DIVIDEND POLICY ON FIRM PERFORMANCE: EVIDENCE FROM THE COMPANIES LISTED ON FTSE BURSA MALAYSIA TOP 100 INDEX

Nelly Phan Wan Ying, Sharifah Sabrina Syed Ali*, Farah Dipah Khalid, Farhana Ismail and Norlina Kadri
Faculty of Economics and Business,
University Malaysia Sarawak, 94300 Kota Samarahan, Sarawak, Malaysia
* Corresponding author: sassabrina@unimas.my

ABSTRACT

This research examines the impact of dividend policy on firm performance of the companies on the FTSE Bursa Malaysia Top 100 Index. It explores the relationship between key dividend policy indicators such as dividend payout ratio (DPR), dividend yield (DY), and dividend per share (DPS) and firm performance measures, including return on assets (ROA) and return on equity (ROE). The study employs a quantitative approach, analyzing secondary data from financial reports of the companies on FTSE Bursa Malaysia Top 100 Index from 2020 to 2024. Statistical methods, including multiple regression analysis, are used to identify trends and relationships. The findings highlight the dual role of dividend policy in influencing profitability. The study also identifies significant implications for financial managers, policymakers, and investors, offering insights into strategic decision-making for corporate growth and financial stability. With a sample of 72 companies on the FTSE Bursa Malaysia Top 100 Index that consistently pay dividends, these empirical results show that DPR is significantly negatively associated with firm performance. However, DY and DPS are significantly positively associated with firm performance. Overall, the study's findings indicate that dividend policy significantly affects firm performance, suggesting that inconsistent or insufficient dividend payments can reduce firm value and weaken investor confidence, especially during volatile or post-crisis periods.

Keywords: Dividend policy, firm performance, FTSE Bursa Malaysia

INTRODUCTION

In corporate finance, a finance manager decides on financing decisions and capital structure. The decision involves determining which actual assets the firm should purchase, while the financing decision identifies the funds needed for acquisitions. When the firm starts generating profits, it entails the decision of whether to distribute a portion or the entirety of the firm's earnings to shareholders in the form of dividends or to reinvest those profits back into the business. In making this determination, managers are expected to prioritize strategies that maximize shareholders wealth and long-term valuation, for whom the firm is ultimately managed (Al-Malkawi et al., 2010). Dividends policy refers to a company's sustainability can be assessed through its share value, which reflects current earnings and future growth potential. This shows that a stable dividend signals financial strength.

A dividend policy specifies the proportion of earnings allocated to shareholders as dividends and establishes how often these payments are made. A dividend policy sets a parameter for deciding on the amount of earnings to distribute for equity shareholders, depending on the capital they invested in the company. Dividends represent the returns granted to investors, functioning as a tangible acknowledgment of their stake in the company. These rewards may be distributed as cash payments, additional shares, or alternative forms of compensation (Ukpong et al., 2019). The declaration of dividends is determined by the company's board of directors and requires approval from the shareholders. Although shareholders own the company, the decision to distribute or retain profits rests with the

board of directors. It is a major financial decision that a firm's managers face. While distributing dividends to shareholders is not mandatory, it remains a widely favored practice for sharing a portion of the company's residual profits as a return for their investment (Ukpong & Ukpe, 2023). The company must ensure a proper balance between its debt and equity structure. The selected policy should align with the company's aims and enhance value for its shareholders. Companies generally have two primary options, which are categorized as internal and external sources for raising funds to support their investments or ventures. Internal sources of funds are generated within the companies, such as utilizing revenue or retained earnings. These sources rely on the company's existing financial resources, which can be reinvested into operations or projects without external obligations. On the other hand, external sources involve finances obtained from outside the organization. This can include securing loans or credit from financial institutions, issuing debt instruments, or raising larger capital by offering new shares to the public. Issuing new shares is a common method for businesses to expand without relying on loans from financial institutions (May & Yacob, 2018). When a company chooses to withhold or reduce dividend payments, it results in a higher retention of internal earnings, thereby diminishing the need for external financing. Conversely, if a company opts to distribute higher dividends, it will retain fewer internal earnings, thus increasing its dependence on debt and other external sources of capital (Yusof & Ismail, 2016).

According to Uwuigbe (2012a), dividend policy is a fundamental financial strategy that affects not only the company itself but also extends its influence on governments, consumers, employees, and shareholders. A financial strategy is crucial as it will affect the dividend payout policies. Volatility in operating cash flow and restrictions from financial covenants are two potential channels through which an innovation- driven business strategy can influence dividend payout decisions. (Akindayomi & Amin, 2022). The dividend policy serves as a signal to investors about the company's financial health, stability, and future prospects. A company that consistently pays dividends to its shareholders sends a positive signal regarding its financial performance. The decision to distribute dividends affects the company's earnings as it demonstrates the company's ability to manage its debt and equity effectively (Che Mat et al., 2017). By assessing a company's ability to distribute dividends, investors and shareholders are more likely to choose the firm as a preferred investment option. Dividend policies contribute to dividend payout rates and adapt quickly to support growth and foster beneficial developments within emerging companies and economies. Dividend payout ratios (DPR) highlight their importance in influencing firm performance in emerging markets (Glen et al., 1995). The role of dividend policy is instrumental in helping the firm operate efficiently and gain recognition within the financial landscape. It provides a promising approach to achieving positive financial outcomes. Consequently, dividend policy serves as a valuable indicator for financial decision-making and investment in the firm's capital structure. Besides that, the dividend policy can provide stakeholders with insights into the business's performance. The investments made by a company influence its future profits and dividends, while the dividend policy impacts capital costs, as these decisions are made to maximize shareholder wealth. These demands heighten the importance of decisions on profit allocation, such as dividend payouts versus reinvestment. Investors tend to perceive mature firms with established revenue streams as stable and dividend-paying investments. Few researchers are conducting studies on this topic. (Wakhi Anuar et al., 2023) studied the factors that influence dividend policy decisions made by publicly listed companies in Malaysia. The study provides fresh insights into the influence of profitability, taxation, and firm size which demonstrate a significant positive correlation with dividend policy.

Financial economists often struggle to explain dividend policy. Despite decades of research, there is still a lack of a comprehensive understanding of the elements influencing

dividend policy and how it interacts. The subject of whether dividend policy affects firm performance and shareholder wealth remains inconclusive, with findings varying significantly between countries. Previous studies have predominantly focused on specific sectors, often overlooking less developed countries like Malaysia. Some studies suggest that dividends impact firm performance although the results differ and tend to agree with the dividend residual hypothesis. Yegon et al. (2014) reveal that there exists a substantial positive correlation between the dividend policies and firm profitability. Furthermore, a significant positive association is observed between dividend policy and investment levels, and between dividend policy and Earnings Per Share (EPS). While others argue that high dividend payouts can restrict the capacity of a company to reinvest profit which may impede long-term growth. Amidu (2007) found that larger firms in Ghana on the GSE exhibit lower performance in terms of return on assets. The findings also indicate negative relationships between leverage, dividend payout ratio, and return on assets. Therefore, the effectiveness of dividend policy continues to be debated, as various studies have yielded inconsistent and conflicting outcomes regarding its impact on firm performance.

