EFFECT OF FIRM SIZE ON DIVIDEND PAYOUT AMONG NON FINANCIAL FIRMS LISTED AT THE NAIROBI SECURITIES EXCHANGE

GEOFFREY OMATOKE MOSIRIA

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE, FACULTY OF BUSINESS AND MANAGEMENT SCIENCE, UNIVERSITY OF NAIROBI
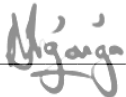
2022

DECLARATION

This research project is my original work and has not been submitted or presented to any other institution of learning for any academic award

Signature _____Date _____25/11/2022_____

Geoffrey Omatoke Mosiria

D61/9725/2018

This research project has been submitted for examination with my approval as the university supervisor

Signature _____Date _____25/11/2022_____

James Ng'ang'a

Lecturer, Department of Finance and Accounting

Faculty of Business and Management Science

University of Nairobi

ACKNOWLEDGEMENTS

I thank Almighty God for uncountable blessings and also for making my dreams come true. I also thank my supervisor Mr. James Ng'ang'a for the guidance and instructions. It is through his guidance, dedication and encouragement during this project preparation that ensured its success.

DEDICATION

I dedicate this project to all my family members for their encouragement during my studies.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

CMA - Capital Market Authority

CR - Current Ratio

DER - Debt to Equity Ratio

DPR - Dividend Payout Ratio

GDP - Gross Domestic Product

MM - Modigliani and Miller

NPV - Net Present Value

NSE - Nairobi Securities Exchange

ROA - Return on Assets

ROE - Return on Equity

ABSTRACT

Dividend payout is a significant financial aspect since it entails the determination of the sum distributed to the stockholders as return on invested capital to increase the size of the firm. However, the link between dividends and firm size has been an important topic but controversial corporate finance area since Miller and Modigliani conceptualized the dividend irrelevance model. In Kenya, the NSE indicates that any company seeking listing at the bourse must have a clear dividend payout policy. However, due to financial difficulties, various nonfinancial companies have not paid dividends for many years. In 2017 for example, only two companies paid an extraordinary dividend in addition to the usual dividends. This study thus sought to examine the effect of firm size on dividend payout among nonfinancial corporations quoted at the NSE. The study adopted a descriptive research design to achieve its objectives and target population therefore comprised of the 48 non-financial firms quoted at NSE. This study thus undertook a census of the 48 listed nonfinancial corporations. This study entirely used secondary data that was extracted from audited accounting reports of the individual non-financial corporations for a 5 years period from 2017 to 2021. The study employed descriptive statistics and inferential statistics for analysis of data using SPSS statistical software. Descriptive statistical tools entailed standard deviation, mean, maximum and minimum values that were employed to summarize data. Inferential statistical tools entailed the regression model. The study results revealed that firm size had a negative and significant relationship between with dividend payout while profitability had a positive and significant relationship with dividend payout respectively. The results further revealed that firm growth had a positive and significant effect on DPR while firm age negatively and significantly affected dividend payout respectively. The study concluded that firm size, profitability, firm growth and firm age had a significant effect on dividend payout of listed non-financial firms at the NSE. The study recommended that the management of quoted non-financial entities should invest more in fixed assets and properly manage those assets to growth their entities, to generate revenue as well as enhance economics of large-scale production to enhance performance which will enable the entities to pay dividends.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Dividend decisions are key decisions made by an entity's financial managers and are consistent with the goal of maximizing shareholder wealth (Fahim, Khurshid & Tahir, 2015). Various factors must be considered when determining the dividend payout, such as company size, profitability, company strategy, corporate taxes and shareholder expectations (Yee, 2017). Company size influences the payout ratio, as large firms usually have simple access to the funds market, so the entities may pay high dividends (Hayati, Astuti & Murdy, 2018). As the company grows, it enjoy the capability to distribute a greater proportion of its income to shareholders. Additionally, larger companies are more mature; hence, they may pay a high dividend payout that acts as a tool to reduce agency conflicts (Hashmi et al., 2020).

This study will be pegged on the Modigliani and Miller, the agency theory and the dividend signaling theory. The Miller-Modigliani theory argues that an entity's value is solely determined by its ability to earn from its investment policy or the company's assets, and that the distribution of profit streams between dividends and the firm reserves does not affect an entity's value (Hashmi et al., 2020). The agency theory explains that paying dividends plays a significant role in reducing the agency's problem, as dividends shed light on potential cost reductions by the agency in investments with negative present values (Khoiro, Suhadak & Handayani, 2019). The dividend signaling theory indicates that stockholders can use the change in dividend payout information as a signal about a company's financial condition, particularly its profitability (Yee, 2017).

In Kenya, the NSE is the primary stocks bourse in the country (Olang, Akenga & Mwangi, 2015). NSE makes investing and saving easier by bringing borrowers and lenders together (Rono, 2020). The NSE offers foreign investors access to the Kenyan market as many publicly traded companies are listed outside of Kenya and are an entry point into regional markets (Bulla, Namusonge & Kanali, 2017). Profits of a listed company are dispersed to owners as dividends or reinvested. Each company sets its own dividend payments policy. This is largely determined by several conditions and factors that prevailed during an accounting period (Musiega et al., 2013).

1.1.1 Firm Size

Firm size is a measure of company size that is measured through the corporation's aggregate assets (Lumapow & Tumiwa, 2017). Corporation size is the variety and amount of production capacities and capabilities available to an entity, or the variety and amount of services that the business provides to its client base at the same time (Khoiro, Suhadak & Handayani, 2019). Company size is an indicator of entities size that is assessed through the aggregate value of the corporation's resources (Ahmed & Javid, 2008). It is normally easy for high-growth companies to access the funds market, as investors see positive signs for high-growth enterprises (Rahmawati & Fajri, 2021).

In finance, it is assumed that the size of an entity can affect an entity's value since the larger the corporation; the easier it is to find a source of funding (Lumapow & Tumiwa, 2017). The size of the company, reflected in the volume of assets and high turnover, will attract investors to investment, increasing the demands on managers to report good corporate finances according to investor preferences (Tumiwa & Mamuaya, 2019). Hence, the larger the company size, the greater the demands investors place on the

managers, the greater the managers' ability to manipulate profits to meet investor preferences (Rahmawati & Fajri, 2021).

Company size is measured through assessing the firm's total assets. A larger asset base means larger companies that can achieve better results (Tumiwa & Mamuaya, 2019). The natural log of aggregated firm asset is used to decrease the substantial difference between the size of an oversized corporation and the size of an undersized company. The total assets value is then molded into a natural logarithm, in the form of a conversion of the natural logarithm the data of the entire asset is normally distributed (Khoiro, Suhadak & Handayani, 2019). In addition, company size can be determined based on the number of employees, market capitalization, total sales, total value of assets, etc. (Rahmawati & Fajri, 2021).

1.1.2 Dividend Payout

Dividend payout denotes the percentage of the net incomes that a corporation distributes to its stockholders (Lestari, 2018). Dividend payout denotes the proportion of dividends paid out of an entity's current earnings. The dividend can be high, zero, medium or low (Khoiro, Suhadak & Handayani, 2019). The dividend payout ratio denotes the sum of payments that shareholders will be given for each share they hold. The payout ratio defines the amount of profits distributed to stockholders and the funds retained in the company (Shavira, 2019). Dividend payments are vital since reserves are the most important and cheapest internal funding source, while dividend payments are, on the other hand, a desired yield on investment for stockholders (Osamwonyi & Ebueku, 2016).

