

**DETERMINANTS OF DIVIDEND PAYOUT OF FIRMS LISTED IN NAIROBI
SECURITIES EXCHANGE**

BY


HUSSEIN MOHAMMED ABBEY

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DECLARATION

I do hereby declare that this is my original work and has not been given out to any institution of higher learning for examination.

Signed  Date August 29, 2022
Hussein Mohammed Abbey **D63/35075/2019**

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

Signed  Date August 22, 2022
Dr. Winnie Nyamute
Department of Finance and Accounting,
Faculty of Business and Management Science
University of Nairobi

DEDICATION

I dedicate this project to my parents for their prayers, sacrifice and moral support. The success of this project is a true definition of togetherness, prayers, motivation, mentorship, and setting goals. Despite the sleepless nights, long working hours and numerous inconveniences, they understood, cared and gave me a shoulder to lean on. Their immense support gave me stable and visionary minds to focus on great things, confront challenges and emerge successfully. It enhanced my capability to excel and completed tasks beyond imagination.

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God bless you all

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LIST OF ABBREVIATIONS

AFS	Audited Financial Statement
ANOVA	Analysis of Variance
CBK	Central Bank of Kenya
CMA	Capital Markets Authority
DPS	Dividend per Share
EPS	Earnings per Share
FS	Financial Statements
GDP	Gross Domestic Product
KSE	Karachi Stock Exchange
NSE	Nairobi Securities Exchange
NPV	Net Present Value
ROA	Return on Assets
ROI	Return on Investment
OLS	Ordinary Least Square

ABSTRACT

The maximization of wealth is the core of value of any business. The shareholders demand for the value for their investment. The repayment of the shareholder can be done through the dividend payout. The importance of dividend payout cut across all the companies and has been subject of interest for entrepreneurs and the investors. The study was interested in elaborating the determinants of dividend payout. Contextually, it analyzed the firm listed at NSE for the period spanning from 2016-2020 thereby totaling to 5years. The theories anchoring the study include the pecking order, dividend irrelevance and signaling theory. The study investigated the nature and behavior of the data by undertaking intensive diagnostic such as normality, multicollinearity and autocorrelation. The predictor variables considered include; firm size, leverage, profitability and growth. All the variables exhibited positive correlation except the firm's size. The regression computation opines that all the four explanatory variables accounted for 84.3% of all the influencers of dividend payout. 15.7% represented other factors determining dividend payout but were not prioritized for the research. Based on the findings, the autonomous was -3.279. An increase in firms causes negative change in dividend payout by 3.8%. Moreover, a single increment in the leverage translates to 60% increment in DPO. An addition of one unit in profitability causes 72% positive change in DPO and an increment in growth by one unit causes changes in DPO by 39.7%. Moreover, the sum of squares of 121.408 with the mean square of 30.352 under the 4 degrees of freedom. Additionally, sum squares of 22.668 and mean square of 0.072 under the 315 degrees of freedom. The P value of 0.001 is less than 0.05 hence statistically significant. The study recommends for efficiency and productivity. Additionally, the study suggests the research regarding technological determinants of dividend payout, policies, strategies and current trends.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The dividend payout is crucial in pay back to the shareholders. The firm make decision on whether to reinvest or to pay dividend. Furthermore, the decision is guided by the financial leverage and the operation of the firms. Zelalem (2021) opined that the firm adheres to legal and financial demands before declaring dividends. The legal aspects postulates that dividend is payable from the profit. This is done without impairing capital while financial consideration analyze the present situation regarding industry, age, additional capital, firm cycle, policies and the need for the additional capital. Moreover, the trends of profit and the need for speculative cash is also the determinant in the dividend payment (Tesfaye, 2017).

The theories underpropping the study include dividend irrelevance theory, signaling theory and pecking order theory. Modigliani and Miller (1961) opined that dividend is irrelevant in the decision making regarding the dividend disbursement. Signaling theory postulates that the information in the market should be timely and equally disseminated. Chepkirui (2021) indicated that market efficient can only result from similar, effective, and timely information. Pecking order theory opines that the managers prefer sourcing funds internal. However, the external sourcing is much cheaper. At the same time management need to balance between plowing back and reinvestment.