Despite the theoretical debate over the relevance of dividend policy, empirical evidence suggests that it has a major impact role in firm performance, particularly in emerging markets such as FTSE Bursa Malaysia, where economic volatility, information asymmetry, and corporate governance standards are prevalent. The decision to disperse income as dividends or reinvest in growth initiatives such as sustainability and innovation presents strategic challenges. Many firms in Malaysia struggle to establish clear dividend policies, which often causes investor uncertainty about firm performance and long-term financial stability. Despite evidence from research, such as Amir et al. (2024). Supports signaling theory by showing that companies use dividend policy as a strategic tool to convey their financial stability and commitment to shareholders. However, there remains a gap in understanding how dividend policy decisions are perceived and their direct impact on the firm performance of the companies listed on the Bursa Malaysia Top 100 Index. The lack of a clear understanding of how dividend policy influences firm performance in Malaysia limits stakeholders' ability to make informed decisions. This study seeks to solve this gap by investigating the relationship between dividend policy and firm performance. Thus, this research seeks to:

i. To investigate the impact of dividend policy on the firm performance of the companies listed on the FTSE Bursa Malaysia Top 100 Index.
ii. To assess how dividend policy influences growth potential and operational stability of the companies on the FTSE Bursa Malaysia Top 100 Index.

LITERATURE REVIEW

The relationship between dividend policy and firm performance has been widely examined in financial literature, but results vary depending on the context, geography, and industry. There are also dynamic relationships between the key determinants of dividend policy and their correlation with return on equity, share price, and earnings per share. An effective dividend policy is consistently supported and strategically monitored on an ongoing basis. Most previous studies have suggested a critical association between corporate dividend policy and its performance and value. Several studies have shown a positive relationship between dividend policy and firm performance. The practical outcomes of dividend policies provide a structured framework for the distribution of dividends, once the firm generates adequate earnings and maintains a stable financial position. However, the other suggests that dividend policy harms firm performance. Higher dividends reduce retained earnings leading

to limited internal financing and potentially forcing companies to rely on external funding such as issuing stocks or bonds. Conversely, retaining profits for reinvestment declines dividends to shareholders. Therefore, dividend policy remains one of the most debated topics in financial literature and continues to hold significant relevance in emerging markets (Mohsin Hafeez et al., 2018). Researchers have worked to solve various issues related to dividends and develop theories and models to explain corporate dividend practices.

There are several international evidence from empirical studies demonstrating a positive association between dividend policy on firm performance. Empirical evidence supported by Raed (2020) explored this relationship by examining data from 92 companies in the service and industrial sectors listed on the Amman Stock Exchange (ASE) from 2015 to 2019. Using panel data analysis and incorporating both simple and multiple linear regression models, the study analyzed key determinants such as dividend yield, and dividend payout ratio that influence financial performance. The findings highlighted a significant positive impact of both dividend yield and dividend payout ratio on ROA and ROE. Al Sa'Eed (2018) The findings highlighted a significant positive impact of both dividend yield and dividend payout ratio on ROA and ROE. Agung Bandar Lampung et al. (2021), corroborated these findings, revealing that the dividend payout ratio (DPR) positively influences firm value, aligning with the Signaling Theory. This theory posits that firms of higher quality deliberately send favorable signals to the market through consistent dividend payments. On the contrary, Prasetya Margono and Gantino (2021) conducted research on the consumer goods industry in the food & beverage sub-sector listed on IDX from 2016 to 2019 and investigated the effect of firm size, dividend policy, leverage, and leverage on firm value. The study demonstrated a strong positive association between dividend policy by the dividend payout ratio (DPR), and firm value measureed by Price to Book Value (PBV) with applying multiple linear regression. According to Budagaga (2017), examined 44 businesses that were listed between 2007 and 2015 on the Istanbul Stock Exchange (ISE). Using panel data analysis with fixed effects to demonstrate how dividend payments increase business value.

Rather than supporting the signalling hypothesis, these results are aligned with agency cost theory, which holds that payouts reduce agency issues. In the case of ISE-listed corporations, the findings also contradict the dividend irrelevance argument. Evidence from other markets, Wmss (2019) illustrates how dividend policy functions as a signal to potential investors. The study indicated that both the dividend payout ratio and profits per share significantly affect ROA in businesses listed on the Colombo Stock Exchange. This result is supported by Chege Alex Murathe (2018), who revealed that dividend payout enhances firm value and has a positive impact on the financial institution's performance of listed Nairobi Security Exchange. The study defined that dividend serves as a signal of business growth, higher earnings, and an increase in stock prices. The same relationship is shown in other studies such as examining the impact of dividend policy on the financial performance of listed companies in Ghana (2015–2019), highlighting free cash flow savings and dividend capacity as new indicators along with their effects on financial metrics. The study found that it positively influences ROA and ROE. Additionally, free cash flow savings indirectly affect Tobin's Q and stock price. The ability of a company to pay dividends is determined by free cash flow, with higher dividend payout by a stronger cash flow position (Dang et al., 2021).

Given the inconclusive findings in the global context, By focusing on studies relevant to several studies, it have demonstrated a negative relationship between dividend policy and retained earnings. Alfisah (2018) argued that paying dividends to shareholders diverts retained earnings, consequently diminishing the firm's internal financing capacity. This loss in internally generated money may force the company to seek external finance to meet its investment requirements. Dependence on external financing can raise a firm's financial commitments while also making it vulnerable to market volatility, increased borrowing

expenses, and possible ownership dilution. These variables may eventually jeopardise the company's long-term financial viability and limit its strategic alternatives. Nguyen et al. (2021) analyzed 450 firms on Vietnam's stock market from 2008 to 2019, using ROE, ROA, and Tobin's Q as performance metrics and dividend payment and rate decisions as key variables. The study found that dividend payment decisions negatively impacted firm performance, particularly ROA and ROE. In Vietnam's market context, dividend payments might divert resources from reinvestment opportunities, reducing operational efficiency and profitability. Musa et al. (2020) examined the impact of dividend policy on 13 Nigerian consumer goods companies (2010–2017) using multiple regression analysis. These results suggest that dividend payouts may not significantly influence financial performance in this sector, possibly due to other dominant factors like operational efficiency or market conditions overshadowing the role of dividend policies. Semaun et al. (2019) investigated the impact of dividend policy and corporate governance on financial performance within Indonesia's banking sector. These findings imply that in the banking industry, dividend payouts and governance practices may impose constraints, potentially diverting resources from investments that drive profitability. Manjunatha and Akash (2018) examined the interactions between financial performance, represented by ROA, and dividend payout, measured by the dividend payout ratio. A statistically significant negative relationship between ROA and the dividend payout ratio was found. High dividend payouts may limit available capital for reinvestment or growth, reducing asset efficiency. Firms may be prioritizing immediate shareholder returns over long-term investment strategies, which could reduce their overall profitability. (Sugathadasa, 2018) conducted a study on the impact of dividend policy on share price volatility at the Colombo Stock Exchange (CSE). The analysis indicated an undesirable but statistically insignificant relationship between the dividend payout ratio and share price volatility. Shah (2023) explored how the pandemic-induced crisis period influenced the relationship between dividend policy and firm performance, analyzing data from 433 companies listed on the NSE between 2017 and 2021. The study found that dividend payout and firm size did not have a significant impact on firm performance during this period. The lack of significant impact may be attributed to the unique challenges posed by the COVID-19 pandemic. It may disturbed routine corporate operations. A study conducted by Winoto and Rudiawarni (2024) examined the impact of the COVID-19 pandemic on the dividend policy's importance to company value. The data found that dividend policy had a more negative influence on company value in state-owned banks than in private banks. It was possibly due to government regulations or liquidity constraints have limited some banks' flexibility, while private banks were more resilient, making dividend decisions less influential on their value.

