & Keasey, K. (2002). The Link between Dividend Policy and Institutional Ownership. *Journal of Corporate Finance Vol. 8*, 105-122.

Shukla, K. A. (2012). Impact of Working Capital Management on Firms Performance: Evidence From Listed Companies in India. *International Journal of Research in Commerce, IT and Management, Vol. 2*(No. 9).

Soekhoe, G. S. (2012). The effects of working capital management on the profitability of Dutch listed firms. *Unpublished Masters Thesis Submitted to School of Management and Governance, University of Twente* .

Soyemi, A., Akinpelu, L., & Ogunleye, O. J. (2013). The Determinants of Profitability Among Deposit Money Banks (DMBs) in Nigeria Post Consolidation. *Global Advanced Research Journal of Economics, Accounting and Finance, Vol. 2*(No. 5), Pp. 93-103.

Stephen, A., Ejuvbekpokpo, B., & Esuike, U. (2013). Corporate Governance Issues and Its Implementation: The Nigeria Expearience. *Journal of Research in International Business Management Vol.3 (2)*, 53-57.

Subramania, R., & Devi, S. S. (2010). Corporate Governance and Dividnd Policy in Malaysia.

Sufian, F., & Chong, R. R. (2008). Determinants of Bank Profitability in a Developing Economy: Empirical Evidence From the Philippines. *Asian Academy of Management Journal of Accounting and Finance, Vol. 4*(No. 2), Pp. 91–112.

Sujata, K. (2006). Impact of Dividend Policy on Sharehoder Value: A Study of Indian Firms. *Synopsis of the Thesis to be Submitted in Fullfilment of the Requirements for the Degree of Phd in Management*.

Sunday, J. K. (2011). Effective Working Capital Management in Small and Medium Scale Enterprises. *International Journal of Business and Management, Vol. 6*(No. 9), Pp. 271-279.

Sung, C., Bae, K., & Chan, E. K. (2009). Culture, Corporate Governance, and Dividend Policy: International Evidence.

Syafri. (2012). Factors Affecting Bank Profitability in Indonesia. *International Conference on Business and Management, Vol. 6*(No. 7), Pp. 236-242.

Tabari, Y. N., Ahmadi, M., & Emami, M. (2013). The Effect of Liquidity Risk on the Performance of Commercial Banks. *International Research Journal of Applied and Basic Sciences, Vol. 4*(No. 6), Pp. 1624-1631.

Tariq, W., Usman, M., Mir, H. Z., Aman, I., & Ali, I. (2014). Determinants of Commercial Bnaks Profitability: Empirical Evidence from Pakistan. *International Journal of Accounting and Fianacial Reporting, Vol. 4*(No. 2), Pp. 1-22.

Terminology, C. O. (2005). *Chartered Instittute of Management Accounting.* London.

Thantanaee, Y. (2011). Life-Cycle theory and Cash flow hypothesis: Evidence from Dividend Policy in Thailand. *International journal of Financeial Research Vol.2 (2)*, 52-60.

Toby, A. J. (2014). Empirical Test of the Dividend Policy Irrelvance Hypothesis in the Nigerian Context. *Research Journal of Finance and Accounting*.

Ullahi, F., Fida, A., & Khan, S. (2012). The Impact of Ownership Structure on Dividend Policy: Evidence from Emerging Markets KSE. *international Journal of Business and Social Science Vol. 3 No. 9*.

Umoh, P. N. (1994). Bank Loans Recovery: The Roles of theRegulatory/Supervisory Authorities. *Judiciary Law Enforcement Agencies and the Press, NDIC Quarterly, Vol. 4*(No. 3).

Uzoamaka, P. N.-O., Ifeoma, R. O., & Amakor, I. (2013). Effective Risk Management In Organizations:The Nigerian Experience. *International Journal of Computers and Technology, Vol. 10*(N0. 8).

Van Gestel, T., & Baesens, B. (2009). *Credit Risk Management: Basic Concepts: Financial Risk Components, Rating Analysis, Models, Economic and Regulatory Capital.* New York: Oxford University Press Inc.