Dividend payout has received numerous attentions globally. The progressive development have elaborated the importance for dividend payment. However, some global firms such as Facebook

and Apple have not been paying dividends (Zelalem, 2021). The dividend payment in Kenya has been utilized to portray the bundles of resources and the ability to maximize assets to generate revenue. Furthermore, it portrays the profitability of the firm (Cheptoo, 2018). In a nutshell, dividend payout has been utilized to showcase the efficiency of the management, capability to generate substantial revenue, progressive growth and versatility of a firm.

1.1.1 Determinants of Dividend Payout

The determinants of dividend payout have been described as factors determining dividend payout (Cheptoo, 2018). Moreover, Zelalem (2021) pinpointed dividend payout as the ratio of earning that is disbursed to the shareholders. Bella (2021) indicated that dividend payment is a percentage given to the investors as payback. This study analyze the firm size, profitability, business growth and leverage as the predictor variables. The stabilized firm can maintain certain percentage of earning as dividend, while the growing firm can increase periodically the dividend payout. On the other hand, a firm in bud stage and facing financial crisis can reinvest.

The ability of the firm to generate profits is a great indication of quality execution of strategies (Kinfе, 2011). Firm size indicates the ability, stability and progress of the company in dividend payment. The profitability is critical in the assessment of ratio for ploughing back verses the reinvestment. Business growth is usually paramount in the setting us the speculative funds to aid the reinvestment. Finally, leverage postulates the ability of the firm to meet demands whenever they fall due. The business must always strive to maximize and optimize the investors' wealth (Harun, 2016).

The past studies have look at wide array of determinants. Hosain (2016) stated the defining role of leverage, liquidity, firm size and growth opportunity. Furthermore, the study indicated the importance of firm risk, ownership structure, profitability as well as the preceding year dividend. Zarei (2015) mentioned market risk, industrial traits, free cash flow and financial leverage as the main determinants. The businesses experiencing high growth rate need more capital. Bulla (2021) stated that business can negatively influence the dividend payout. This study analyzes firm size, growth, leverage and the profitability.

1.1.2 Dividend Payout

Dividend payout is the amount that is distributable to the shareholders Nwekemezie and Chinwe (2017). Ahmed (2015) stated dividend payout as the funds distributed by the firm to shareholder basing on the income during specific year. Chepkirui (2021) illustrated that dividend payout is vital in decision making. It gives a clear picture about the company earnings and the extent for reinvestment. The future investments, debt repayment and cash to be reserved guide the dividend payout. Subramanian (2016) indicated that dividend payout is the roadmap for indicating financial health of the firm. Dividend payout is the amount distributed to the shareholders in specific period.

Dividend payout is critical in showing the future of the business. The shareholder value higher dividend payout since it postulates the firms' ability to meet demands, operational cost and obligations. Cheptoo (2018) indicated that low dividend cannot necessarily means the business is not making profit. The business may be motivated to plough back its earning and give minimal

dividend to shareholders. Hence, the business can expand and speculate beneficial opportunities. In a nutshell, business prefer reinvesting in projects with greater net present value.

Dividend payout act as crucial parameter elaborating how the business is working, operation, growth and its ability to meet obligations. Firms offers greater dividends to shareholder to attract and retain investors (Chepkirui, 2021). The abnormal high dividend is alarming since majority of firm facing financial distress utilized that to attract investors. The stable and continuous dividend payout is an indication of a firm that is going concern in longevity. Bulla (2021) utilized earning per share to determine the dividend payout while Kimani (2016) used ratio of earnings.

1.1.3 Determinants and Dividend Payouts

The firms attempt to stabilize dividend payout and reap much from the investors' loyalty (Hosain, 2016). The shareholders and investors use dividend payout as a parameter to know the business operational efficiency and effectiveness. The businesses operating in the same industry tend to have similar characteristics in the dividend payout (Tesfaye, 2017). Dividend payout is informed by several factors prioritized by the board of management in the decision-making progress. It shows the substantial impacts of determinants on the dividend payout.

The firms listed at NSE plays a vital role in the economic development of a nation. The financial soundness of a nation has great association with operational firms within the country. The factors considered before payment of dividend include business risk and ownership structure. Gill, Biger and Tibrewala (2010) stated that growth in sales, market to book value and debt to equity ratio determines the dividend payment. Firms want to increase dividends payment periodically,

however, may not be possible as a result of the gearing ratios, reserves and reinvestment (Damayanti, Marwati, & Widayanti, (2017).