Decisions on dividends is a very important finance function as it involves the determination of the amount distributed to shareholders as income or internally reinvested (Yee, 2017). The dividend decision is thus a critical financial decision for entities. Corporations seek to determine the level of internal funding while also believing that they are maximizing the wealth of their shareholders through a dividend payout policy (Lestari, 2018). The payout policy reflects the company's progress, as the dividend payment itself reveals the strength and long-term business direction of the company. Dividend payout policies also affect a company's profitability, and a change in dividend, in particular, affects a company's bottom line (Osamwonyi & Ebueku, 2016).

Dividends distributed to shareholders in cash serve as a proxy of an entity's financial health, stability and future prospects (Al-Sabah, 2015). The payout ratio shows how much an entity contributes to the dividend payment. The greater the DPR, the more the entity's profits will be distributed to stockholders (Shavira, 2019). The payout ratio is computed as the quantity of cash dividend paid in proportion to the company's after-tax profit. The payout ratio results from comparing earnings and dividends available to investors (Khoiro, Suhadak & Handayani, 2019). The payout ratio shows how the income supports the dividend distribution (Yee, 2017).

1.1.3 Firm Size and Dividend Payout

Company size is a key factor that can influence the company's dividend payout. Larger firms are deemed to be more competitive, have better credit ratings, have access to capital, and have more clients, which increases their productivity and their capacity to pay high dividends (Hosain, 2016). In comparison, to small companies, large corporations are more mature; they have high cash flows, and tend to pay higher

4

dividends (Ahmed & Javid, 2008). Large companies have flexibility; enjoy the economies of scale production compared to smaller corporations, making it easier to get funds from the capital markets that are used to investment in projects that lead to increased profitability (Lumapow & Tumiwa, 2017).

In empirical terms, Tekin (2020) investigated the impact of firm size on cash dividends in eighteen European countries and documented that small corporations had high asymmetric information to distribute low dividends than large firms did. Khoiro, Suhadak and Handayani (2019) assessed the link between corporate size and payout and documented that firm size was positively influenced by dividend policy. Ebueku and Osamwonyi (2016) also assessed how dividend payout affect entity's returns and revealed that current dividend payout, company growth and size positively and significantly impacted the entities earnings per share. Musiega (2013) further explored the dividend payout determinants among NSE listed firms and documented that firm size, business risk and company growth were positively correlated to the payout ratio.

1.1.4 Nonfinancial Firms Listed at the NSE

The NSE is the country's stock market, bringing in public savings and investments from more than 50 companies divided into nine industries (Olang, Akenga & Mwangi, 2015). There are nine sector include commercial and services, agriculture, automotive & accessories, telecommunications & technology. The other sector are insurance, banking, and manufacturing & allied, energy & oil, construction & allied sectors (Bulla, Namusonge & Kanali, 2017). The NSE is licensed by the Kenyan CMA whose key role is to supervise the securities market and ensure securities trading at low cost by bringing investors and borrowers together (Kosgei, 2017).

The NSE is an idyllic frontier market stocks exchange that gives overseas investors access to the Kenyan economy, and as many publicly traded corporations grow outside Kenya's borders, it is a point of entry into the regional markets (Musiega et al., 2013). As a securities market entity, the bourse plays a significant role Kenya's economic growth and development as it aids in mobilizing domestic savings and thus redistribute financial resources from dormant to active actors (Olang, Akenga & Mwangi, 2015). Within Africa, the NSE remains the largest exchange with regards to volume of trading and the fifth largest in terms of marketplace capitalization (Kosgei, 2017).

Listed nonfinancial companies typically disclose their dividends and the company shareholders as indicated in the entities share register, as a certain period of time for receiving dividends upon payout is appropriate (Bulla, Namusonge & Kanali, 2017). Nonfinancial companies listed on the NSE are expected to follow a dividend policy that is in line with common practice. Most companies pay dividends in the form of bonus payment or cash dividends, which are typically paid two times in a particular fiscal period (Kosgei, 2017). In the NSE, most publicly traded companies pay dividends every six months. There are no legal requirements for companies to apply a particular payment plan. Nevertheless, the distribution of dividends is monitored subject to certain legal restrictions, for example, dividends should only be paid out of capital at the time of liquidation (Rono, 2020).

1.2 Research Problem

Dividend payout is a significant financial aspect since it entails the determination of the sum distributed to the stockholders as return on invested capital to increase the size of the firm (Kuzucu, 2015). Monitoring corporate dividend policies is necessary and vital to

many investors and industry experts (Al-Sabah, 2015). However, the link between dividends and firm size has been an important topic but controversial corporate finance area since Miller and Modigliani (1961) conceptualized the dividend irrelevance model. Dividend payments have been explained as an intricate topic, which remains among the ten most problematic topics in financial theory (Osamwonyi & Ebueku, 2016). In addition, dividend payout determination is usually influenced by an entity's size, but the degree to which company size influences dividend payout remains anonymous in most empirical studies (Hayati, Astuti & Murdy, 2018).

In Kenya, the NSE indicates that any company seeking listing at the bourse must have a clear dividend payout policy (Kimani & Olweny, 2021). As a result, managers of all listed companies should have serious considerations about the dividend payment policy (Rono, 2020). As such, most of the nonfinancial companies trading at the NSE's have well-defined payout strategies. However, due to financial difficulties, various nonfinancial companies have not paid dividends for many years (Buigut & Soi, 2020). In 2017 for example, only two companies paid an extraordinary dividend in addition to the usual dividends. Statistics also show that more than a third of the companies quoted at exchange did not pay dividends since 2014. In addition, more than 15 nonfinancial companies have reduced dividends per share (Adan & Omagwa, 2018).

On an empirical perspective, several studies have been undertaken across the world. For instance, Packkirisamy and Ramachandran (2010) explored how firm size affects dividend payment and documented that DPR of firm of different sizes in India was affected by debt levels but the study focused on dividend and debt. Javid and Ahmed (2008) examined the dividend payout determinants among Pakistani listed firms and

7

documented that corporation size had a significant influence on dividend payout. Eriotis (2005) studied how dividend payout varies across firms of different sizes in Greece and found that firm size affected dividend distribution. These studies however were undertaken in different context and may not be generalized to the Kenyan context.

In Kenya, Bulla, Namusonge and Kanali (2017) investigated the dividend payout determinants among firm NSE quoted firms and found a significant direct link between prior dividends and firm size but the study focused on prior dividends. Kimani and Olweny (2021) examined the link between the DPR and stock price volatility of listed Kenyan banks and incorporated firm size as a controlling variable and documented that and when the firm size is high, DPR had a direct influence on the security prices volatility but the study incorporated size as a controlling variable. The reviewed studies indicates that firm size affects dividend payout. However, in most studies entity size is incorporated as a control variable where its controlling effect is examined. In addition, the studies obtained conflicting findings that can be ascribed to the usage of different methodologies and measures. The studies were also carried out in different firms. This study thus sought to examine, what is the effect of firm size on dividend payout among non-financial firms listed at the NSE.

1.3 Research Objective

To examine the effect of firm size on dividend payout among nonfinancial corporations quoted at the NSE.