Venanzi, d., & Venanzi, D. (2012). Competing Financial Performance Measures. *Financial Performance Measures and Value Creation: The State of the Art*, Pp. 9-31.

Vijayakumar, A. (2011). Management of Corporate Liquidity and Profitability: An Empirical Study. *International Journal of Marketing and Technology, Vol. 1*(No. 6), Pp. 156-175.

Vijayalakshmi, S., & Bansal, N. (2013). Determinants of Working Capital in Cement Industry-A case study of ACC Ltd. *Pacific Business Review International, Vol. 6*(No. 1), Pp. 45-50.

Vineeta, S. (2011). Independent Directors and Propensity to Pay Dividends. *Journal of Corporate Finance*.

Vural, G., Sokmen, G. A., & Cetenak, H. E. (2012). Affects of Working Capital Management on Firm's Performance: Evidence from Turkey. *International Journal of Economics and Financial Issues, Vol. 2*(No. 4), Pp.488-495.

Wall, D. L., & Koch, W. T. (2000). Bank Loan-Loss Accounting: A Review of Theoretical and Empirical Evidence. *Federal Reserve Bank of Atlanta Economic Review, Second Quarter*.

Wen, Y., & Jia, J. (2010). Institutional Ownership, Managerial Ownership and Dividend Policy in Bank Holding Companies. *International Review of Accounting, Banking and Finance Vol.2, No.1*, 9-22.

Wilson, I. (2006). Regulatory and Institutional Challenges of Corporate Governance in Nigerian Post Consolidation. *Published in the nigerian economic Summit Group (NESG) Economic Indicator, Vol12, No.2*.

Wu, Q. (2013). Corporate Governance and Cash Dividend Policy in Chiana. *WHICEB 2013 Proceeding.* China: NSE Publishers.

Yuanjuan, L., & Shishun, X. (2012). Effectiveness of China's Commercial Banks' Capital Adequacy Ratio Regulation A Case Study of The Listed Banks. *Interdisplinary Journal of Contemporary Research in Business, Vol. 4*(No. 1), Pp. 58-68.

Yulianto, A. (2014). The Corporate Governance Mechnisms Towards Dividend Policy in Indonisian Stock Exchange.

Yuvaraaj, D., & Perumal, R. (2013). A Study on Working Capital Management with Special Reference to Sakthi Sugars Erode. *International Journal of Accounting and Financial Management Research, Vol. 3*(No. 4), Pp 53-59.

Zeckhauser, R. J., & Pound, J. (1990). Are Large Shareholders Effective Monitors? An Investigation f Share Ownership and Corporate Performance. *Journal of Asymmetric Information*.

Zhang, H. (2008). Corporate Governance and Dividend Policy: A comparison of Chines firms Listed in Hong Kong and the Mainland. *China Economic Review*, 437-459.

Zhang, H. (2008). Corporate Governance and Dividend policy: A Comparison of Chinese Firms listed in Hong Kong and in the Mainland. *China economic Review, 19 (3)*, 437-459.