1.1.4 Firms Listed at Nairobi Securities Exchange

The Nairobi Securities exchange was formed in 1954. The firm started by engaging in the voluntary activities relating to stockbroking. The firm grew to be one of greatest active capital market in Sub-Sahara and in Africa. It has played paramount role in the development and have been operated based of laws, policies and acts of parliament (NSE, 2020). It enhances the financial reallocation through domestic saving mobilizations. Moreover, long-term asset can change to liquid, facilitating transfers of securities, raising finances and sharing of vital information. NSE is vital in the facilitation of inflow of global capital (NSE, 2020).

The firms listed in NSE are very important in financial health of the nation. The GDP of the nation depends on the productivity of the firms listed in NSE (Mariam, 2018). The business innovations, productivity and growth has been witnessed among several firms. Harun (2016) indicated that public listed firms in Malaysia shaped the economic development. The firms listed at NSE are vital in the job creation, driving innovation and invention. Furthermore, it supreme in economic multiplier hence leading to progressive GDP (Ajibolade & Sankay, 2013). The companies listed at NSE are valued by the shareholders due to the security and availability of information. The firm can tap funds for the current and speculative investments. The investors have great confidence about the listed firms.

1.2 Research Problem

Dividend payout and its determinants have been at the center of debate. The board prefer payment of dividend after certain percentage has been reinvested. On the other hand, investors as well as shareholder utilize the dividend payment as roadmap to portray the going concern of the firm. Therefore, there is need to balance re-investment and dividend payment. Chepkirui (2021) started that dividend payout shapes the imaginations of the shareholders. Adugna, Mhired and Kumar (2020) indicated that dividend payout is the yardstick for estimating the business growth and profitability.

Chepkirui (2021) undertook the analysis of dividend payout among agricultural firms. The research was motivated by the agricultural role in Kenya as the backbone of the economic development. Cheptoo (2018) majored in agricultural firms due to contradictory and mixed findings. Adugna, Mhired and Kumar analyzed the Ethiopia banking sector. Zelalem (2021) concentrated on selected banks using panel data. The focal point of the majority of these investigations have analyzed profitability, liquidity, business risk, ownership structure, corporate governance, age of the firm, cash flow and historical growth of a selected firms. The selected firms can be agricultural, telecommunication, manufacturing and investment. However, there minimal research on all firms listed in NSE, therefore, there is need to fill the gaps.

Global research and regional studies have made significant milestone in the dividend payout analysis and assessment. Dabroska, sawiska and Ulrichs (2019) explored the dividend payout by optimizing 799 observations of firms spanning across 15 countries and concluded that firm's financial performance of the previous year was positive associated with the dividend payment.

Harun (2016) postulated that historical growth and leverage affected dividend payout negatively in Malaysia. Nwekemezia and Chinwe (2017) analyzed the manufacturing sector of Nigeria. The research stated that dividend payout was critical in attracting investors. Furthermore, the research dividend portrays the efficiency, effectiveness and productivity of the firm. The investors utilize that in determining the prospective and financial soundness of the business in the longevity. Based on the aforementioned studies, the have concentrated on manufacturing and agricultural firms in the global market and there is need for local study covering all firms listed at NSE.

Firms listed in NSE have reduced informational asymmetric due to mandatory and voluntary disclosures. The capital market has increased timely and effective information dissemination. The global investors prefer investing in firms listed publicly (Hosain, 2016). The firms strived to remain competitive in the market through innovations, technological advancement, motivating employees and providing products that fit tastes and preferences of the shareholders, investors and the customers. The progress of firms listed at NSE translates to job creation, GDP, infrastructural development and business continuity. Gwahuka and Mnyavanu (2018) stated that dividend payout has been useful platform to showcase the financial soundness of the firms. Despite the paramount role of firms listed at NSE, minimal studies have concentrated on them.

Local research has concentrated in manufacturing, banking, telecommunication and agricultural firms. There is minimal focus on all firms listed in NSE. Furthermore, these firms are key propellant of economic prosperity. Mworira (2016) stated that firms listed in NSE strive to improve their products through value addition and continuous upgrading. Nduta (2021) explored dividend policy and its impacts of financial performance. Cheptoo (2018) assessed the firm

characteristics that influenced dividend payment while Kimani (2016) scrutinized capital structure verses dividend payout. Finally, Bella (2021) analyzed the dividend payout emerging in NSE. The research focal points were; EPS, business risk, growth opportunities and dividend. However, the findings indicated dividend payout as a center of controversy. Furthermore, there are minimal studies that have concentrated on the all the firms listed in NSE. This research seeks to provide deeper understanding, bridge the gaps and to answer the question on: what are the determinants of dividend payout for firms listed in NSE?