1.4 Value of the Study

This study will be of significance to the management of listed nonfinancial firms, policymaking entities and to theory of finance. The foremost significance of this research applies to executives of NSE nonfinancial quoted firms, as they will use the research conclusions and recommendations to initiate effective policies on assets growth and dividend payout. The management of the listed nonfinancial firm will also gain a deeper understanding on investments in assets as well as making informed decisions on dividend payout in line with their company's policies.

Second, the study findings shall be of importance to policymaking institutions like the Capital Markets Authority (CMA), the NSE and other regulatory agencies to develop strategic policies, which will used by the listed firms to develop effective payout polices as well as investment to growth their firms. Policy making entities may use the study recommendations to formulate strategic plans on the effectual dividend payout policies not only for the listed nonfinancial firms but also for the listed financial firms.

This study shall also supplement and complement the available studies and literature relating to firm size and dividend payout in addition to theoretical underpinnings on Modigliani and Miller, the agency theory and the dividend signaling theory. This paper will also suggest areas, which may require further studies and introduce an opening for extra studies on the concept of firm size and dividend payout.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section presents a preview of the study theories under the theoretical review, a review of determinants of dividend payment and a review of past studies on the study variables under the empirical review section. The section further presents the conceptual model and a summary of the reviewed literature.

2.2 Theoretical Review

2.2.1 Modigliani and Miller Theory

Modigliani and Miller (1961) first postulated this theory and indicated that in an idyllic market where costs (transaction costs, fees and brokerage costs) are nil and there is no asymmetric information, the dividend payment does not affect an entity's value. However, these assumptions may not apply in the actual world, so dividend payout continue to influence corporate investment and financing decisions (Ahmed & Murtaza, 2015). MM contended that dividend policy excluding taxes or transaction costs was not relevant to the company's value. MM indicated that the payout policy chosen by an entity does not affect stockholders wealth given the optimal investment policy of the companies. In other words, dividend payout policies are similar (Chaabouni, 2017).

MM argues that companies' funding and investment policies are independent of their dividend policy. The theory suggests that dividend clienteles could arise depending on investors attributes (Abdioğlu, 2016). MM posit that if an entity has excess funds i.e. excessive investment, the firm can decide to keep the funds so that the share price does

not change and the valuation of the company is maintained (Chaabouni, 2017). This theory generally concludes that maintaining a company's dividend profits does not affect the owner's wealth and is hence not relevant in a perfect funds market, as investors can make a company decision or inappropriately change its impact on their portfolio (Ahmed & Murtaza, 2015).

The MM theory indicates that shareholders do not care that their cash flows are received as capital gains or as dividends because the corporation does not change its investment policy (Osamwonyi & Ebueku, 2016). In such situation, the entity ratio of payout affects its residual cash flow and if the excess cash flows are positive, the companies' choose to pay dividends, and when the negative, the corporation chooses to issue stocks. MM also indicated that change in dividends can provide the market with information about a company's future earnings (Ahmed & Javid, 2008). MM postulated that the value determinants are the availability of investments with positive NPV and that the dividend model is irrelevant for their acceptance (Chaabouni, 2017).

2.2.2 Agency Theory

Jensen and Mecklin (1976) conceptualized the theory that suggests that the separation of interests between owners and managers can lead to different company goals. Agency theory deals with the contractual relationship between company members. An agency relationship is an agreement between a manager (agent) and an investor (principal) (Rahmawati & Fajri, 2021). The theory suggests that due to the nature of the value added functions and the heterogeneity of goals, managers may not be able to maximize shareholder wealth (Osamwonyi & Ebueku, 2016). Thus, an agency relationship exists

between shareholders and creditors; shareholders and management (Fahim, Khurshid & Tahir, 2015).

The theory explains that dividends help stockholders to create a tool of discipline and control for management that replaces direct interference with corporate supervision (Alex & Krishnan, 2015). Dividends also provide information about a company's future by balancing executives and shareholders' interests and investing in positive net present value investments (Tekin, 2020). The theory indicates that paying dividends reduces the finances available for investments by the executives. This reduces the cost of monitoring by shareholders. Hence, in order for managers to invest prudently in positive NPV projects, they need to raise funds from outside the company and thus borrow to increase funding (Khoiro, Suhadak & Handayani, 2019).

According to the theory, high payments decrease internal funds and thus the costs of checking the actions of the management. Paying dividends to stockholders reduces free cash flow, leaving managers unable to invest sub-optimally (Alex & Krishnan, 2015). The theory also suggests that payment of dividends reduces the information asymmetry costs as well as the cash flows controlled by management, thus decreasing agency conflicts (Hashmi et al., 2020). This theory indicates that stockholders recognize dividends as their investment shield since they believe dividends reduce funds held by managers that can be used against shareholders will (Rahmawati & Fajri, 2021).

2.2.3 Dividend Signaling Theory

This theory was conceptualized by Bhattacharya (1979) and accentuates the significance of information published by corporations on non-business investment policies. The theory holds that information is a vital component for entrepreneurs and investors as it

mainly provides statistics, observations or images about the future, present and past conditions for a company's survival and their consequences (Hosain, 2016). Investors in usually require relevant, comprehensive, up-to-date and accurate information as an analytical tool for investment decisions (Pattiruhu & Paais, 2020). Signaling theory states that investors believe that management can pass information through dividends announced by a company (Danila, 2020).

The theory states that dividend payment is used specifically for provision of information and as a reference for future corporate forecasts. Communicating information about the company's value to investors is a key part of dividend policy (Pattiruhu & Paais, 2020). The theory also indicates that a good quality company pays more dividends than an inferior company does. If the signal rises due to a discrepancy between managers and investors, the organization with the larger discrepancy should pay high dividends (Danila, 2020). According to the theory, dividends informational content indicates that dividend payment may be used to reveal a company's future prospects, and only high quality companies can use such a device (Kimani & Olweny, 2021).

The theory shows that a company's reports of rising dividend payments are an indicator of a company with good future prospects. Therefore, a manager with good investment opportunities will signal more often than one who does not, because it is in their best interests to do so (Alex & Krishnan, 2015). In terms of signaling, large companies, pay dividends to send a better sign to the marketplace that the company is making a lot, is stable fiscally, and is in a better financial situation. Otherwise, not paying dividends is seen as a bad sign in the market, as the market can assume that the company is lacking

money and not viable financially, resulting in a drop in the company's market price (Hashmi et al., 2020).

2.3 Determinants of Dividend Payout

2.3.1 Firm Size

Company size is deemed a significant element in determination of company's dividend policy. It is expected that higher sales levels will increase cash inflow and higher dividends (Hayati, Astuti & Murdy, 2018). Larger corporations incline to have simple accessibility to the funds markets and usually reserve little revenues to fund investments. Big corporations tend to increase their dividends to reduce agency costs (Kuzucu, 2015). In most cases, large companies and excess cash flows pay high dividends than small corporations (Ahmed & Murtaza, 2015). An entity's size also affects the sum of finances required to operate or invest (Lestari, 2018). Large and established companies ease of access to the funds market can be s sign of the companies' ability and flexibility to raise capital and make profits in terms of corporate wealth growth, 2019).