Based on the empirical insights outlined above, it is expected that higher dividend payouts will lead to higher levels of firm performance. Accordingly, the following hypothesis are proposed:

H_1: There is a significant positive association between dividend payout ratio and firm performance.

H_2: There is a significant positive association between dividend yield and firm performance.

H_3: There is a significant positive association between dividend per share and firm performance.

THEORETICAL FRAMEWORK

This research aims to relate empirical findings to broader principles in finance and

economics. There are two key theories which are Bird-in-Hand theory and Signaling theory are employed in this study. These theories offer complementary perspectives on how dividend policy affects firm performance, in relation to investor behavior and market perception.

This Bird in Hand theory developed by Lintner (1956) and Gordon (1959) suggests that investors prefer the certainty of dividends over the potential of future capital gains. It stated that no inherent connection between profit distribution policy and the corporate valuation or stock price. It is a critique of the earlier M&M theory. Dividend policy directly influences the corporation's market value by affecting the share price. As dividends increase, the required rate of return on equity capital diminishes, thereby impacting the market valuation of the company. This is because the level of investor confidence in securing capital gains from retained earnings is lower than the assurance derived from dividend capitalization (Kanakriyah, R., 2020). Besides that, when investors tend to be risk-averse and seek to receive dividends, dividends are seen as a "bird in the hand" reducing perceived risk for shareholders. Firms that consistently provide dividends may attract investor's desire for immediate returns, which can improve the stock price and firm performance. Therefore, dividend payments significantly influence the market price of shares. A higher current dividend reduces uncertainty regarding future cash flows, which lowers the cost of capital and subsequently raises the share value. Distributing higher dividends can lead to an increase in the firm's overall value. Moreover, investors that risk avoiders will closely observe a firm's dividend policy and weigh dividends against potential capital gains when making investment decisions. According to this theory, "a bird in the hand is worth more than a bird in the bush," where the "bird in the hand" represents dividends and the "bird in the bush" symbolizes capital gains. This implies that receiving dividends now is preferable to waiting for future capital gains which may carry a certain level of risk. Dividends are viewed as less risky compared to capital gains.

The signaling theory was developed by Bhattacharya (1979), and numerous studies have suggested that managers use dividends to convey information about the future value of cash flows to investors. Significant contributions to this signaling theory of dividend policy include works by Miller and Rock (1985), John and Williams (1985), (Ambarish et al., 1987) and Williams (1988). According to Bhattacharyya (2007), these signaling models often illustrate information asymmetry by granting managers or insiders exclusive knowledge about certain aspects of future cash flows. In the signaling equilibria derived from these models, an increase in expected cash flow is associated with an increase in dividends. Ross (1977) further elaborated that dividend changes can indicate management's confidence in future profitability. A company's dividend policies and financial decisions such as issuing new stock or setting expectations for dividends, act as signals to the market about its anticipated earnings and financial stability. Potential investors may predict the company's earnings which is impacted by the dividend rate. It can positively affect share prices when these signals indicate stability or growth potential. Another model of signaling equilibrium is developed by John and Williams (1985). According to this model, to raise funds for investments, a firm should either issue new shares or repurchase existing ones. (Miller and Rock (1985) reveal that signaling cost is the opportunity cost that arises from choosing a suboptimal investment instead of the best possible option. The primary cost of signaling arises when a company with limited earnings issues new stock. With share price fluctuations, it has been observed that the anticipated dividend payment policy is strongly related to the firm's projected earnings. This signaling hypothesis positively impacts the firm's share price. On the other hand, when companies reduce their dividend payments, it often adversely impacts the firm's reputation, as it sends a negative signal to shareholders regarding the company's financial stability. This perception can lead to a decline in the company's share

price.

METHODOLOGY

The population for this study initially considered all firms listed on the FTSE Bursa Malaysia Top 100 Index from 2020 to 2024. However, only 72 companies consistently paid dividends throughout the entire study period. As such, only these 72 firms were included in the final sample to ensure the accuracy and consistency of the dividend-related data. The sampling method is purposive, focusing on firms with sufficient financial data and a history of dividend activity consistently from 2020 to 2024. These companies were chosen to ensure a robust analysis of how dividend policies influence firm performance, considering key financial indicators such as return on assets (ROA) and return on equity (ROE).

In this study, multiple linear regression analysis is adopted to observe independent variables such as dividend payout ratio (DPR), dividend yield (DY), and dividend per share (DPS) to be tested against the dependent variable such as return on assets (ROA) and return on equity (ROE).

Model 1

$$ROA_{i,t} = \alpha + \beta_0 + \beta_1 d(DPS)_{i,t} + \beta_2 (DY)_{i,t} + \beta_3 (DPS)_{i,t} + e_{i,t}$$

Where

$ROA_{i,t}$= Firm performance *it* is the firm performance of firm ii at time tt.
α = the constant term
β = coefficients of the model
DPR = Dividend Payout Ratio for firm *I* in period *t*
DY = Dividend Yield for firm I in period t
DPS = Dividend per Share for firm I in period t e = the error term

Model 2

$$ROE_{i,t} = \alpha + \beta_0 + \beta_1 d(DPS)_{i,t} + \beta_2 (DY)_{i,t} + \beta_3 (DPS)_{i,t} + e_{i,t}$$

Where:
$ROE_{i,t}$= Firm performance *it* is the firm performance of firm *I* at time *t*.
α = the constant term
β = coefficients of the model
DPR = Dividend Payout Ratio for firm *I* in period *t*
DY = Dividend Yield for firm *I* in period *t*
DPS = Dividend per Share for firm *I* in period *t e* = the error term

The following are the measurement of the variables:

Independent Variables

Dividend policy is identified as the independent variable in this study. Dividend policy refers to a company's approach to distributing profits to its shareholders. The study measures dividend policy using three key indicators:

i. Dividend Payout Ratio (DPR)
ii. Dividend Yield (DY)
iii. Dividend per Share (DPS)

Dependent Variables

Firm performance is considered the dependent variable and It represents the financial and operational of a company. Firm performance is assessed using two proxies in this study:

i. Return on Assets (ROA)
ii. Return on Equity (ROE)

Table 3.1 Operationalization and Measurement of Variables

Type	**Variable**	**Indicator**	**Measurement**
Dependent Variables	Return On Assets	ROA	ROA=Net income/Total Assets
	Return On Equity	ROE	ROE=Net income/Total Equity
Independent Variables	Dividend Payout Ratio	DPR	DPY=Total dividend/Net Income
	Dividend Yield	DY	DY=Dividend per Share/ Market Price per Share
	Dividend per Share	DPS	DPS=Total Dividend Paid/ Number of Outstanding Shares