Appendix A

```
  ___  ____  ____  ____  ____ (R)
 /__    /   ____/   /   ____/
___/   /   /___/   /   /___/   12.0
  Statistics/Data Analysis

Copyright 2009 StataCorp LP
StataCorp
4905 Lakeway Drive
Special Edition    College Station, Texas 77845 USA
800-STATA-PC        http://www.stata.com
979-696-4600        stata@stata.com
979-696-4601 (fax)

Single-user Stata license expires 31 Dec 9999:
      Serial number:  71606281563
        Licensed to:  STATAForAll
                      STATA

Notes:
     1.  (/m# option or -set memory-) 500.00 MB allocated to data
     2.  (/v# option or -set maxvar-) 5000 maximum variables

running C:\Users\user\Desktop\Stata12-Portable\profile.do ...unable to change to D:\Research\CRA\
r(170);
. *(12 variables, 150 observations pasted into data editor)
. tsset bn yr

       panel variable:  bn (strongly balanced)

        time variable:  yr, 2004 to 2013

                delta:  1 unit



. regress dpr bs bi ceod mgteh btm size risk


      Source |       SS           df       MS           Number of obs =     150
-------------+------------------------------           F(  7,   142) =    1.71
       Model |  1.19869332     7  .171241904           Prob > F      =  0.1118
    Residual |  14.2429322   142  .100302339           R-squared     =  0.2776
-------------+------------------------------           Adj R-squared =  0.1322
       Total |  15.4416255   149   .10363507           Root MSE      =  .31671

------------------------------------------------------------------------------
         dpr |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
          bs |   .0084339   .0094341     0.89   0.373    -.0102156    .0270834
          bi |  -.6145104   .3266007    -1.88   0.062    -1.260138    .0311175
        ceod |   .0205804   .2322093     0.09   0.930    -.4384536    .4796144
       mgteh |   .0383083    .217469     0.18   0.860    -.3915869    .4682034
         btm |  -.0174777   .0107654    -1.62   0.107    -.0387589    .0038035
        size |   .0884464   .0643155     1.38   0.171    -.0386931     .215586
        risk |  -.0034078    .00948    -0.36   0.720    -.0221479    .0153323
       _cons |  -.3310796   .7496595    -0.44   0.659    -1.813015    1.150856
------------------------------------------------------------------------------



. estat hettest
```

```
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
        Ho: Constant variance
        Variables: fitted values of dpr
        chi2(1)      =    12.30
        Prob > chi2  =   0.0005


. regress dpr bs bi ceod mgteh btm size risk, vce(robust)

Linear regression                               Number of obs =     150
                                                F(  7,   142) =    2.71
                                                Prob > F      =  0.0115
                                                R-squared     =  0.0776
                                                Root MSE      =  .31671
------------------------------------------------------------------------------
             |               Robust
         dpr |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
          bs |   .0084339   .0067598     1.25   0.214    -.0049289    .0217967
          bi |  -.6145104   .2692782    -2.28   0.024    -1.146822   -.0821983
        ceod |   .0205804    .084156     0.24   0.807     -.14578    .1869409
       mgteh |   .0383083   .1827132     0.21   0.834    -.3228812    .3994977
         btm |  -.0174777    .008297    -2.11   0.037    -.0338793   -.0010762
        size |   .0884464   .0520292     1.70   0.091    -.0144054    .1912983
        risk |  -.0034078   .0119904    -0.28   0.777    -.0271105    .0202949
       _cons |  -.3310796   .6185953    -0.54   0.593    -1.553926    .8917664
------------------------------------------------------------------------------
. estat vif
    Variable |   VIF       1/VIF
-------------+----------------------
        size |     1.62    0.617972
          bs |     1.34    0.746777
       mgteh |   1.24     0.808735
          bi |      1.08    0.927141
         btm |    1.07    0.934972
        ceod |    1.06    0.942652
        risk |      1.05    0.950894
-------------+----------------------
    Mean VIF |      1.21


. correlate dpr bs bi ceod mgteh btm isr size risk
(obs=150)