1.3 Research Objective

The objective of the study was to investigate determinants of dividend payout of firms listed in the NSE.

1.4 Value of the Study

The research is very important in creating deeper understanding. It provides more clarification on the controversy associated with dividend payout. Furthermore, it is the yardstick for companies to relook at their management styles. The research provides assessment of theories underpropping the study. The management of firms listed in NSE can analyzed their performance and gauge against their competitors. The research is eye-opener to the shareholders and investors that higher dividend does not always means the company is generating a lot of revenues but it instrumental in attracting more investors.

The policy makers will utilize research in formulating policies, procedures and Acts that enhance efficiently of firms. Furthermore, it will bridge policies gaps. The national and county government can maximize the findings to promote the business within their jurisdiction. The

County can increase the financial injection to the performing firms. The research create knowledge to listed firms by providing recommendations that stimulate growth.

The research is critical in creating shareholders awareness. It blueprints the importance of wealth generation. The study indicates the importance of speculative cash reserved, business growth and the reinvestment on the projects with positive NPV. It creates the supreme role played by the shareholders and management in balancing between dividend payout and reinvestment. Furthermore, the research acts as catalyst for entrepreneurial development. It promotes productivity and innovations.

The research states the connection between the theories and the current study. Theories build strong foundation-based proposition and commonly accepted knowledge. The research creates the link between the past findings and the prevailing study. It gives great gratitude to past findings. The theories spearhead assumptions that are still valid and applicable in the research. The evolution of knowledge can be tested, critique and appreciated by postulating its relevance.

The research will provide more reference materials to enhance their knowledge. The past knowledge can be re-tested to establish its validity and discredit and appraised the propositions. The research will foster the knowledge of the scholars through well-designed analytical and empirical skills. Moreover, it enhances creativity, invention, innovation, continuous improvement and discoveries. The research creates yardstick for further research by suggesting areas of further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provide detailed analysis of theories underpinning this study. Furthermore, it assesses the determinants relating to dividend payout and empirical review spanning from local, regional to global studies. It also creates association using flowchart and thereafter, summarize with literature and the research gap.

2.2 Theoretical Review

The theories useful for this research includes pecking order theory, dividend irrelevance theory and signaling theory. The three theories have deep association with the subject matter. Pecking order theory spearhead the hierarchy in financing the business. Dividend irrelevance theory states the dividend is irrelevant and does not affect personal wealth. Signaling theory blueprints the importance of insider information to the shareholders.

2.2.1 Pecking Order Theory

Myres and Majful (1984) stated that hierarchy in financing the firm. Donaldson (1961) indicated that firm must do prudent analysis of business funding to reach the most appropriate and affordable mode. The board prefer internal funding to external funding since is easier to generate. Furthermore, there it does not have bottlenecks and procedures. However, the risk remain with firm. The theory advocates for using internal, external, debts and finally to equity in

financing the firms. The theory is useful in the decision making and getting right cost of financing business.

The theory limits the sources of funding to specific hierarchy. It fails to state empirically how the information flow affects the business funding. The drawbacks include failure to analyze the rewards verse risk arising from the type of financing the projects. The theory posit that equity should be the last option in financing while in reality the choice of capital structure depends on the prevailing situation, business cycle, risk, government policies, rewards and taxations. The theory does not advocate for cost of funding analysis before arriving at the cheapest method of funding.

The theory is relevant since it acts as roadmap when choosing the method of funding the business. It is valid and critical in disseminating useful information to the shareholders. Furthermore, it blueprints valuable procedure in funding the emerging projects. The theory elaborates how information flow causes adjustment in the cost of financing projects. It gives chief latitudes to funding projects using the most liquid cash, minimal procedures and quicker method. Firms regulate information to the shareholders in order to have control over them.

2.2.2 Dividend Irrelevance Theory

Miller and Modigliani (1961) formulated the theory. The presupposition is that it is costless to obtain the information in the market. Furthermore, the shareholders and investors are rational and therefore prefer more wealth to less. It also opines perfect certainty hence the issued dividend cannot affect the personal wealth. In a nutshell, dividend payout does not impair

shareholders' value. Nevertheless taxes, transaction cost and asymmetric information may affect the firm.