RESULTS, DISCUSSION AND CONCLUSION

Summary of Descriptive Statistics

Table 4.1: Summary of Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Return on Asset (ROA)	360	6.948	7.246	-4.18	64.89
Return on Equity (ROE)	360	17.595	25.207	-17.6	192.91
Dividend Payout Ratio (DPR)	360	61.066	40.029	4.47	358.83
Dividend Yield (DY)	360	3.48	2.477	0.3	28.4
Dividend per Share (DPS)	360	0.235	0.358	0.01	2.68

The table above shows the overall descriptive statistics analysis in which the total of 360 observations. The dependent variable, Return on Assets (ROA**)**, has a mean of 6.948 with a standard deviation of 7.246, indicating moderate variability in firm profitability. The minimum ROA is -4.18%, reflecting instances of financial loss, while the maximum is 64.89%, suggesting strong asset utilization by some firms. Return on Equity (ROE) records an average of 17.595% with a relatively high standard deviation of 25.207, pointing to substantial variation in returns generated for shareholders. The lowest ROE is -17.6%, and the highest reaches 192.91%, indicating a wide dispersion in equity performance across firms.

Besides that, dividend payout ratio (DPR) has a mean value of 61.066 and a standard deviation of 40.029, showing notable differences in firms' dividend distribution policies. The DPR ranges from a minimum of 4.47% to a maximum of 358.83%, suggesting that some firms pay out more than their earnings in dividends. Dividend yield (DY) averages 3.48% with a standard deviation of 2.477. The minimum yield is 0.3%, and the maximum is 28.4%, implying a broad range in dividend returns relative to share price. Dividend per share (DPS) has a mean of 0.235 and a standard deviation of 0.358. The lowest DPS is 0.01, while the highest is 2.68, reflecting the variability in dividend amounts paid per share among the firms.
Pearson Correlation Coefficient

Table 4.2: Pearson Correlation Coefficient

Variables	ROA	ROE	DPR	DY	DPS
ROA	1.000				
ROE	0.709*	1.000			
DPR	0.002	0.101	1.000		
DY	0.212*	0.099	0.245*	1.000	
DPS	0.379*	0.493*	0.206*	0.182*	1.000

**** p<0.01, ** p<0.05, * p<0.1*

There are no negative signs in any of the correlation coefficients. Therefore, it is proven that most correlations are positive, indicating that as one variable increases, the other will also increase. For example, ROA and ROE are strongly positive correlated which r is 0.709, $p < 0.1$, statistically significant at 10% as both are profitability indicators. ROA show a no meaningful correlation with DPR which r is 0.002, show not statistically significant. ROA is weakly positive correlated with DY which r is 0.212, significant at 10%. ROA is moderately positive correlated with DPS. There a moderate positive correlation between ROA and DPS with r is 0.379.

Besides that, ROE have a moderate positive correlation with DPS, r is 0.493 significant at 10%. In terms of equity, more profitable companies tend to pay dividends per share. The result is consistent with the signaling theory. However, DPR and DY both show a very weak and non-significant correlation with ROE, which r is 0.101 and 0.099. Furthermore, DPR is weak but significant positive correlated with DY, which r is 0.245. It same as DPR have a weak correlation with DPS, r is 0.206. Lastly, DY and DPS have a weak correlation where r is 0.182. It suggests that higher dividends per share are slightly associated with higher dividend yields.

Multiple Regression Result: Fixed Effects Model with Robust Standard Errors

Table 4.3: Multiple Regression Model Result

VARIABLES	Y1 ROA	Y2 ROE
X1 DPR	-0.0419***	-0.0692***
X2 DY	(0.0133)	(0.0234)
X3_DPS	1.091***	1.074**
Constant	(0.354)	(0.457)
	10.25***	41.13***
	(2.150)	(8.463)
	3.300***	8.425***
	(0.809)	(2.459)
Observations	360	360
Number of ID	72	72
R-squared	0.552	0.177
F-Test	22.087	15.972
Prob > F	0.00	0.00

Significance level: *** p<0.01, ** p<0.05, * p<0.1

Table 4.3 shows the result for multiple regression of the effect of dividend policy on firm performance, after solve the heteroscedasticity and autocorrelation problem by using robust standard error. There are 72 companies listed on the FTSE Bursa Malaysia Top 100 Index from after exclude the companies who did not pay dividend consistently from 2020 to 2024. Based on the findings above, ROA and ROE were used to measure firm performance. The results show that DPR has a negative and statistically significant effect on ROA (Coef. = -0.042, $p < 0.01$), while ROE (Coef. = -0.069, $p < 0.01$). 1-unit increase in DPR reduces ROA by 0.042 units, holding other factors constant. However, 1-unit increase in DPR reduces ROE by 0.069 units, holding other factors constant.

In addition, dividend yield (DY) has a positive and significant effect on ROA and ROE (Coef. =1.091, $p< 0.01$) and (Coef. =1.074, $p < 0.01$). A positive and significant effect on dividend yield (DY) on ROA and ROE, indicating that firms with higher dividend yields tend to perform better in terms of asset returns and enhance firm value from an equity perspective.

Furthermore, the dividend per share (DPS) has a strong positive impact on both ROA and ROE (Coef.=10.25, $p < 0.01$) and (Coef. =41.13, $p < 0.01$). 1-unit increase in DPS increases ROA by 10.247 units, indicating a strong positive effect of higher dividends per share on asset profitability. However, 1-unit increase in DPS increases ROE by 41.128 units, reflecting a very strong positive effect on equity profitability.

For the model using ROA as the dependent variable, the R-squared value is 0.552, indicating that approximately 55.2% of the variation in firm performance can be explained by the independent variables in the model. This represents a relatively strong explanatory power. In contrast, the model using ROE as the dependent variable has R-squared value of 0.177, meaning that 17.7% of the variation in ROE is explained. It has a weaker relationship compared to ROA, but it still suggests that the variables included influence on firm performance. Both models have F-test p-values of 0.00, confirming that the overall regressions are statistically significant. The following are the hypotheses discussion:

H_1: There is a significant positive association between dividend payout ratio and firm performance.