             |      dpr          bs          bi        ceod      mgteh         btm         isr        size        risk
-------------+---------------------------------------------------------------------------------------------------
         dpr |   1.0000
          bs |   0.1749   1.0000
          bi |  -0.1589  -0.1234   1.0000
        ceod |  -0.0110  -0.1146  -0.0015   1.0000
       mgteh |  -0.0589  -0.1387   0.1053   0.0555   1.0000
         btm |  -0.1048  -0.0626  -0.1554  -0.1095  -0.0973   1.0000
         isr |   0.0518  -0.1240   0.1519   0.0273  -0.1832  -0.0880   1.0000
        size |   0.1759   0.4766  -0.1313  -0.1962  -0.4160   0.1122   0.0062   1.0000
        risk |  -0.0020   0.0164  -0.1594  -0.0991   0.0491   0.0727  -0.0594   0.0783   1.0000

. correlate dpr bs bi ceod mgteh btm size risk
(obs=150)

. xtreg dpr bs bi ceod mgteh btm size risk, fe
```

```
Fixed-effects (within) regression               Number of obs      =       150
Group variable: bn                              Number of groups   =        15

R-sq:  within  = 0.0774                         Obs per group: min =        10
       between = 0.0064                                        avg =      10.0
       overall = 0.0481                                        max =        10

                                                F(7,128)           =      1.53
corr(u_i, Xb)  = -0.1622                        Prob > F           =    0.1616

------------------------------------------------------------------------------
         dpr |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
          bs |   .0220917   .0104438     2.12   0.036     .0014269    .0427566
          bi |  -.6569109   .3625109    -1.81   0.072    -1.374201    .0603788
        ceod |   .1669357   .2252855     0.74   0.460    -.2788302    .6127016
       mgteh |   .0890724   .2945785    -0.30   0.763    -.6719463    .4938014
         btm |  -.0150077   .0112979    -1.33   0.186    -.0373625    .0073471
        size |  -.0451807   .0713798    -0.63   0.528    -.1864177    .0960564
        risk |  -.0039402   .0091967    -0.43   0.669    -.0221374    .0142571
       _cons |    1.067876   .8075443     1.32   0.188     -.529988    2.665741
-------------+----------------------------------------------------------------
     sigma_u |  .16713398
     sigma_e |  .29168923
         rho |  .24716567   (fraction of variance due to u_i)
------------------------------------------------------------------------------

F test that all u_i=0:     F(14, 128) =     2.81            Prob > F = 0.0011


. estimates store fixed


. xtreg dpr  bs bi ceod mgteh btm size risk, re


Random-effects GLS regression                   Number of obs      =       150
Group variable: bn                              Number of groups   =        15

R-sq:  within  = 0.0569                         Obs per group: min =        10
       between = 0.1358                                        avg =      10.0
       overall = 0.0755                                        max =        10

Random effects u_i ~ Gaussian                   Wald chi2(7)       =     10.85
corr(u_i, X)       = 0 (assumed)                Prob > chi2        =    0.1455

------------------------------------------------------------------------------
```

```
        dpr |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
------------+----------------------------------------------------------------
         bs |   .0116066    .009565     1.21   0.225    -.0071404    .0303536
         bi |  -.642185   .3300392    -1.95   0.052    -1.28905    .0046799
       ceod |    .062029   .2279886     0.27   0.786    -.3848203    .5088784
      mgteh |   .0090269   .2290115     0.04   0.969    -.4398274    .4578813
        btm |  -.0168805   .0107863    -1.56   0.118    -.0380213    .0042603
       size |   .0570561   .0651367     0.88   0.381    -.0706095    .1847217
       risk |   -.003675   .0092889    -0.40   0.692    -.0218808    .0145309
      _cons |   .0093703    .753273     0.01   0.990    -1.467018    1.485758
------------+----------------------------------------------------------------
    sigma_u |  .05987747
    sigma_e |  .29168923
        rho |  .04043527   (fraction of variance due to u_i)
------------------------------------------------------------------------------
```