The presumptions of the theory are unrealistic. In reality, there is no perfect market. Furthermore, there is transactional cost and taxation. The information sometimes is distributed with cost. The presence of asymmetric information complicate decision making even with the rational firms and shareholders. Furthermore, there is floatation cost against the assumptions. The theory is relevant by elaborating those shareholders may not differentiate between capital gain and dividend. The dividend payment cannot enhance company's capability to generate more revenues. The dividend payout limits the amount available for reinvestment. Investment has significant effect on the valuation of a firm. Dividend payout is therefore critical factor in the business. The firms prioritize external borrowing whenever there is greater reward project but facing greater risk.

2.2.3 Signaling Theory

Bhattacharya (1979) demonstrated that signal is useful tool for passing information to the shareholders. Miller and Rock (1985) that signaling is utilized by the insiders to pass information but has specific target. The theory advocates for efficient market where the dissemination of information is timely, similar and equally among all the shareholders. The management can signal success of the firm to win the shareholders loyalty. Moreover, signal is critical in dissemination of quality information. Signaling has enhance the voluntary disclosure in the firm. The criticisms of the theory include lack of similarity and timely information among the shareholders. In addition, insiders optimize signaling to attract and retain investors. The sellers and buyers may not access timely and relevant information for decision making. The presence of

asymmetric information increases market complexity. The loss-making business can declare dividend in order to attract more investors. It is tactical and strategic for sourcing more funds during the financial distress.

Signaling influences the movement of securities. It can enhance financial health of the business by gaining confidence of the shareholders. Managers utilize asymmetric information to make progressive steps. Signaling is useful in disseminating information on the financial performance of the firm. In signaling the shares may not portray intrinsic valuation of the company. The presence investment analyst has enhanced access to the insider information. Signaling has promoted the voluntary disclosure of useful financial information.

2.3 Determinants of Dividend Payout

The determinants of dividend payout in this study are firm size, growth, leverage and profitability. The study explored firm listed in NSE. The dependent variable is the dividend payout. The four variables have been analyzed by preceding scholars but their findings were mixed and inconclusive. It is imperative to dig deeper and provide a more insight information.

2.3.1 Firm Size

The size of the firm has been crucial metric illustrating the going concern of the business. The largest companies have diversified their investment in projects with greatest rewards. The greater the firm size, the wider the ability to generate revenue. Furthermore, the business can utilize economies of scale to reap big from effectiveness and efficiency. The capability to produce more products with minimum cost in greater milestone of the firm. Small firms have limited access to

resources unlike big firms. Chepkirui (2021) stated large firm utilize non-substitutable resources to generate more revenues. Adugna, mhiret and Kumar (2020) indicated that bank size had positive association with dividend payout.

2.3.2 Growth

Firm Growth is important in the measurement of the dividend payout. The revenues blueprints business reinvestment and growth. Abdulrahman and Ali (2019) indicated highly growing companies need external finance so that the working capital is higher than incremental cash flow resulting from the emerging sales. There is strong negative association between business growth and dividend payout. This opined that growing firm demands for more funds to finance their growth. Zelalem (2021) indicated that growth has negative correlation with dividend payout. The reinvestment for future earning of the company reduces distributable dividends.

2.3.3 Leverage

Leverage is crucial in the determination of dividend payout. Okpara (2010) explored leverage as one of the determinants of dividend payout in Nigeria. The study concluded on positive association. The findings indicated the higher the leverage, the higher the dividend. Contrary, Marfo-Yiadom and Agyei (2011) indicated leverage was negatively correlated with dividend payout. Financial leverage is quantified through equity to debt ratio. It portray the capability of the firm finance operation and meet obligations. Shabibi and Ramesh (2011) indicated no existing association between leverage and dividend payout.

2.3.4 Profitability

Profitability is one of the financial performance. It is critical yardstick that informs productivity, efficiency and prosperity of the business. It is critical in the determination of financial soundness of the organization. The greater profitability indicates higher revenues. It a metric useful in pinpointing the ability of assets to generate revenues. Cheptoo (2018) opined a positive association between profitability and dividend payment. Nevertheless, Chepkirui (2021) stated negative association amid the profitability and dividend payout. Therefore, there need for further research to solve the controversy.

2.4 Empirical Reviews

Ogunde (2018) explored the impacts caused by capital structure on the dividend payout. The research concentrated on non-financial companies listed at NSE. The study assessed 45 companies spanning from 2013-2017. The study optimized panel data estimation method. The data were sourced through secondary method of audited and published financial statements. The study used descriptive research design while analysis was pegged on SPSS. The findings indicated that increment in profit, increased dividend payout while leverage and liquidity were inversely correlated with dividend payout. Nevertheless, the research concentrated on capital structure and there is need to explore determinants of dividend payout.