Based on the Hypothesis 1, we reject H_1 because this study reveals a significant negative relationship between dividend payout ratio and firm performance. This implies that FTSE-listed companies in Malaysia are associated with a higher dividend payout ratio may experience reduced effectiveness in generating returns from their assets. This finding is supported by Allen and Michaely (2003), who argue that there is no strong evidence that firms increasing their dividends experience unexpected improvements in future performance. Furthermore, a reduced payout ratio may reflect managerial pessimism, prompting investors' premonition of the firm's future performance (Mohd C Zaharudin, 2019). It implies a negative signaling effect. The evidence is aligned with earlier findings by Bossman et al. (2022), who found that a significant effect on firm performance and a percentage increase in dividend payout reduced ROA and ROE. Several Malaysian companies listed on the FTSE Bursa Malaysia KLCI are family-owned or family- controlled. Family firms may intentionally retain earnings by paying lower dividends, enabling potential expropriation of resources by controlling shareholders (Yousaf et al., 2019). As noted by Faccio et al. (2001), family-controlled firms in Asia tend to exhibit a higher risk of expropriation of minority shareholders. Hence, a lower dividend payout ratio may reflect management's opportunistic behavior, which negatively impacts return on assets and equity. In the Malaysian context, particularly among large- cap firms listed on the FTSE Bursa Malaysia Index. The outcome can indicate a preference for internal funding to support asset expansion and growth. Retained profits are essential for financing long-term investment initiatives in capital-intensive industries. The ability of companies to reinvest and increase asset productivity may be hampered by the distribution of excessive dividends, which can reduce internal capital availability. Furthermore, the divergence results from prior studies may be attributed to periods of economic uncertainty such as the 2020 pandemic. Several FTSE-listed companies in Malaysia reported negative ROA and ROE, reflecting losses or reduced profitability due to operational shutdowns, supply chain disruptions, and declining market demand. Since the earnings of companies were unable or inadequate to declare dividends, as their ROA and ROE were insufficient. Companies prioritized liquidity preservation and cost containment over dividend distribution to survive the economic downturn. This trend supports the study's finding of an inverse relationship and emphasises how subpar performance might result in decreased or no dividend distributions. This finding contradicts Ali (2022), who concludes that companies can sustain or increase their dividend payouts and signal for reducing the information asymmetry about their financial prospects during systemic risk. According to Ofori-Sasu et al. (2017), these retained earnings are typically reinvested into operational expansion to generate additional income, thereby enhancing the firm's return on assets

(ROA). The unexpected negative relationship between the dividend payout ratio might be due to the short-term, which does not fully reflect the long-term strategic implications of the impact of dividend policy on firm performance. There are several companies in companies listed in the FTSE Bursa Malaysia still recovering from the pandemic of 2020.

H_2: There is a significant positive association between dividend yield and firm performance.

Based on Hypothesis 2, we do not reject the H_2 because it is found that there is a significantly positive relationship between the dividend yield and firm performance. The result is consistent with previous studies, such as Al Sa'Eed (2018), Raed (2020), and Anandasayanan and Thirunavukkarasu (2016) show that variables such a positive dividend distribution, dividend yield, and dividend payout ratio have played a vital role in predicting firm performance. Besides that, Yousaf et al. (2019) revealed that the dividend yield had a positive and significant effect on the firm value. Relevant empirical evidence from by Murimi and Mungai (2021) also supports that dividend policy has a positive and significant impact on firm performance among insurance companies listed on the Nairobi Securities Exchange, this study also finds that dividend yield has a positive and significant relationship with ROA and ROE. Farrukh et al. (2017) employed two variables, dividends per share and dividend yield, to measure dividend policy and return on equity as a measure of firm performance. According to a regression result, they detected that dividend policy has an important effect on firm performance. Dividend policy positively influences shareholder wealth by enhancing the firm's reputation, supporting capital raising through new equity, and ultimately contributing to higher profitability and share prices. In the context of FTSE-listed companies in Malaysia, a high dividend yield among these firms signals financial health and operational efficiency. It suggests that share price movements in the FTSE-listed companies in Malaysia are strongly tied to dividend policy decisions. According to Ajayi et al. (2025) listed firms should proactively manage their dividend policy to maximise shareholder value and maintain high share prices, as dividend announcements have an impact on share price fluctuations. In Malaysia's relatively developed capital market, dividend yield serves as a credible signal of a firm's profitability and affects both investor confidence. It supports the Signaling Theory, especially in markets where information asymmetry is high. Dividend announcements serve as informative signals to the market regarding a firm's future financial outlook. However, in markets where insider information is not equally shared with all investors, managers may use high dividend yields as a tool to convey confidence in the firm's profitability and stability. Besides that, companies with better access to capital and strong market positioning are more likely to offer higher dividend yields. It can act as a competitive signal in industries with restricted development prospects. Maintaining a strong DY distinguishes large-cap businesses from competitors and improves their ability to issue capital on favourable terms. This decreases their reliance on expensive debt or equity issues, resulting in higher return ratios.

H_3: There is a significant positive association between dividend per share and firm performance.

Based on the Hypothesis 3, we do not reject H_3 since the study demonstrates a significant positive association between dividend per share and firm performance. The result was align with a study by L. Ji- ming and W. Zhao-hua (2009), revealing that a significant positive relationship exists between dividends per share and financial performance in Chinese listed companies. The dividend policies notably influence share prices, but investors show limited to cash dividends, favoring bonus shares instead due to their perceived growth signals. In contrast, within the context of the FTSE Bursa Malaysia Top 100 companies, investor behavior appears to prefer consistent cash dividend payouts, particularly through an increase in the dividend per share. According to Esther and Syafiqah (2025), there are 57 of the top 100 companies by market capitalization on Bursa Malaysia announced greater total

dividends per share in FY2024 compared to FY2023. For instance, Nestlé (Malaysia) Bhd maintained its position as the top dividend payer in FY2024, declaring a total dividend per share of RM 1.79. It is proven that FTSE Bursa Malaysia firms maintain or increase dividend per share are rewarded with higher investor confidence.

Therefore, the capital market of Malaysia tends to react more positively to actual cash payments since it is viewed as tangible returns and a signal of financial stability. This aligns with Bird-in-Hand Theory, which argues that investors prefer immediate and certain return during uncertain period. Telesphore and Patrick (2018) conducted an empirical study on the bank of Kigali listed on the Rwanda stock exchange. Their findings reveal a statistically strong and positive relationship between dividends per share and share prices. This is due to a higher trading volume and a stable dividend payout ratio can boost share prices by increasing investor demand. Furthermore, several Malaysian companies such as Nestlé, Tenaga Nasional, or Public Bank have developed an investment base that prioritises dividends. The market may reprimand fluctuations or decreases in DPS, whereas steady or higher dividends receive incentives with a greater share and valuation premiums. Therefore, dividend policy shapes market sentiment and influences share price behavior, particularly within well-established and institutionally dominated segments, such as the FTSE Bursa Malaysia Top 100. Besides that, FTSE Bursa Malaysia considers larger companies that tend to pay more dividends, as they have better access to external financing and are less dependent on using their internal resources. Larger companies are more exposed to political scrutiny, and they often use dividend distributions to reduce potential political costs. These companies are more inclined to pay higher dividends. It can help these companies access capital markets more easily and obtain external financing at a lower cost. This financial advantage enables them to distribute greater returns to shareholders. (Uwuigbe, 2012). The findings corroborate the studies of Holder et al. (1998), who opined that firms with dispersed ownership typically face greater agency costs and respond by increasing dividend per share to reduce these conflicts.

The additional test examines the relationship between the dividend policy on firm performance, 100 companies listed on the FTSE Bursa Malaysia Top 100 Index, which include the companies with irregular or did not pay dividends consistently from 2020 to 2024.