. estimates store random

. hausman fixed

```
                 ---- Coefficients ----
             |      (b)          (B)            (b-B)     sqrt(diag(V_b-V_B))
             |    fixed        random       Difference          S.E.
-------------+----------------------------------------------------------------
          bs |    .0220917     .0116066        .0104851        .0041933
          bi |   -.6569109     -.642185       -.0147259        .1499609
        ceod |    .1669357      .062029        .1049067              .
       mgteh |   -.0890724    .0090269       -.0980994        .1852841
         btm |   -.0150077    -.0168805        .0018728        .0033612
        size |   -.0451807     .0570561       -.1022368        .0291938
        risk |   -.0039402     -.003675       -.0002652              .
------------------------------------------------------------------------------
           b = consistent under Ho and Ha; obtained from xtreg
           B = inconsistent under Ha, efficient under Ho; obtained from xtreg
    Test:  Ho:  difference in coefficients not systematic
                chi2(7) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                                =       56.11
                        Prob>chi2 =      0.0000
                         (V_b-V_B is not positive definite)
```

. xttest0

Breusch and Pagan Lagrangian multiplier test for random effects

dpr[bn,t] = Xb + u[bn] + e[bn,t]

Estimated results:

```
                 |       Var     sd = sqrt(Var)
        ---------+-----------------------------
             dpr |   .1036351        .321924
               e |   .0850826       .2916892
               u |   .0035853       .0598775
```

Test: Var(u) = 0

```
                      chi2(1) =     9.29
                    Prob > chi2 =     0.0023
```

. summarize dpr bs bi ceod mgteh btm size risk

Variable	Obs	Mean	Std. Dev.	Min	Max
dpr	150	.311835	.321924	0	2.647
bs	150	13.62667	3.182474	6	20
bi	150	.6238119	.0825035	.429	.909
ceod	150	.0133333	.1150819	0	1
mgteh	150	.1355611	.1326667	.001	.6897
btm	150	6.34	2.492485	4	16
size	150	11.6504	.5131716	10.329	12.5878
risk	150	4.040048	2.806655	1.0021	9.99408

. correlate dpr bs bi ceod mgteh btm size risk
(obs=150)

	dpr	bs	bi	ceod	mgteh	btm	size	risk
dpr	1.0000							
bs	0.1749	1.0000						
bi	-0.1589	-0.1234	1.0000					
ceod	-0.0110	-0.1146	-0.0015	1.0000				
mgteh	-0.0589	-0.1387	0.1053	0.0555	1.0000			
btm	-0.1048	-0.0626	-0.1554	-0.1095	-0.0973	1.0000		
size	0.1759	0.4766	-0.1313	-0.1962	-0.4160	0.1122	1.0000	
risk	-0.0020	0.0164	-0.1594	-0.0991	0.0491	0.0727	0.0783	1.0000

Appendix B

___ ____ ____ ____ ____ (R)

```
 /__    /   ____/   /   ____/
___/   /   /___/   /   /___/   12.0           Copyright 2009 StataCorp LP
  Statistics/Data Analysis                    StataCorp
                                              4905 Lakeway Drive
     Special Edition                          College Station, Texas 77845 USA
                                              800-STATA-PC        http://www.stata.com
                                              979-696-4600        stata@stata.com
                                              979-696-4601 (fax)

Single-user Stata license expires 31 Dec 9999:
       Serial number:  71606281563
         Licensed to:  STATAForAll
                       STATA

Notes:
      1.  (/m# option or -set memory-) 500.00 MB allocated to data
      2.  (/v# option or -set maxvar-) 5000 maximum variables

running C:\Users\user\Desktop\Stata11-Portable\profile.do ...unable to change to D:\Research\CRA\
r(170);
. *(7 variables, 150 observations pasted into data editor)

. tsset bn yr

        panel variable:  bn (strongly balanced)

         time variable:  yr, 2004 to 2013

                 delta:  1 unit



. regress dpr owc size risk


      Source |       SS       df       MS              Number of obs =     150
-------------+------------------------------           F(  3,   146) =    1.57
       Model |  .483291544     3  .161097181           Prob > F      =  0.1986
    Residual |   14.958334   146  .102454342           R-squared     =  0.0313
-------------+------------------------------           Adj R-squared =  0.0114
       Total |  15.4416255   149   .10363507           Root MSE      =  .32008

------------------------------------------------------------------------------
         dpr |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         owc |   .0162404   .1240224     0.13   0.896    -.2288707    .2613515
        size |   .1123178   .0520751     2.16   0.033     .0093994    .2152363
        risk |  -.0016812   .0094319    -0.18   0.859    -.0203219    .0169595
       _cons |  -.9966914   .6178998    -1.61   0.109    -2.217875    .2244922
------------------------------------------------------------------------------



. estat hettest
```

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of dpr

chi2(1) = 13.48

Prob > chi2 = 0.0002

. regress dpr owc size risk, vce(robust)

