

## Table of Contents

<b>CHAPTER 1: INTRODUCTION</b>	<b>1</b>
1.1 Purpose and Significance of the Study	1
1.2 Research Objectives	3
1.3 Research Hypotheses	4
1.4 Organization and Scope of the Study	4
<b>CHAPTER 2: LITERATURE REVIEW</b>	<b>6</b>
2.1 Introduction on Dividend Policy	6
2.2 Dividend Policy Theories	8
2.2.1 Dividend Irrelevance Theory	9
2.2.2 Bird in Hand Theory	10
2.2.3 Signaling Hypothesis	11
2.2.4 Tax-Effect Hypothesis	11
2.2.5 Agency Costs and Free Cash Flow Hypothesis	12
2.3 Factors Influencing Dividend Decisions	13
2.3.1 Agency Costs	13
2.3.2 Size	17
2.3.3 Profitability	18
2.3.4 Financial Leverage	20
2.3.5 Growth Opportunities	21
<b>CHAPTER 3: RESEARCH METHODOLOGY</b>	<b>25</b>
3.1 Introduction	25
3.2 Development of Hypotheses	25
3.2.1 Agency Cost Hypothesis	25
3.2.2 The Firm Size Hypothesis	26
3.2.3 The Profitability Hypothesis	27
3.2.4 The Financial Leverage Hypothesis	28
3.2.5 The Growth and Investment Opportunities Hypothesis	29
3.3 Selecting Measures	30
3.3.1 Dependent Variable	30

3.3.2	Independent Variables	31
3.3.2.1	Agency Cost	31
3.3.2.2	Size	32
3.3.2.3	Profitability	32
3.3.2.4	Financial Leverage	33
3.3.2.5	Growth and Investment Opportunities	33
3.4	Research Framework	35
3.5	Sampling Design	35
3.6	Data Collection	37
3.7	Data Analysis Techniques	38
<b>CHAPTER 4: RESEARCH RESULTS</b>		<b>41</b>
4.1	Summary Statistics	41
4.2	Analyses of Measures	43
4.2.1	Multicollinearity	43
4.2.2	Redundant Fixed Effects Test	45
4.2.3	The Hausman Test	46
4.3	Testing of Hypotheses	46
4.3.1	Agency Costs	47
4.3.2	Size	48
4.3.3	Financial Leverage	48
4.3.4	Profitability	49
4.3.5	Growth Opportunities	49
4.4	Summary of Research Results	50
<b>CHAPTER 5: CONCLUSION AND RECOMMENDATIONS</b>		<b>51</b>
5.1	Summary and Conclusion	51
5.2	Implications	52
5.3	Limitations of the Study	53
5.4	Suggestions for Future Research	54
<b>REFERENCES:</b>		<b>55</b>

<b>APPENDIX A: SAMPLE SIZE TABLE</b>	<b>62</b>
<b>APPENDIX B: REDUNDANT FIXED EFFECT TESTS</b>	<b>63</b>
<b>APPENDIX C: HAUSMAN TEST</b>	<b>65</b>
<b>APPENDIX D: PANEL DATA</b>	<b>66</b>

## List of Tables

Table 3. 1:-----	34
Table 3. 2-----	38
Table 4. 1-----	41
Table 4. 2-----	44
Table 4. 3-----	45
Table 4. 4-----	46
Table 4. 5-----	46