Table 4.4 Additional Test for 100 Companies Listed in FTSE Bursa Malaysia

VARIABLES	**Y1 ROA**	**Y2 ROE**
X1_DPR	-0.0301**	-0.0496**
	(0.0127)	(0.0202)
X2_DY	1.806***	2.911***
	(0.463)	(0.791)
X3_DPS	-0.0979	1.147
Constant	(0.319)	(0.942)
	2.906*	9.650***
	(1.646)	(2.905)
Observations	500	500
R-squared	0.345	0.156
Number of ID	100	100
R-squared	0.3447	0.1562
F-Test	8.46	10.28
Prob > F	0.00	0.00

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

The table above reveals the regression result of the 100 companies listed on the FTSE Bursa Malaysia. When comparing the regression results between companies that consistently paid dividends and those that did not pay dividends from 2020 to 2024, several key differences in significant relationships are observed. Firstly, when involving inconsistent dividend-paying companies, the DPR remains a negative but less negative relationship between ROA and ROE in both models compared to consistent dividend-paying companies at a 5% significance level. It suggests that inconsistent dividend-paying companies slightly reduce the impact of payout ratio and dilute the strength of this relationship.

In contrast, dividend yield (DY) shows a stronger and more significant positive effect on both performance measures, at a 1% significance level. A high dividend yield is perceived as a stronger signal of firm strength. It is still supporting signaling theory, even for companies with irregular dividend histories. Dividend per share (DPS), which was significant in the earlier model with consistent companies. It becomes statistically insignificant in this broader sample. This might be related to intermittent or low dividend payments of several companies, which undermine the dependability of DPS as a measure of performance throughout the sample.

The additional test 2 is carried out for the effect on dividend policy on firm performance during the Covid and post-Covid. The timeline for during the Covid is from 2020 to 2021, while post-Covid is from 2022 to 2024. This additional test uses the Random Effect Model to investigate the relationship.

Table 4.5 Additional Test For Covid Period

	Estimation Model 1		**Estimation Model 2**	
VARIABLES	**During Covid**	**Post Covid**	**During Covid**	**Post Covid**
DPR	-0.00241	-0.0167***	-0.00105	-0.0204
	(0.00666)	(0.00616)	(0.0124)	(0.0129)
DY	0.927***	0.0771	0.635***	-0.234
	(0.0951)	(0.0936)	(0.190)	(0.213)
DPS	7.534***	9.292***	31.33***	30.57***
	(2.053)	(2.053)	(5.024)	(6.376)
Constant	3.004***	5.137***	10.56***	11.12***
	(0.999)	(0.804)	(3.281)	(1.748)
Observations	144	216	144	216
Number of ID	72	72	72	72
R-squared	0.209	0.211	0.141	0.229
Chi-square	182.636	29.804	111.746	-
Prob > Chi2	0.000	0.000	0.000	-
F-test	-	-	-	9.195
Prob > F	-	-	-	0.000

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

During Covid (2020 to 2021), Estimation Model 1 shows that dividend payout ratio is negative (-0.00241) and statistically insignificant (p>0.1), indicating that there is no significant effect on DPR on firm performance during this period. This may be due to several companies facing revenue shortfalls, reducing dividend payments to conserve money and ensuring survival. Besides that, dividend yield is a positive and highly significant (0.927, p<0.01), with firm performance, indicating that greater dividend yield enhances the firm performance, apparently because investors seek yield when economic uncertainty. Similarly, the dividend per share is positive and highly significant (7.534, p<0.01), demonstrating that

DPS persists as the most accurate and consistent indicator of company success under different circumstances.

Post Covid (2022 to 2024), Estimation Model 1 shows that dividend payout ratio remains a negative coefficient (-0.0167) and statistically significant at 1% level. This suggests that post-Covid, higher dividend payments reduce the firm performance. Dividend yield becomes statistically insignificant (0.0771, $p>0.1$). DY became less of a primary driver of performance as market circumstances stabilized. For dividend per share, it remains positive and highly significant (9.292, $p<0.01$) after the Covid period.

During Covid (2020 to 2021), Estimation Model 2 shows the dividend payout ratio has a negative coefficient and is insignificant (-0.00105, $p>0.1$). Dividend yield has a positive and significant (0.635, $p<0.01$) during Covid. Dividend per share has a strong positive and significant (31.33, $p<0.01$). Post- Covid, dividend payout ratio remains a negative coefficient (-0.0204), confirming that DPR has detrimental effects on continuing after the pandemic due to a slightly greater magnitude. However, dividend yield becomes negative and insignificant post-Covid (-0.234, $p > 0.1$). It aligns with Estimation Model 1 and supports the notion that DY's impact on performance decreased following the market recovery. Dividend per share remains highly significant and positive (30.57), consistently enhancing firm performance.

CONCLUSION

The study reveals that the dividend policy does have an impact on firm performance. This study finds a significant negative relationship between dividend payout ratio (DPR) on firm performance (ROA and ROE), which contrasts with several prior studies that reported a positive association. This implies that a company's capacity to reinvest in growth, particularly in capital-intensive industries. It may be diminished by increased dividend distributions. Several companies prefer to retain earnings for internal use, which may suggest managerial opportunism. The adverse link was further supported by the fact that many companies prioritize liquidity over dividend payout during economic uncertainty like the COVID-19 epidemic. All things considered, by reducing internal capital, excessive dividend payments may jeopardise long-term profitability. Overall, exorbitant dividend distributions might harm long-term performance by reducing internal capital.

The study reveals a significant positive relationship between dividend yield (DY) and firm performance. This suggests that companies with a higher DY are considered more financially secure and efficient, which boosts company value and investor confidence. DY serves as the key factor of dividend policy on firm performance during this timeframe. This supporting the Signaling Theory, demonstrating that high dividend yields are a favourable indicator of profitability when situation with information asymmetry. Companies with excellent financial access and market position provide greater dividend yield as a competitive signal, eliminating the demand for expensive borrowing and increasing profitability.

Lastly, the study reveals a significant positive relationship between dividend per share (DSP) and firm performance. This suggests that constant or growing DPS strengthens investor confidence and is interpreted as an indication of financial stability, particularly among the FTSE Bursa Malaysia Top 100. This study supports the Bird-in-Hand Theory, which holds that investors require immediate and assured rewards. In Malaysia's capital market, companies with high DPS, such as Nestlé and Public Bank, are rewarded with higher share prices. The findings also corroborate with previous research, which suggests that greater capital access and inspection employ higher DPS to lower agency costs and political risk for larger companies.

Overall, this study has achieved the stated research objectives. The first objective was achieved by employing panel data regression analysis, which examined the relationship between dividend policy with firm performance. The result has revealed that the dividend policy does have a significant impact on firm profitability. The second objective was addressed by analyzing the behavior of dividend components during and post-Covid periods as well as in companies with consistent versus inconsistent dividend payout histories. These findings emphasize the strategic relevance of dividend policy in balancing growth and stability.

The study identified several limitations that existed during the process of the research study. Firstly, the analysis is restricted to only the companies from FTSE Bursa Malaysia Top 100 Index and is not applicable across other sectors with different payout cultures in Malaysia. It may limit the applicability of the findings to weaker or unlisted companies. This study does not represent all companies in Malaysia with the same result as this study.

Moreover, the study may be limited to a specific time period, which is only limited to 5 years from 2020 to 2024. This study only captures short-to-medium-term effects of dividend policy on firm performance. It may not fully reflect the long-term strategic implications of the effects of dividend policy on firm performance. Therefore, long-term patterns or structural shifts of dividend policy are not included in this study. The result may contrast with prior studies, which were conducted before the pandemic of 2020. This is because the research study was conducted during Covid and post-Covid. Dividend decisions are different during a financial crisis and economic uncertainty.