Kisaka, Kitur and Mbithi (2015) analyzed association amidst proceeds and dividend payment. The research focused on the commercial banks in Kenya. The analysis was pegged on the banks register under NSE. The study focused on 5years period ranging from 2008-2012. The study optimized descriptive and inferential method. The data was analysis through SPSS. The

conclusion indicated movement to the same direction between proceeds and dividend payment. The study focal points were the commercial banks registered at NSE and the study of all firms listed at NSE will bridge contextual and conceptual gaps.

Hellstrom and Inagambaer (2012) assessed factors that informed dividend disbursement. The research scrutinized directors' recommendations and the specific traits sourced from 6 firms. The traits included coverage, excess funds and firm expansion. In addition, it went further to assess debt-equity ratio, uncertainty and gains. The comparative assessment between small and large firms showed difference outcomes relating to each segment. The findings postulated that firm expansion, coverage, gains and uncertainty in large firms were positively affected by dividend payment. In small firms the directors recommended distribution of dividend only in cases of increase earnings, gains and minimal risk. However, a local study addresses contextual and methodology gaps.

Kasim and Kashed (2015) explored capital structure and dividend payout. The research analyzed 21 companies registered at KSE 30 Index. The data was covering a 10 years period from 2001-2011. The researcher utilized panel data to explore capital structure and borrowed funds. The resulting findings portrayed that capital structure influenced dividend payout. The research on dividend payout is very important for Kenyan study.

Rahman, Sindhu, Khadim and Mahir (2018) assessed capital structure in relation to dividend payout. The research was undertaken in Pakistan by analyzing 31 state-owned banks. The research investigated capital structure and focused on dividend policy as well as institutional

borrowing. Moreover, the study scrutinized the impact cash flows on dividend payout. The findings opined those institutional borrowings were inversely correlated with the dividend payout. However, the research was done in Pakistan focusing on capital structure, hence, there need for local study analyzing the determinants of dividend payout.

Allen et al., (2012) depicted the association between specific firms' traits and dividend payout. The research utilized loan-specific data to spearhead the research findings. The findings indicated that implementation of monitoring activities resulted in the decline of dividend payout. In addition, the disbursement of dividend by utilizing debt funding caused agency problems among owners and governance. In a nutshell, there is demand for the local research analyzing determinants of dividend payout.

Hasan, Ahmed and Rehman (2015) explored the association amid dividend payment and the proceeds. The study focal point was corporation in Pakistan. The corporation proceeds were gauged using EPS and ROA. The study did comparative analysis of large and small firms. The finding stipulated that irrespective of industry segment, there was inversely associated between preceding year disbursement and the prevailing dividend payout. Meanwhile, the study was done in Pakistan, therefore, a local study focusing of determinants of dividend payout is crucial.

Harun (2015) investigated dividend payout and its determining factors. The research was undertaken in Malaysia. The study focal point was 139 public registered firms. The data was obtained from DataStream database. The years of study spanned from 2001-2004 while utilizing OLS. The regressor variables included size, profitability, cash flow and sales growth.

Furthermore, the study explored historical growth and leverage. The conclusion summary showed that the bigger the firm, the lesser the dividend and versa. Generally, size, profitability, leverage as well as historical growth and size were inversely associated with dividend payout.

Widyawati and Indriani (2019) analyzed determinants influencing dividend payment. The research concentrated in manufacturing companies that were located in Indonesia. The assessment of ROA, growth in sales and debt to equity was done. The data was collected through secondary for the period covering 2011-2017. Secondary data was optimized to reach a conclusive finding. ROA was positive associated with dividend disbursement. However, growth sales had significant and positive association with dividend payment. Though debt to equity was positive related to dividend, it was insignificant. A local study is an eye-opener due different geographic location, macroeconomic factors, development status and geopolitics.

Zelalem (2021) analyzed the determinants connecting dividend payment policies. The research was undertaken in Ethiopian set up. It concentrated on few selected commercial. The research optimized secondary data sourced from audited financial information. The period of research maximized 9year panel data related to 2010-2018 for the 8 selected banks. The study corporate tax rate, operating cash and age of the firm. Furthermore, it assessed leverage and profitability. The study was done in Ethiopia banking sector; hence, it is paramount to undertake local study.