2.3.2 Profitability

Profitability denotes the earnings that an entity generates to finance its investments (Shavira, 2019). Profitability influences dividend payout as dividends from part the entity's net earnings. Therefore, dividends are paid out when the corporation makes a profit (Al-Najjar & Kilincarslan, 2018). An entity's ability to pay and distribute dividends is primarily determined by its capability to make decent and steady profits. When a firm has liquidity problems, it cannot pay stock dividends or cash dividends (Olang, Akenga & Mwangi, 2015). Highly profitable companies declare and distribute higher dividends, suggesting that companies' dividend decisions are based on earnings for that year

(Khoiro, Suhadak & Handayani, 2019). In addition, companies with stable incomes pay a high percentage of their earnings as dividends compared to companies with volatile earnings (Shavira, 2019).

2.3.3 Firm Growth

Growth is a determining factor in dividend payout policy, consistent with the agency cost theory, which states that companies that do not grow have fewer investment opportunities and a high risk of agency costs. By reducing agency costs, these companies will pay high dividends to their investors (Waswa, Ndede & Jagongo, 2014). Companies with high investment potential and growth need internally generated funds to finance these investments; hence, they usually pay little or no dividends (Lestari, 2018). Companies with high growth potential demand more cash to fund impending investments; hence they pay less dividends and invest more (Melese & Ravi, 2019). A company whose investments grow while it is profitable pays less dividends and pays dividends on stocks because it is busy, because it takes away such money to fund viable businesses (Kuzucu, 2015).

2.3.4 Firm Age

The age of a company is the years the corporation has been operational (Hosain, 2016). Grown companies pay more and have a higher payout ratio than growing companies. Companies that reach maturity initiate or raise dividends. It is likely that they will maintain their income in the earlier stages (Kuzucu, 2015). Companies tend to pay high dividends as they move from growth stage to the maturity phase. Such change arise because their potential investments and their growth rate slowly or even decrease and they start to generate higher free cash flow (Al-Najjar & Kilincarslan, 2018). As a

company ages, its investment opportunities diminish, resulting in lower growth rates and a consequent reduction in the company's funding needs for investment (Al-Najjar & Kilincarslan, 2018).

2.4 Empirical Review

Pattiruhu and Paais (2020) investigated the relationship between the current ratio, profitability and firm size on dividend payout among listed property and real estate firms in Indonesia from 2016 to 2019. The authors used linear regression for data analysis. The findings documented that ROE, firm size and the current ratio positively influenced the quoted entity's dividend payout. The authors further documented that ROA and debt levels had a significant effect on dividend payout.

Danila (2020) investigated whether firm growth affects dividend payout and capital structure among Indonesia firms. Panel data that was collected from 2007 to 2017 was used, and the fixed and random effect regression used for analysis. The study found that firm growth was significantly and negatively correlated with dividend yield and the debt ratio, which was an indication that high growth firms do not use debt to deal with asset-substitution and under investment problems. The study also documented a positive link between dividend payment and company size.

Buigut and Soi (2020) studied whether firm characteristics affect dividend payout among Kenyan banks. The study gathered data from the 43 Kenyan banks from 2010 10 2019 (10 years). The study adopted the panel data approach for data analysis. The authors found that profitability, ownership, firm size, leverage and liquidity significantly impacted dividend payments.

Hayati, Astuti and Murdy (2018) explored the dividend payout determinants among Indonesian manufacturing firms. Data was obtained from 21 manufacturing and the regression model used for analysis. The key study variables included the debt ratio, firm size, cash ratio, growth and profitability and response variable was the dividend payment. The author further documented that leverage, profitability and entity size significantly affected the listed firms dividend payout.

Adan and Omagwa (2018) examined whether firm financials affect dividend payout among NSE listed firms in Kenya. The study collected data from 38 from 2011 to 2015. Using the regression model, the author revealed that company size and dividend policy were positively and significantly interrelated while profitability and dividend payout were positively and significantly related. The authors documented that dividend payment and capital base were positively but insignificantly related.

Lumapow and Tumiwa (2017) investigated how dividend policy, productivity and firm size affects corporate value. Data was collected from listed industrial corporations between 2008 and 2014 and the regression used for analysis. The findings showed that DPR had a negative and significant influence of the entities value. The study also found that company size significantly and positively affected the entities value whereas the companies' productivity had a positive impact on the entities value.

Fahim, Khurshid and Tahir (2015) examined the dividend payout determinants among Pakistan financial firms. The study employed secondary data that was gathered for 7 years between 2007 and 2013 from 53 financial firms. Analysis was undertaken through the regression model and the findings showed that financial leverage negatively and

significantly affected dividends payment while size, profitability and deposits positively and significantly affected dividend payment.

Olang, Mwangi and Akenga (2015) examined whether liquidity affected NSE listed entity's dividend payment. A causal research approach was employed and collected data from 30 quoted corporations from 2008 to 2012. Using the regression model, the study revealed dividend payout was significantly influenced by ROA, liquidity and firm size. The authors concluded that liquidity, entity size and profitability positively affects dividend payment.

Waswa, Jagongo and Ndede (2014) analyzed the dividend payout determinants among agricultural firms quoted at NSE. Regression and correlation analysis were used assess the interrelationship. The results documented that ROA and liquidity directly affected the firms' dividend payments. The authors further documented that company size, growth and debt levels negatively affected the entities dividend payout.

Mutiso (2011) examined whether dividend payout, firm size affected shareholders dispersion. The study-collected data from NSE listed using from 2005 to 2010. Data was collected from 31 listed firms and regression used for data analysis. The authors documented that shareholders dispersion and entity size insignificantly influenced dividend payout. The study further documented that shareholders dispersion had a stronger effect on dividend payment than the corporations' market capitalization that had a lower effect on DPR.

2.5 Conceptual Framework

This study's conceptual model comprised of firm size as the explanatory variable while dividend payout is the dependent variables. The study also incorporated profitability, firm growth and firm age as control variables. Figure 2.1 depicts the conceptual model
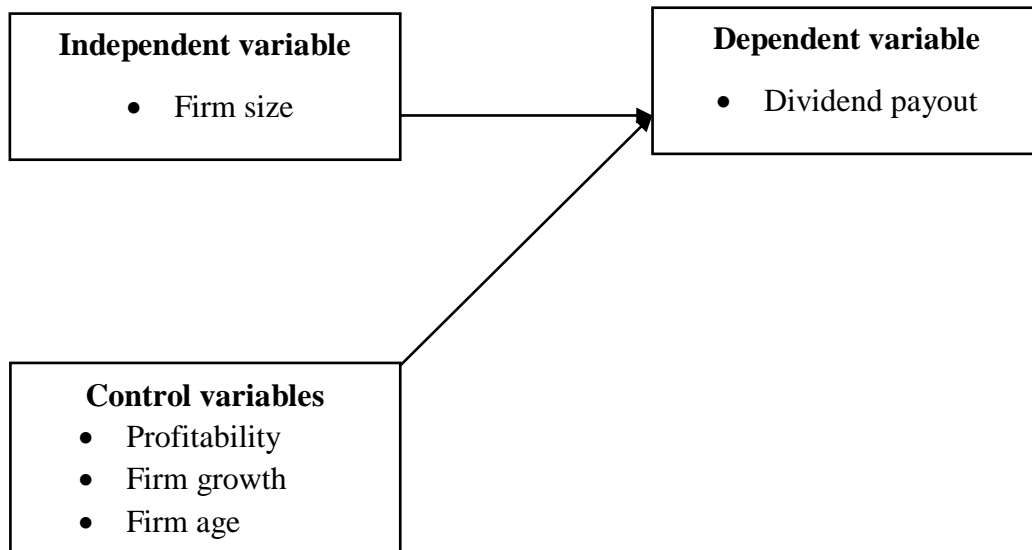
Figure 2.1: Conceptual Framework