In this study, there is no consideration of macroeconomic variables and control variables to affect the dividend policy on firm performance. Ignoring these economic factors and firm-specific controls may lead to an insufficient understanding of the contextual variables influencing companies' behaviour. As this study did not specifically consider that it can potentially have an impact on the results. It may lead to a different result if these variables are considered.

This study has provided several contributions to the existing literature on dividend policy and firm performance by providing updated empirical evidence, as well as supporting the dividend-relevant theory. Therefore, the findings offer support to established theories such as Signaling Theory and Band in Hand Theory. This study fills the gap in the literature on the dividend policy issue by focusing on emerging economies such as companies listed in Malaysia. It enhances our understanding of how firm performance is influenced by dividend policy within emerging economies, such as companies listed on the FTSE Bursa Malaysia. The study contributes to the literature by using updated data from recent years. It can reflect the current dividend decisions of companies and the current economic conditions. The findings offer more relevant and precise perspectives on how dividend policies impact firm performance.

RECOMMENDATIONS

There are various suggestions for potential future study topics to improve comprehension of the effect of dividend policy on firm performance. Future research can expand the sample beyond the FTSE Bursa Malaysia Top 100 Index to different payout cultures, such as manufacturing, construction, and services sectors for broader generalizability. Also, most research is undertaken in developed countries, implying a need for more study on corporate dividend policy in emerging countries.

Moreover, further studies on corporate dividend policy could broaden its scope by including other variables, such as board characteristics and ownership structure. Other factors that may influence dividend policy, such as shareholders' expectations, tax status of investors, and industry norms. It can be considered when developing a dividend policy, even it only has a moderate impact. Considering these elements would provide a better understanding of how firms establish and implement their dividend policies. It is recommended to use some other dependent variables, such as Tobin's Q to measure firm performance, while using retention ratio, dividend frequency, free cash flow to equity (FCFE), and dividend cover ratio as the proxies for dividend policy.

In conclusion, the findings underscore the appeal for enhanced communication and transparency in dividend policy, aligning with corporate governance principles aimed at promoting long-term value creation and performance-aligned dividend practices for policymakers. Understanding how governance and disclosure influence dividend decisions might improve investors' ability to judge firm quality. Investors should be wary of companies with inconsistent or excessively large dividend distributions that are not supported by excellent fundamentals. Corporate managers should move beyond discovering dividends as a normal payment and instead include dividend policy in strategic planning. The study's findings show that dividend policy has a considerable influence on firm performance, implying that inconsistent or inadequate payment policies may impair firm value and investor trust, particularly during turbulent or post-crisis periods.

REFERENCES

Agung Bandar Lampung, G., Hasnawati, S., & Fiska Huzaimah, R. (2021). The Effect Of Investment Decision, Financing Decision, Dividend Policy On Firm Value (Study On Food And Beverage Industry Listed On The Indonesia Stock Exchange, 2016-2018). In *Jurnal Bisnis dan Manajemen* (Vol. 17, Issue 1).

Ajayi, J. A., Abolaji, D. A., & Akinbode, W. A. (2025). Evaluating the Effect of Dividend Policy Decisions on Firms' Earnings in Nigeria. *African Journal of Business and Development Studies*, *1*(2), 253–264. https://doi.org/10.70641/ajbds.v1i2.105

Al Sa'Eed, M. A. (2018). The Impact of Ownership Structure and Dividends on Firm's Performance: Evidence from Manufacturing Companies Listed on the Amman Stock Exchange. *Australasian Accounting, Business and Finance Journal*, *12*(3), 87–106. https://doi.org/10.14453/aabfj.v12i3.7

Alfisah, E., & Arsyad Albanjari Banjarmasin-South Kalimantan, M. (2018). Factors of Dividend Payout Ratio and Influence on Company Value (Case Study on LQ 45 Companies in Indonesia Stock Exchange on the 2011-2015). In *Asian Journal of Business and Management*. www.ajouronline.com

Ali, H. (2022). Corporate dividend policy in the time of COVID-19: Evidence from the G-12 countries.

Finance Research Letters, *46*. https://doi.org/10.1016/j.frl.2021.102493

Allen, F., & Michaely, R. (2003). Chapter 7 Payout policy. In *Handbook of the Economics of Finance* (Vol. 1, Issue SUPPL. PART A, pp. 337–429). Elsevier B.V. https://doi.org/10.1016/S1574- 0102(03)01011-2

Ambarish, R., John, k., & Williams, J. (1987). Efficient Signalling with Dividends and Investments. *The Journal of Finance*, *42*(2), 321–343. https://doi.org/10.1111/j.1540-6261.1987.tb02570.x

Amidu, M. (2007). How does dividend policy affect performance of the firm on Ghana Stock exchange?

HOW DOES DIVIDEND POLICY AFFECT PERFORMANCE OF THE FIRM ON GHANA

TOCK EXCHANGE? In *Investment Management and Financial Innovations* (Vol. 4, Issue 2). https://www.researchgate.net/publication/286355892

Amir, A. S., Quayyum, C. M., Md. Isa, E. V., & Zaidi, Z. R. (2024). Demystifying Dividend Yield: Unveiling the Impact of Financial Metrics in Malaysia's Top 100 Ranked Companies. *JURNAL AKUNTANSI DAN BISNIS : Jurnal Program Studi Akuntansi*, *10*(1), 34–47. https://doi.org/10.31289/jab.v10i1.11677

Anandasayanan, S. , & T. V. (2016). Dividend Policy and Corporate Profitability Econometric Analysis of Listed Manufacturing Firms in. *International Journal of Commerce and Management Research*, *2*, 53–58. http://ssrn.com/abstract=2849722www.managejournal.com

Bhattacharya, S. (1979). Abstract: An Exploration of Nondissipative Dividend-Signaling Structures. In

JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS Proceedings Issue (Vol. 14, Issue 4).

http://www.jstor.orgURL:http://www.jstor.org/stable/2330441http://www.jstor.org/page/info/about/ policies/terms.jsp

Bhattacharyya, N. (2007). Dividend policy: a review. In *Managerial Finance* (Vol. 33, Issue 1, pp. 4– 13). Emerald Group Publishing Ltd. https://doi.org/10.1108/03074350710715773

Bossman, A., Agyei, S. K., Asiamah, O., Agyei, E. A., Arhin, E. Y., & Marfo-Yiadom, E. (2022).

Dividend policy and performance of listed firms on Ghana stock exchange. *Cogent Economics and Finance*, *10*(1). https://doi.org/10.1080/23322039.2022.2127220

Budagaga, A. (2017). International Journal of Economics and Financial Issues Dividend Payment and its Impact on the Value of Firms Listed on Istanbul Stock Exchange: A Residual Income Approach.

International Journal of Economics and Financial Issues, *7*(2), 370. http:www.econjournals.com

Chege Alex Murathe. (2018). *The Effect Of Dividend Policy On The Financial Performance Of Financial Institutions Listed At Nairobi Securities Exchange By Chege Alex Murathe A Research Project Submitted In Partial Fulfillment Of The Requirement For The Award Of The Degree Of Master Of Science In Finance School Of Business, University Of Nairobi 2018*.