Bulla (2021) explored dividend payout in Kenya. The focal point of the research were the emerging stocks in the NSE. The variables under the scrutiny included the business prevailing risk and growth opportunities available. In addition, EPS was also investigated. The secondary relating to 62 firms registered at NSE. The findings contemplated on the positive association

amid dividend payout and EPS. Nevertheless, business risk and available growth opportunities posted inverse relationship with dividend payout. In a nutshell, the current research is critical in assessing size, leverage, growth and profitability.

2.5 Summary of Literature Review and Research Gaps

Widyawati and Indriani (2019) indicated that growth was inversely connected to dividend payout. Bella (2021) opined that EPS were positively associated with the dividend payout while growth opportunities move in different direction alongside dividend payout. Abdulrahman and Ali (2019) posit that growth and market value registered a positive association verse the dividend payout. Allen et al., (2012) emphasized that monitoring activities resulted in decrease in the dividend disbursement.

Widyawati and Indriani (2019) posit that higher sales enhanced dividend payment. Harun (2015) opined that the higher the profitability the greater the dividend payout and vice versa. In addition, the greater the financial leverage the more the dividend disbursement and finally lower growth causes higher dividend disbursement. This is contradiction to Cheptoo (2018) demonstrating that business growth limits the dividend payment. Contrary (Chepkirui, 2021) opined that the greater profitability causes decline in the disbursement of dividend. The inconclusive and mixed findings that incorporated neutral, negative and positive association is linked to different contextual, conceptual and methodology utilized. Therefore, it warrant census study in Kenya.

2.6 Conceptual Framework

Conceptual framework is a diagrammatic flowchart portraying the connection between the regressor and regressed variable. It highlights the important determinants of the study and their association with the predicted variable.

Independent variable
Variable

Dependent

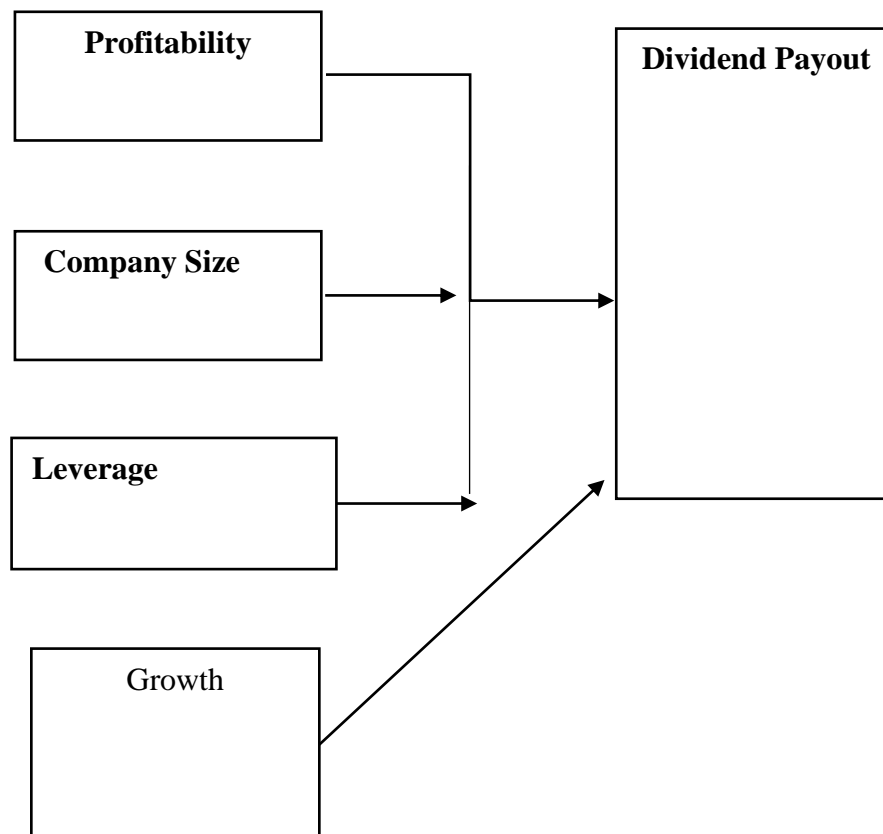


Figure 2.1 Conceptual Model (Source: Researcher 2022)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter elucidates continuity of knowledge by delineating research design and pinpoint its useful for the study. Moreover, it demonstrates the reasoning behind selected population and association with analytical techniques. It enhances the adoption of data collection method that is appropriate to the research design, population and period of the study.