2.6 Summary of Literature Review

The study reviewed a number of studies that were undertaken on the study variables where a number of gaps were documented. For example, Pattiruhu and Paais (2020) focused on real estate and property companies while Danila (2020) focused on growth opportunities and dividend policy. Hayati, Astuti and Murdy (2018) and Lumapow and Tumiwa (2017) focused on manufacturing companies. Fahim, Khurshid and Tahir (2015)

focused on the financial sector in Pakistan. In Kenya, Buigut and Soi (2020) focused on firm characteristics and dividend policy while Olang, Mwangi and Akenga (2015) focused on liquidity on dividend payout. Waswa, Jagongo and Ndede (2014) focused on listed agricultural firms. The reviewed studies were undertaken in different context and also used a different combination of variables. The studies also obtained conflicting results. This study therefore sought to examine the effect of firm size on dividend payout among firms listed at the NSE.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

A methodology is a set of agreed processes, methods, and tools that are employed to attain a research goal. Specifically, the chapter presents the study design, the study's population, data collection, diagnostic tests and the analysis methods.

3.2 Research design

A study design is a series of decisions that forms the main strategy that outlines approaches and techniques for collection and analysis of necessary information (Trochim, 2005). This study adopted a descriptive research design to achieve its objectives. A descriptive study plan entails the collection of data to describe a trend, case or phenomenon (Kumar, 2011). The study design precisely reflects a wide variety of variables that include the behavior, opinions, beliefs, knowledge and skills of a particular person, group or situation. The descriptive survey is accepted as it provides quantifiable information that can be used to analyze statistical conclusions.

3.3 Population of the Study

A population is a specific group with study-relevant characteristics (Kumar, 2011). At the NSE, there were 48 listed non-financial firms as of 31st December 2021. The study's target population therefore comprised of the 48 non-financial firms quoted at NSE. This study thus undertook a census of the 48 listed nonfinancial corporations. A census design was considered since the population is small, finite and easily accessible. The census method entails exhaustive enumeration the exact units that make up the target audience.

3.4 Data Collection

This study entirely used secondary data that was extracted from audited accounting reports of the individual non-financial corporations for a 5 years period from 2017 to 2021. The key data to be collected included data on firm size, dividend payout, total assets, total revenue and firm age. The data was collected using a data collection sheet.

3.5 Data Analysis

The study employed descriptive statistics and inferential statistics for analysis of data using SPSS statistical software. Descriptive statistical tools entailed standard deviation, mean, maximum and minimum values that were employed to summarize data. Inferential statistical tools entailed the regression model.

3.5.1 Analytical Model

The regression model was formulated as follows

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where,

Y = Dividend payout (measured using the dividend payout ratio)

X_1 = Company size (measured using the natural log of assets)

X_2 = Profitability (measured using the ROA)

X_3 = Growth of the firm (measured using the sales growth ratio)

X_4 = Firm age (measured through the years in existence)

β_0 = Constant

β_1- β_4 = Regression Coefficients

ε = Error term

3.5.2 Diagnostic Tests

This study undertook multicollinearity, homoscedasticity, autocorrelation and normality tests. The assumption of normality determines how likely it is that the data set is distributed normally and will be assessed using the Shapiro Wilk test. Multicollinearity is the occurrence of high correlations between two or several explanatory variables in a regression model, and the variable inflation factors (VIF) was used to test for multicollinearity. The assumption of homoscedasticity states that the errors in the term defects should be the same for the values of the independent variables and that the Breusch-Pagan test was used to check for similarity. A p value greater than 0.05 indicates no presence of variable variance, while a p value less than 0.05 indicates the presence of variable variance. Autocorrelation occurs when the error members of a pair of observations are not independent was evaluated using Breusch's Godfrey test. The stability test, which evaluates whether a time series data set is not stationary and has a square root, is evaluated using the ADF test.

3.5.3 Test of Significance

The t-test and the F-test were utilized in testing the significance of the explanatory variables and the response variable respectively. The statistical significance test were done at 5% levels of significance.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This section documents outcomes for the data analyzed and results explanation. It consists of the diagnostic test findings, descriptive analysis results, correlation and regression outcomes and a discussion of the research results.

4.2 Response Rate

The population of the research consisted of 48 listed non-financial firms listed at the NSE as of 31st December 2021. The research thus undertook a census of the 48 listed firms and collected data for a period of 5 years from 2017 to 2021. The study however managed to collect data from 36 firms that had complete data on the study variables. The 36 firms made up a response rates of 75%, which was considered adequate for the study as it exceeded 50% respectively.

4.3 Descriptive Statistics

Descriptive statistics including the mean, standard deviation, minimum and maximum values were used to summarize the study's data as indicated under table 4.1

Table 4.1: Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
DPR	180	.00	.97	.2677	.31992
Firm size	180	5.20	9.65	7.1640	.99553
Profitability	180	-.47	.35	.0254	.12078
Firm growth	180	9.67	21.94	15.4066	2.50357
Firm age	180	6.00	119.00	64.2889	31.50977

Source: Study Data (2022)

Table 4.1 indicates that the mean DPR for the listed non-financial firms was 0.2677 (SD=0.31992) having minimum value of 0.000 and maximum value of 0.97 in that order. This indicates that the average DPR for the quoted nonfinancial firms during the study period was 26.77% and a minimum 0.00 value indicating nonpayment of dividend by some of the firms. Firm size had mean of 7.1640 (SD=0.99553) with minimum of 5.20 and maximum of 9.65 correspondingly. Profitability had an average value of 0.0254 (SD=0.12078) having a minimum of -0.47 and a maximum value of 0.35 respectively. This indicates that the average ROA for the considered 5 years (2017-2021) was 2.54% with a negative minimum value of -0.47 indicating that some firms had made losses. Further, firm growth had a mean of 15.4066% (SD=2.50357) with minimum of 9.67% and maximum of 21.94% whereas firm age had a mean of 64.2889(SD=31.50977) having minimum of 6 years and minimum of 119 years correspondingly.

4.4 Diagnostic Tests

This study undertook multicollinearity, homoscedasticity, autocorrelation and normality tests. The results were as follows

4.4.1 Multicollinearity Test

Multicollinearity arises when the explanatory variables fail to be independent of each other; which indicates that an explanatory variable can be linearly predicted by another variable or other variables. Variance inflation factors (VIF) were employed to assess for multi-collinearity.

Table 4.2: Multicollinearity Test

Variable	Tolerance	VIF
Firm size	.489	2.046
Profitability	.873	1.145
Firm growth	.499	2.004
Firm age	.849	1.178

Source: Study Data (2022)

Multicollinearity was checked with the VIF (Tolerance) test. The collinearity results on table 4.2 outlines that the VIFs (2.046, 1.145, 2.004 and 1.178) are below the recommended threshold value of 10. This shows that the multi-collinearity assumption has not been violated.

4.4.2 Homoscedasticity Test

Homoscedasticity denotes a condition where the term error (i.e. the random noise that exists between the response and the explanatory variables) is similar for all values of the explanatory variables. Heteroscedasticity was evaluated using the Breusch-Pagan test as follows.