Linear regression Number of obs = 150
F(3, 146) = 2.54
Prob > F = 0.0586
R-squared = 0.0313
Root MSE = .32008

| Robust
dpr	Coef. Std. Err. t P>|t| [95% Conf. Interval]
owc	.0162404 .1251575 0.13 0.897 -.231114 .2635948
size	.1123178 .0473117 2.37 0.019 .0188135 .2058221
risk	-.0016812 .0117811 -0.14 0.887 -.0249647 .0216023
_cons	-.9966914 .5495848 -1.81 0.072 -2.082861 .0894782

. estat vif

Variable	VIF 1/VIF
owc	1.05 0.953658
size	1.04 0.962849
risk	1.02 0.981226
Mean VIF	1.04

. xtreg dpr owc size risk, fe

Fixed-effects (within) regression Number of obs = 150
Group variable: bn Number of groups = 15

R-sq: within = 0.143 Obs per group: min = 10
between = 0.0836 avg = 10.0
overall = 0.13 max = 10

F(3,132) = 0.64
corr(u_i, Xb) = -0.3641 Prob > F = 0.5922

```
------------------------------------------------------------------------------
         dpr |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         owc |   .2279851   .1667964     1.37   0.174    -.1019546    .5579249
        size |  -.0091365   .0572989    -0.16   0.874    -.1224795    .1042064
        risk |  -.0007608   .0089463    -0.09   0.932    -.0184575    .0169359
       _cons |   .3262938   .6652725     0.49   0.625     -.989681    1.642269
-------------+----------------------------------------------------------------
     sigma_u |   .1765724
     sigma_e |   .2968951
         rho |  .26128589   (fraction of variance due to u_i)
------------------------------------------------------------------------------
F test that all u_i=0:     F(14, 132) =     2.69                 Prob > F = 0.0017

. estimates store fixed



. xtreg dpr owc size risk, re



Random-effects GLS regression                   Number of obs      =       150
Group variable: bn                              Number of groups   =        15

R-sq:  within  = 0.097                          Obs per group: min =        10
       between = 0.3977                                        avg =      10.0
       overall = 0.0281                                        max =        10

Random effects u_i ~ Gaussian                   Wald chi2(3)       =      1.80
corr(u_i, X)       = 0 (assumed)                Prob > chi2        =    0.6158

------------------------------------------------------------------------------
         dpr |      Coef.           Std. Err.      z        P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         owc |   .0616753      .1352123     0.46    0.648    -.2033359    .3266866
        size |   .0685977      .0530488     1.29    0.196     -.035376    .1725715
        risk |   -.001453      .0090645    -0.16    0.873    -.019219     .016313
       _cons |  -.5072014      .6256496    -0.81    0.418    -1.733452    .7190492
-------------+----------------------------------------------------------------
     sigma_u |  .09005749
     sigma_e |   .2968951
         rho |  .08425722   (fraction of variance due to u_i)
------------------------------------------------------------------------------

. estimates store random



. hausman fixed

                ---- Coefficients ----
             |      (b)          (B)            (b-B)     sqrt(diag(V_b-V_B))
             |       fixed        random       Difference          S.E.
-------------+----------------------------------------------------------------
         owc |    .2279851     .0616753       .1663098        .0976661
        size |   -.0091365     .0685977      -.0777343        .0216562
        risk |   -.0007608     -.001453       .0006922              .
------------------------------------------------------------------------------
                           b = consistent under Ho and Ha; obtained from xtreg
            B = inconsistent under Ha, efficient under Ho; obtained from xtreg
```

Test: Ho: difference in coefficients not systematic

chi2(3) = (b-B)'[(V_b-V_B)¬(-1)](b-B)
= 12.47
Prob>chi2 = 0.0059
(V_b-V_B is not positive definite)

. summarize dpr owc size risk

Variable	Obs	Mean	Std. Dev.	Min	Max
dpr	150	.311835	.321924	0	2.647
owc	150	.4169521	.2165088	0	.8557
size	150	11.6504	.5131716	10.329	12.5878
risk	150	4.040048	2.806655	1.0021	9.99408