Dang, H. N., Vu, V. T. T., Ngo, X. T., & Hoang, H. T. V. (2021). Impact of dividend policy on corporate value: Experiment in Vietnam. *International Journal of Finance and Economics*, *26*(4), 5815– 5825. https://doi.org/10.1002/ijfe.2095

Faccio, M., Lang, L. H. P., & Young, L. (2001). *Dividends and Expropriation* (Vol. 91, Issue 1).

Farrukh, K., Irshad, S., Shams Khakwani, M., Ishaque, S., & Ansari, N. (2017). Impact of dividend policy on shareholders wealth and firm performance in Pakistan. *Cogent Business and Management*, *4*(1). https://doi.org/10.1080/23311975.2017.1408208

Holder, M. E., Langrehr, F. W., & Lawrence Hexter, J. (1998). Dividend Policy Determinants: An Investigation of the Influences of Stakeholder Theory, *27*(3). https://about.jstor.org/terms

JOHN, K., & WILLIAMS, J. (1985). Dividends, Dilution, and Taxes: A Signalling Equilibrium. *The Journal of Finance*, *40*(4), 1053–1070. https://doi.org/10.1111/j.1540-6261.1985.tb02363.x

L. Ji-ming and W. Zhao-hua. (2009). An Empirical Study of the Relationship Between Corporate Dividend Policy and Financial Performance of Chinese Listed Companies . *ISECS International Colloquium on Computing, Communication, Control, and Management* , *1*, 190–193.

Manjunatha, K., & Akash, S. B. (2018). Dividend Policy And Financial Performance Of Indian Cement Companies-An Empirical Study. *An Empirical Study. Journal of Management*, *5*(6), 157–164. http://www.iaeme.com/JOM/index.asp157http://www.iaeme.com/JOM/issues.asp?JType=JOM&VType=5&IType=6http://www.iaeme.com/jom/issues.asp?JType=JOM&VType=5&IType=6

MILLER, M. H., & ROCK, K. (1985). Dividend Policy under Asymmetric Information. *The Journal of Finance*, *40*(4), 1031–1051. https://doi.org/10.1111/j.1540-6261.1985.tb02362.x

Mohd, K. N. T., & Zaharudin, K. Z. (2019). Future earnings growth and dividend payout: Evidence from Malaysia. *Management Science Letters*, *9*(2), 347–356. https://doi.org/10.5267/j.msl.2018.11.006

Mohsin Hafeez, M., Shahbaz, S., Iftikhar, I., & Butt, H. A. (2018). Impact of Dividend Policy on Firm Performance: (Evidence from the Manufacturing firms in Pakistan). *International Journal of Advance Study and Research Work*, *1*. https://doi.org/10.5281/zenodo.1312180

Murimi, K. V, & Mungai, J. (. (2021). Dividend policy and financial performance of insurance companies listed in Nairobi securities exchange. *Kenya. International Academic Journal of Economics and Finance*, *3*(6), 405–422. http://iajournals.org/articles/iajef_v3_i6_405_422.pdf

Musa, F., Abubakar, I. A., & Garba, M. (2020). Dividend Policy And Financial Performance Of Consumer Goods Companies In Nigeria. In *International Journal of Research in Commerce and Management Studies* (Vol. 2, Issue 02). http://ijrcms.com

Nguyen, A. H., Pham, C. D., Doan, N. T., Ta, T. T., Nguyen, H. T., & Truong, T. Van. (2021). The Effect of Dividend Payment on Firm's Financial Performance: An Empirical Study of Vietnam. *Journal of Risk and Financial Management*, *14*(8). https://doi.org/10.3390/jrfm14080353

Ofori-Sasu, D., Abor, J. Y., & Osei, A. K. (2017). Dividend Policy and Shareholders' Value: Evidence from Listed Companies in Ghana. *African Development Review*, *29*(2), 293–304. https://doi.org/10.1111/1467-8268.12257

Oliver Winoto, C., & Arni Rudiawarni, F. (2024). The Impact of COVID-19 Pandemic on Dividend Policy Relevance to Firm Value: the case of Indonesian Banking Industry.

Prasetya Margono, F., & Gantino, R. (2021). Influence of Firm Size, Leverage, Profitability, and Dividend Policy on Firm Value of Companies in Indonesia Stock Exchange. *Copernican Journal of Finance & Accounting*, *10*(2), 45–61. https://doi.org/10.12775/cjfa.2021.007

Raed, K. (2020a). Dividend Policy and Companies" Financial Performance. *Journal of Asian Finance, Economics and Business*, *7*(10), 531–542. https://doi.org/10.13106/jafeb.2020.vol7.no10.531

Raed, K. (2020b). Dividend Policy and Companies" Financial Performance. *Journal of Asian Finance, Economics and Business*, *7*(10), 531–542. https://doi.org/10.13106/jafeb.2020.vol7.no10.531

Semaun, S., Nurnajamuddin, M., & Corresponding Author, S. (2019). The Effect of Corporate Governance, Dividend Policy and Firm Size on Financial Performance and Firm Value of the Banking Industry Listed On the Indonesian Stock Exchange. In *Quest Journals Journal of Research in Business and Management* (Vol. 7, Issue 5). www.questjournals.org

Shah, A. (2023). Firm Performance And Dividend Policy In India-Moderating Effect Of Crisis (Pandemic) Period. *International Journal of Management, Public Policy and Research International*, *2*(1), 117–124.

Sugathadasa, K. (2018). The Impact of Dividend Policy on Share Price Volatility: Empirical Evidence with Colombo Stock Exchange in Sri Lanka. *INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH & DEVELOPMENT*. https://doi.org/10.24940/ijird/2018/v7/i8/131041-316982-2-SM

Uwuigbe, U. (2012). Dividend Policy and Firm Performance: A Study of Listed Firms In Nigeria. In

Accounting and Management Information Systems, *11*(3).

WILLIAMS, J. (1988). Efficient Signalling with Dividends, Investment, and Stock Repurchases. *The Journal of Finance*, *43*(3), 737–747. https://doi.org/10.1111/j.1540-6261.1988.tb04605.x

Wmss, W. (2019). *IMPACT OF DIVIDEND POLICY ON FIRM PERFORMANCE EVIDENCE FROM LISTED COMPANIES IN COLOMBO STOCK EXCHANGE*. www.globalscientificjournal.comwww.globalscientificjournal.com

Yegon, C., Cheruiyot, J., Sang, J., Cheruiyot, P., Kirui, J., Rotich, J., & Kenyatta, J. (2014). Effects of Dividend Policy on Firm's Financial Performance: Econometric Analysis of Listed Manufacturing Firms in Kenya. In *Research Journal of Finance and Accounting www.iiste.org ISSN* (Vol. 5, Issue 12). www.iiste.org

Yousaf, I., Ali, S., & Hassan, A. (2019). Effect of Family Control on Corporate Dividend Policy of Firms in Pakistan. *Financial Innovation*, *5*(1). https://doi.org/10.1186/s40854-019-0158-9