Table 4.3: Homoscedasticity Test

Breusch-Pagan test for heteroskedasticity
Test statistic: LM = 1.494222,
with p-value = P(Chi-square(4) > 1.494222) = 0.21537

Source: Study Data (2022)

In this study, heteroscedasticity was assessed through Breusch-Pagan test. Heteroscedasticity denotes to a condition where variance of the residual varies over a range of measured values. Table 4.3 shows that the data is homoscedastic as depicted by the P-value of 0.21537>0.05 significance level.

4.4.3 Autocorrelation Test

Table 4.3 shows the autocorrelation results that was assessed using the Breusch-Godfrey test.

Table 4.4: Autocorrelation Test

Breusch-Godfrey test for autocorrelation
Test statistic: LMF = 0.355253,
with p-value = P(F(12,163) > 0.35525) = 0.131415

Source: Study Data (2022)

Autocorrelation arises when residuals in different periods are not independent of each other. An autocorrelation test was performed using the Breusch-Godfrey test. The outcomes on table 4.4 shows that the P-value was 0.131415, which is greater than the significance value of 0.05 (P=0.131415>0.05). This finding indicates the absence of serial correlation.

4.4.4 Normality Test

The assumption of normality determines how likely it is that the data set is distributed normally and will be assessed using the Shapiro Wilk test. Table 4.5 illustrates the results.

Table 4.5: Test for Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Studentized Residual	.050	180	.200[*]	.989	180	.167

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Study Data (2022)

This test decides if the sample information at hand were acquired from a normally distributed population. Table 4.5 shows the information was distributed normally as shown by the P-values of 0.200 and 0.167 >0.05 respectively. This point out that the normality assumption was not violated thus the data is fit for the study.

4.5 Correlation Analysis

In this research, correlation analysis was used to evaluate the strength and extent of the relationship amid research variables. Correlation is key as shows the degree of association between two indicators. Table 4.6 depicts the results

Table 4.6: Correlation Analysis

	DPR	Firm size	Profitability	Firm growth	Firm age
DPR	1				
Firm size	-.068	1			
Profitability	.494[**]	.099	1		
Firm growth	.160[*]	.663[**]	.298[**]	1	
Firm age	-.028	-.323[**]	.154[*]	-.092	1
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

Source: Study Data (2022)

Correlation analysis entails assessing the degree of association among the study indicators. Table 4.6 illustrates firm size had a weak and negative correlation (r=-0.068) with dividend payout. This indicates that firm size has a weak association with listed non-financial entities dividend payout. The results further indicate that profitability had a weak and positive (r=0.494) correlation with the DPR indicating a fairly weak association between profitability and dividend payout. Further, firm growth had a weak and positive (r=0.160) correlation with DPR indicating a weak association between firm growth and dividend payout. Firm age had a negative and weak (r=-0.028) correlation with DPR indicating a weak association between firm age and DPR.

4.6 Regression Analysis

Regression analysis was undertaken to determine the link between the independent variables and the dependent variable. The results were as follows

4.6.1 Model Summary

Table 4.7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.550ª	.302	.286	.27027

a. Predictors: (Constant), Firm age, Firm growth, Profitability, Firm size

Source: Study Data (2022)

The model summary results in table 4.7 shows that the R-square (coefficient of determination) value was 0.302. This indicates that the independent variables (firm age, firm growth, profitability, firm size) explains 30.2% of the variation in the listed non-

financial firms' dividend payout (DPR). Therefore, 69.8% is explained by other variables not incorporated in the study.

4.6.2 Analysis of Variance

Table 4.8: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.537	4	1.384	18.949	.000[b]
	Residual	12.783	175	.073		
	Total	18.320	179			

a. Dependent Variable: DPR
b. Predictors: (Constant), Firm age, Firm growth, Profitability, Firm size
Source: Study Data (2022)

Table 4.8 depicts that regression is suitable and statistically significant for the study. This is shown by the value of F-statistics $(179, 4) = 18.949$ which is statistically significant (P-value = 0.00<0.05) at 5% significance level. The finding thus indicates that the variables jointly influence listed non-financial entities dividend payout.

4.6.3 Coefficients
Table 4.9: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.673	.179		3.760	.000
	Firm size	-.100	.029	-.311	-3.442	.001
	Profitability	1.306	.179	.493	7.293	.000
	Firm growth	.026	.011	.202	2.264	.025
	Firm age	-.002	.001	-.185	-2.706	.007

a. Dependent Variable: DPR
Source: Study Data (2022)

The coefficient results indicated in table 4.9 depicts a negative (β = -0.100) and significant (P=0.001<0.05) relationship between firm size and dividend payout an indication that the smaller the firm the lower the dividend payout and vice versa. Profitability had a positive (β =1.306) and significant (P=0.000<0.05) relationship with dividend payout indicating that a unit increase in profits significantly increases the amount of dividend to be paid. Firm growth had a positive (β =0.026) and significant (P=0.025<0.05) effect on DPR thus indicating a unit reduction growth of the listed firms positively affects dividends payment. The results further documented that firm age negatively (β = -0.002) and significantly (P=0.007<0.05) affects dividend payout depicting that the younger the firm the lower the probability of paying dividends.

4.7 Interpretation of the Findings

The research results showed that firm size had a negative and significant linkage with dividend payout. This finding thus means that the smaller the firm the lower the probability of paying higher dividends since the firms intends to reinvest its retained earnings to grow the entity thus firm significantly affect the DPR. In support of the finding, Kuzucu (2015) notes that larger corporations incline to have simple accessibility to the funds markets and usually reserve little revenues to fund investments. Big corporations tend to increase their dividends to reduce agency costs. Khoiro, Suhadak and Handayani (2019) documented that firm size was positively influenced by dividend policy. Javid and Ahmed (2008) documented that corporation size had a significant influence on dividend payout. Eriotis (2005) also found that firm size affected dividend distribution while Danila (2020) documented a positive link between dividend payment and company size.

The research also documented that profitability had a positive and significant relationship with DPR. This finding therefore means that a unit increase profitability significantly increases the amount of dividend payout by the quoted non-financial entities hence profitability significantly enhances dividend payments. This results is backed by the dividend signaling theory that indicates that stockholders can use the change in dividend payout information as a signal about a company's financial condition, particularly its profitability (Yee, 2017). Khoiro, Suhadak and Handayani (2019) documented that highly profitable companies declare and distribute higher dividends, suggesting that companies' dividend decisions are based on earnings for that year. Pattiruhu and Paais (2020) ROE and the current ratio positively influenced the quoted entity's dividend payout.

In addition, the study outcomes revealed that firm growth had positive and significant impact on DPR. This is an implication that a unit growth in the quoted non-financial firms revenue enhance the entities ability to pay dividends hence firm growth significantly enhance dividend payments. In support of the finding, Lestari (2018) notes that companies with high investment potential and growth need internally generated funds to finance these investments; hence, they usually pay little or no dividends. Melese and Ravi (2019) documented that companies with high growth potential demand more cash to fund impending investments; hence, they pay less dividends and invest more. Tekin (2020) documented that small corporations had high asymmetric information to distribute low dividends than large firms did.