. correlate dpr owc size risk
(obs=150)

	dpr	owc	size	risk
dpr	1.0000			
owc	-0.0203	1.0000		
size	0.1759	-0.1845	1.0000	
risk	-0.0020	-0.1250	0.0783	1.0000

Appendix C

```
  ___  ____  ____  ____  ____ (R)
 /__    /   ____/   /   ____/
___/   /   /___/   /   /___/   12   Copyright 2009 StataCorp LP
 Statistics/Data Analysis            StataCorp
                                     4905 Lakeway Drive
    Special Edition                  College Station, Texas 77845 USA
                                     800-STATA-PC        http://www.stata.com
                                     979-696-4600        stata@stata.com
                                     979-696-4601 (fax)

Single-user Stata license expires 31 Dec 9999:
       Serial number:  71606281563
         Licensed to:  STATAForAll
                       STATA

Notes:
      1.  (/m# option or -set memory-) 500.00 MB allocated to data
      2.  (/v# option or -set maxvar-) 5000 maximum variables

running C:\Users\user\Desktop\Stata11-Portable\profile.do ...
unable to change to D:\Research\CRA\
r(170);
. *(6 variables, 150 observations pasted into data editor)

. tsset bn yr
       panel variable:  bn (strongly balanced)
        time variable:  yr, 2004 to 2013
                delta:  1 unit



. regress dpr isr size risk
```

```
      Source |       SS       df       MS              Number of obs =     150
-------------+------------------------------           F(  3,   146) =    1.70
       Model |  .519894189     3  .173298063           Prob > F      =  0.1705
    Residual |  14.9217313   146  .102203639           R-squared     =  0.0337
-------------+------------------------------           Adj R-squared =  0.0138
       Total |  15.4416255   149   .10363507           Root MSE      =  .31969

------------------------------------------------------------------------------
         dpr |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         isr |    .093372   .1524101     0.61   0.541    -.207843     .394587
        size |   .1107708   .0511963     2.16   0.032     .0095892    .2119523
        risk |  -.0014752   .0093772    -0.16   0.875    -.0200077    .0170574
       _cons |    -.99753   .5963325    -1.67   0.097    -2.176089    .1810291
------------------------------------------------------------------------------
```