Lastly, the study found that firm age had a negative and significant relationship with the DPR of the quoted non-financial firms. This implies that young and immature firms have

lower probability of paying out its earning, as dividend as the management's key goals is to grow the entity thus firm age significantly affects dividends payment. To support the finding, Al-Najjar and Kilincarslan (2018) notes that companies tend to pay high dividends as they move from growth stage to the maturity phase. Such change arise because their potential investments and their growth rate slowly or even decrease and they start to generate higher free cash flow. Musiega (2013) documented that company growth was positively correlated to the payout ratio.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section includes a summary of the study findings in addition to the conclusions and recommendations. The chapter in addition to depicts the research's limitations and recommendations for future study.

5.2 Summary of the Findings

The objective of this study was to analyze how firm size affects dividend payout by NSE quoted non-financial firms. This study was pegged on the Modigliani and Miller, the agency theory and the dividend signaling theory. The study employed a descriptive research approach, and its population consisted of all 48 non-financial firms trading at the NSE. The annual published financial statements from 2017 through 2021 were retrieved to obtain secondary data for the study. For this study, data analysed the data using a regression model, correlation and descriptive statistics. The study however managed to collect data from 36 firms that had complete data on the study variables. The 36 firms made up a response rates of 75%, which was considered adequate for the study as it exceeded 50% respectively.

Descriptive statistics results revealed that the average DPR for the quoted nonfinancial firms during the study period was 26.77% and a minimum 0.00 value indicating nonpayment of dividend by some of the firms. The results further revealed that firm size had mean of 7.1640 and the average ROA for the considered 5 years (2017-2021) was 2.54% with a negative minimum value of -0.47 indicating that some firms had made

losses. Further, firm growth had a mean of 15.4066% whereas firm age had a mean of 64.2889 years correspondingly.

Correlation results revealed that firm size had a weak and negative correlation with dividend payout indicating that firm size has a weak association with listed non-financial entities dividend payout. The results further established that profitability had a weak and positive correlation with the DPR indicating a weak association between profitability and dividend payout. Further, firm growth had a weak and positive correlation with DPR indicating a weak association between firm growth and dividend payout while firm age had a negative and weak correlation with DPR indicating a weak association between firm age and DPR.

Regression results revealed that firm size had a negative and significant relationship between with dividend payout while profitability had a positive and significant relationship with dividend payout respectively. The results further revealed that firm growth had a positive and significant effect on DPR while firm age negatively and significantly affected dividend payout respectively.

5.3 Conclusions

The study results indicated that firm size had a negative and significant linkage with dividend payout. As per the finding this study concludes that firm size negatively and significantly affects dividend payout hence smaller firms have a lower probability of paying higher dividends since the firms intends to reinvest its retained earnings to grow the entity. The research also documented that profitability had a positive and significant relationship with DPR. This study thus concludes that a unit increase profitability

significantly increases the amount of dividend payout by the quoted non-financial entities.

Further, the study outcomes revealed that firm growth had positive and significant impact on DPR. This study therefore concludes that a unit growth in the quoted non-financial firms revenue enhance the entities ability to pay dividends hence firm growth significantly enhances dividend payments. The study also documented that firm age had a negative and significant relationship with the DPR of the quoted non-financial firms. This study therefore concludes that young and smaller firms have lower probability of paying out its earning, as dividend as the management's key goals is to grow the entity thus firm age significantly affects dividends payment.

5.4 Recommendations of the Study

The study results showed that firm size significantly affects NSE listed non-financial firms' dividend payout. As per this study outcomes, recommendation is made that the management of quoted non-financial entities should invest more in fixed assets and properly manage those assets to growth their entities, to generate revenue as well as enhance economics of large-scale production to enhance performance which will enable the entities to pay dividends.

Secondly, the study documented that profitability significantly enhance NSE listed non-financial entities dividend payout. Therefore, the paper recommends that the management of the quoted firms should undertake profit-maximizing policies to ensure they raise adequate revenues and reduce cost to ensure they have adequate profits for dividends payment.

The study also documented that firm growth significantly affects the NSE quoted non-financial firms dividend payout. As per this finding, it is thus recommended that the management of the listed firms should ensure that they undertake strategic decisions including investing in positive NPV investments to growth their firm revenue base and generated positive yields and profit to support payment of dividends.

The results further indicated that firm age had a negative and significant effect on dividend payout among the NSE listed non-financial entities. This study thus recommends that management of the young listed non-financial entities should maintain their income in the earlier stages and reinvest the incomes in profit generating investment to growth their entities while the management of larger firms should learn from experience associated with age to formulate effective payout policies.

5.5 Limitations of the Study

The study focused on firm size and dividend payout among quoted non-financial firms at the NSE and other determinants including profitability, firm growth and firm age. The outcomes therefore are formed on the research procedures and metrics. This study was also undertaken in Kenya thus its outcomes may not be applicable in other countries around the world since dividend payout policies vary among firms and countries. Further, this study focused on quoted non-financial firms thus leaving out banking and insurance entities trading at the NSE hence the findings may not be generalized to all listed firms.

This study largely capitalized on secondary data that was obtained on annual basis for a 5 years period between 2017 and 2021. Though secondary data was easily available and can be obtained from the various published reports, it has several limitations. First, secondary data ignores the qualitative aspects, which may influence the study variables.

Secondly, secondary data is for the past therefore it may not signify the existing conditions in a country. Third, secondary data does not give into account the qualitative aspects and responses of various respondents of the quoted non-financial entities sector as to whether firm size affects DPR.

The collected research data was analysed by use the regression model which is based on several restrictive assumptions of multiple correlation, homogeneity, auto-correlation and normality and failure of any of the assumption may lead to biased results. Further, the study used specific measures of the explanatory variables as well as the response variable. The study is therefore limited to the adopted indicators.

5.6 Suggestions for Further Research

The study did not incorporate banking and insurance entities quoted at the NSE. However, these firms pay dividend and have a dividend payout structure. Thus, a similar research can be undertaken on the financial sector to determine the interrelationships. This paper employed the regression model for data analysis. However, regression relies on restrictive assumptions thus other generalized linear models or non-parametric models can be used to examine the variables interrelationships.

The study also used annual data collected for 5 years from 2017 to 2021. A similar research can be undertaken to incorporate longer period to assess the interrelationships as well as the trends. Further, this paper relied on secondary data on the study variables. However, in secondary data there is no incorporation of views and opinions from policy makers, administrators and citizens. Thus, a related research may be undertaken using primary data collected through interviews due to the limitations associated with secondary data sources.

The summary of the model indicated that firm age, firm growth, profitability, firm size explains 30.2% of the variation of the listed non-financial firms DPR. This indicates several other quantitative and qualitative factors influence the entities payout decisions. Hence, a study can be undertaken to cover other firm specific, macroeconomic as well as qualitative factors influencing the entities dividend payout.

REFERENCES

Abdioğlu, N. (2016). On the determinants of corporate dividend policy: A Tobit model approach. *Yönetim ve Ekonomi Araştırmaları Dergisi,* 14(1), 332-345.

Adan, F. & Omagwa, J. (2018). Relationship between firm financials and dividend policy of firms listed at Nairobi securities exchange, Kenya. *International Journal of Scientific and Education Research*, 2(05), 13-30.

Ahmed, S., & Murtaza, H. (2015). Critical analysis of the factors affecting the dividend payout: Evidence from Pakistan. *International Journal of Economics, Finance and Management Sciences,* 3(3), 204-212.

Ahmed, H., & Javid, A. Y. (2008). *The determinants of dividend policy in Pakistan*. Munich Personal RePEc Archive.

Alex, D., & Krishnan, A. (2015). Determinants of dividend yield in the Case of Indian Companies. *The Journal of Social Sciences Research*, 1(6), 66-71.

Al-Najjar, B., & Kilincarslan, E. (2018). Revisiting firm-specific determinants of dividend policy: Evidence from Turkey. *Economic Issues,* 23(1), 01-18.

Al-Sabah, T. (2015). The effect of the firm's age and financial leverage on its dividend policy–evidence from Kuwait Stock Exchange Market (KSE). *Corporate Ownership and Control*, 13(1), 24-31.

Buigut, K. K. & Soi, N.C. (2020). Effect of firm characteristics on dividend policy in firms listed in NSE, Kenya. *Journal of Business Management and Economic Research*, 4(4), 299-317.

Bulla, D., Namusonge, G., & Kanali, C. L. (2017). Key Determinants of dividend payout among listed companies at Nairobi Securities Exchange. *IOSR Journal of Business and Management*, 19(8), 1-5.

Chaabouni, I. (2017). Impact of dividend announcement on stock return: A study on listed companies in Saudi Arabia. *Business and Management*, 9(1), 1-13.

Danila, N., Noreen, U., Azizan, N. A., Farid, M., & Ahmed, Z. (2020). Growth opportunities, capital structure and dividend policy in emerging market: Indonesia case study. *The Journal of Asian Finance, Economics, and Business,* 7(10), 1-8.

Eriotis, N. (2005). The effect of distributed earnings and size of the firm to its dividend policy. *International Business & Economics Research Journal*, 4(1), 64-74.

Fahim, L., Khurshid, M. K., & Tahir, H. (2015). Determinants of dividend payout: Evidence from financial sector of Pakistan. *Journal of Poverty, Investment and Development*, 17, 5-16.

Hashmi, S. D., Gulzar, S., Ghafoor, Z., & Naz, I. (2020). Sensitivity of firm size measures to practices of corporate finance: evidence from BRICS. *Future Business Journal*, 6(1), 1-19.

Hayati, A. F., Astuti, G., & Murdy, K. (2018). The analysis of factors affecting dividend payout ratio in manufacturing companies listed in Indonesian Stock Exchange. *Advances in Economics, Business and Management Research*, 57, 34-51.

Hosain, Z. (2016). Determinants of the dividend payout policy: A study on listed private commercial banks of Dhaka Stock Exchange Limited in Bangladesh. *IOSR Journal of Economics and Finance,* 7(5), 1-10.

Khoiro, E. E. U., Suhadak, S., & Handayani, S. R. (2019). The influence of capital structure and firm size on profitability and dividend policy. *Jurnal Administrasi Bisnis*, 10(2), 1-10.

Kimani, M. S., & Olweny, T. (2021). Relationship between dividend policy and stock price volatility among listed commercial banks in Kenya. *International Journal of Social Sciences and Information Technology*, 7 (2), 27-33.

Kosgei, M. (2017). Determinants of dividend payout policy by listed companies listed in Nairobi Securities Exchange, Kenya. *IOSR Journal of Business and Management*, 19(8), 46-53.

Kuzucu, N. (2015). Determinants of dividend policy: a panel data analysis for Turkish listed Firms. *International Journal of Business and Management*, 10(11), 149-160.

Lestari, H. S. (2018). Determinants of corporate dividend policy in Indonesia. In IOP Conference Series: *Earth and Environmental Science* (Vol. 106, No. 1, p. 012046). IOP Publishing.

Lumapow, L. S., & Tumiwa, R. A. F. (2017). The effect of dividend policy, firm size, and productivity to the firm value. *Research Journal of Finance and Accounting*, 8(22), 20-24.

Melese, H. W., & Ravi, J. (2019). Internal and external factors that determine corporate dividend payout: evidence from selected private insurance companies in Ethiopia. *International Journal of Research and Analytical Reviews*, 6(2), 19-27.

Musiega, M. G., Alala, O. B., Musiega, D., Maokomba, C. O., & Egessa, R. (2013). Determinants of dividend payout policy among non-financial firms on Nairobi

Securities Exchange, Kenya. *International Journal of Scientific & Technology Research*, 2(10), 253-266.

Mutiso, F. K. (2011). Relationship between shareholders dispersion, firm size and dividend policy of firms quoted at the NSE. *Unpublished MBA Project*, University of Nairobi.

Olang, M. A., Akenga, G. M., & Mwangi, J. K. (2015). Effect of liquidity on the dividend payout by firms listed at the Nairobi securities exchange, Kenya. *Science Journal of Business and Management,* 3(5), 196-208.

Osamwonyi, I. O., & Lola-Ebueku, I. (2016). Does dividend policy affect firm earnings? Empirical evidence from Nigeria. *International Journal of Financial Research*, 7(5), 77-86.

Pattiruhu, J. R., & Paais, M. (2020). Effect of liquidity, profitability, leverage, and firm size on dividend policy. *The Journal of Asian Finance, Economics, and Business*, 7(10), 35-42.

Rahmawati, A., & Fajri, R. (2021). Firm size, leverage, dividend policy, ownership structure, earning management: Evidence in Indonesia Stock Exchange. *Management*, 28(15), 20-71.

Ramachandran, A., & Packkirisamy, V. (2010). The impact of firm size on dividend behaviour: A study with reference to corporate firms across industries in India. *Managing Global Transitions,* 8(1), 49-78.

Redding, L. S. (1997). Firm size and dividend payouts. *Journal of Financial Intermediation*, 6(3), 224-248.

Rono, A. C. (2020). Influence of dividend per share on market share prices of firms listed at the Nairobi securities exchange, Kenya. *European Journal of Economic and Financial Research,* 4(2), 42-58.

Shavira, D. I. (2019). The effect of liquidity, profitability, growth of sales and firm size on dividend policy with capital structure as moderating variables in consumption goods industry sector company listed in Indonesia stock exchange. *International Journal of Public Budgeting, Accounting and Finance,* 2(3), 1-11.

Tekin, H. (2020). Firm size and dividend policy of European firms: Evidence from financial crises. *Marmara Üniversitesi Avrupa Topluluğu Enstitüsü Avrupa Araştırmaları Dergisi,* 28(1), 109-121.

Waswa, C. W., Ndede, F. W., & Jagongo, A. O. (2014). Dividend payout by agricultural firms in Kenya [An empirical analysis of firms listed on the Nairobi security exchange]. *International Journal of Business and Social Science*, 5(11), 63-74.

Yee, T. C. (2017). Dividend payout policy and firm Performance. *Journal of Arts & Social Sciences,* 1(1), 42-52.

APPENDICES

Appendix I: List of Non-Financial Firms at NSE

Standard Group	Umeme Ltd	Sameer Africa
Flame Tree Group Holdings	British American Tobacco Kenya	KenolKobil
E.A.Portland Cement	Bamburi Cement	Kenya Power & Lighting
Kenya Orchards	E.A.Cables	East African Breweries
TPS Eastern Africa	Kapchorua	Total
Sasini	Eaagads	Williamson
Atlas Development and Support Services	Express Kenya	Carbacid
Car and General	Uchumi Supermarket	Mumias
Longhorn Publishers	Kenya Airways	Kakuzi
Limuru Tea	Scan group	KenGen Ltd
Unga Group	Safaricom	B.O.C Kenya
Nairobi Business Ventures	Athi River Mining	Deacons
Eveready East Africa	Rea Vipingo	Crown Paints