. estat hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of dpr

chi2(1) = 23.67

Prob > chi2 = 0.0000

. regress dpr isr size risk, vce(robust)

```
Linear regression                               Number of obs =     150
                                                F(  3,   146) =    2.31
                                                Prob > F      =  0.0792
                                                R-squared     =  0.0337
                                                Root MSE      =  .31969

------------------------------------------------------------------------------
             |               Robust
         dpr |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         isr |    .093372   .1739142     0.54   0.592    -.2503425    .4370865
        size |   .1107708   .0502026     2.21   0.029     .011553    .2099886
        risk |  -.0014752   .0124352    -0.12   0.906    -.0260514   .023101
       _cons |   -.99753    .6216648    -1.60   0.111    -2.226154   .2310945
------------------------------------------------------------------------------


. estat vif

    Variable |       VIF       1/VIF
-------------+----------------------
        risk |      1.01    0.990279
        size |      1.01    0.993752
         isr |      1.00    0.996348
-------------+----------------------
    Mean VIF |      1.01


. xtreg dpr isr size risk, fe


Fixed-effects (within) regression               Number of obs      =       150

Group variable: bn                              Number of groups   =        15

R-sq:  within  = 0.1389                         Obs per group: min =        10
       between = 0.0810                                        avg =      10.0
       overall = 0.0103                                        max =        10

                                                F(3,132)           =      1.78
corr(u_i, Xb)  = -0.4104                        Prob > F           =    0.1542

------------------------------------------------------------------------------
         dpr |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         isr |   .4612755   .2005139     2.30   0.023     .0646393    .8579118
        size |  -.0289368   .0574843    -0.50   0.616    -.1426464    .0847728
        risk |   .0008037   .0088749     0.09   0.928    -.0167518    .0183593
       _cons |   .5231897   .6597725     0.79   0.429    -.7819056    1.828285
-------------+----------------------------------------------------------------
     sigma_u |  .18746314
     sigma_e |  .29316965
         rho |  .29021533   (fraction of variance due to u_i)
------------------------------------------------------------------------------
F test that all u_i=0:     F(14, 132) =     2.97             Prob > F = 0.0006

. estimates store fixed

. hasman fixed
unrecognized command:  hasman
r(199);
```

```
. xtreg dpr isr size risk, re

Random-effects GLS regression                   Number of obs      =       150
Group variable: bn                              Number of groups   =        15

R-sq:  within  = 0.0153                         Obs per group: min =        10
       between = 0.0513                                        avg =      10.0
       overall = 0.0229                                        max =        10

Random effects u_i ~ Gaussian                   Wald chi2(3)       =      2.88
corr(u_i, X)   = 0 (assumed)                    Prob > chi2        =    0.4107

------------------------------------------------------------------------------
         dpr |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         isr |    .204818   .1675109     1.22   0.221    -.1234974    .5331334
        size |   .0565943   .0528954     1.07   0.285    -.0470788    .1602675
        risk |  -.0009162   .0089824    -0.10   0.919    -.0185213    .0166889
       _cons |  -.3982134   .6134842    -0.65   0.516     -1.60062    .8041936
-------------+----------------------------------------------------------------
     sigma_u |  .09655202
     sigma_e |  .29316965
         rho |  .09785054   (fraction of variance due to u_i)
------------------------------------------------------------------------------

. estimaes store random
unrecognized command:  estimaes
r(199);

. estimates store random

. hausman fixed

                 ---- Coefficients ----
          |      (b)          (B)            (b-B)     sqrt(diag(V_b-V_B))
          |     fixed        random       Difference          S.E.
-------------+----------------------------------------------------------------
         isr |    .4612755      .204818       .2564575        .1102084
        size |   -.0289368     .0565943      -.0855311        .0225059
        risk |    .0008037    -.0009162         .00172              .
------------------------------------------------------------------------------
                    b = consistent under Ho and Ha; obtained from xtreg
         B = inconsistent under Ha, efficient under Ho; obtained from xtreg

    Test:  Ho:  difference in coefficients not systematic

                  chi2(3) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                          =       14.40
                Prob>chi2 =      0.0024
                (V_b-V_B is not positive definite)


. summarize dpr isr size risk

    Variable |       Obs        Mean    Std. Dev.       Min        Max
-------------+--------------------------------------------------------
         dpr |       150    .311835    .321924          0      2.647
         isr |       150   .2656185   .1721555          0       .976
        size |       150    11.6504    .5131716     10.329    12.5878
        risk |       150   4.040048    2.806655     1.0021    9.99408

. correlate dpr isr size risk
```

(obs=150)

| dpr | isr | size | risk
---|---|---|---|---
dpr | 1.0000
isr | 0.0518 | 1.0000
size | 0.1759 | 0.0062 | 1.0000
risk | -0.0020 | -0.0594 | 0.0783 | 1.0000

.

Appendix D

```
T-TEST PAIRS=predpr WITH posdpr (PAIRED)
 /CRITERIA=CI(.9500)
 /MISSING=ANALYSIS.
```

T-Test

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	predpr	.3517	30	.18657	.03406
	posdpr	.2679	30	.25110	.04585

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	predpr & posdpr	30	.301	.106

Paired Samples Test

	Paired Differences					t	Df	Sig. two tail
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 predpr – posdpr	.08388	.26387	.04818	-0.0146	0.1824	1.741	29	0.92

Paired Samples Test

		Paired Differences					
					95% Confidence Interval of the Difference		
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t
Pair 1	predpr - posdpr	.08388	.26387	.04818	-.01465	.18241	1.741

Paired Samples Test

		Paired Differences						
					95% Confidence Interval of the Difference			
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df
Pair 1	predpr – posdpr	.08388	.26387	.04818	-.01465	.18241	1.741	29

Sig two tail 0.92 that is the last item on sig.

Normal P-P Plot

Dependent Variable: DPR