3.2 Research Design

Research design is a useful framework directing the study to the research findings. The design-built knowledge relating to population and research period. It synthesis the information and enhance compatibility amid the title, population, period of study and analytical model. Burns and Grove (2003) posit that research design enhance analysis by formulating easier ways of analysis without much obstructions. Kothari (2004) described resign as a layout that guarantee the smooth, effective and efficient analysis. This research appraises descriptive design to evaluate the prevailing associations.

3.3 Population

The population of the study was all 64 firms registered at NSE as at 31st December, 2020.

3.4 Data Collection

Data collection optimized the secondary approach. The secondary method is suitable since the data is publicly available in NSE website and the audited financial information for the

companies. Creswell (2011) posit that data collection involving gathering data, reviewing and coding to permit quantification and computation. The data collection covers 2016-2020 totaling to five years which is adequate and sufficient for the study. Moreover, the metrics for measuring size is natural log of assets, leverage is measured by Debt-to-Equity Ratio, profitability is measured by ROA and growth is measured by change in come from preceding year

The selected period is adequate to make far-reaching determination. The 5-year period was driven by the demand to reach conclusive findings. The research empirical scrutinizes wide array of profitability, size, leverage and growth.

3.5 Data Analysis

The data collected was classified, edited, summarized and coded in a logical and systematic process. The aim is to maintain the accuracy of the information. The study used SPSS method for presentation and interpretation. Multiple regression was used to determine the relationship. The descriptive and inferential statistics played fundamental role. Tabulation and drawing charts provided association a snapshot.

3.5.1 Diagnostic Test

Diagnostic test are vital in the research study. It appraises the nature and type of combining the predictor and predicted variable. The magnitude of correlation is very important in the research. Furthermore, the direction amid two variables is also critical since it shows neutral, negative and positive relation. The multicollinearity, normality, autocorrelations tests was undertaken using Durbin Watson, VIF and Kolmogorov-Smirnova respectively. Normality test helped in the

explanation of the pattern of data distribution while providing guidance on reaction on the P-Value. Autocorrelation was important in explaining the randomness, lagged and historical pattern of time series when autocorrelation fails, the data was subjected to further analysis. Multicollinearity enhanced the diagnosis of inter-relation between two regressor variables. The presence of correlation among independent variable led to dropping of one of the two affected variables.

3.5.2 Empirical Model

Analytical model is supreme in the provision of association of predictor variables towards the predicted variables. It assists the metric used in quantifying and computing data. The arrangement guiding association can be summarized and generalized in the empirical model. According to Rensik (2003) the model strives to create linear association

$$Y = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Whereby:

Y = Dividend Payout (Measured by DPS divided by EPS)

α_0 = y intercept of the regression (constant variable)

X_1 = Size (measured as natural log of assets)

X_2 = Leverage (Measured by Debt-to-Equity Ratio)

X_3 = Profitability (Measured by ROA)

X_4 = Growth (Measured by change income)

ε = error term

3.5.3 Significance Tests

The research analyze data to obtain statistical significance test. The test such as F-Test, T-Test and ANOVA are critical for the conclusive findings. The test incorporating 5% as well the 95% confidence level are crucial for the presentation and interpretations.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION OF RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results, the analysis and interpretation of data that was collected. The secondary data was sourced and analyzed using SPSS to give concrete answers on the relations between dividend payout and its determinants. The determinants analyzed include; size, leverage, profitability and growth. The results have been documented and tabulated.

4.2 Descriptive Analysis

Descriptive analysis is a concrete computation of mean and standard deviation for DPO, size, leverage, profitability and growth. Moreover, it also gives chief latitude to the minimum and maximum values displayed by the variables. The values displayed in the study demonstrates the nature exhibited by the data.

Table 4.1 Descriptive Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Dividend Payout	320	.2353	2.5453	1.121122	.6720485
Size	320	.8343	4.9843	2.679644	.8449184
Leverage	320	1.4543	4.3244	3.586333	.1632623
Profitability	320	.2393	3.3453	1.786091	.8083695
Growth	320	2.5344	3.8866	2.659113	.1898279
Valid N (listwise)	320				

The analysis above was used to identify the maximum and minimum values to blueprint the nature of data. Additionally, mean and standard deviation of the variables under study were also calculated. The level of significance was set at 95%. From the findings, DPO had a mean of 1.1211 and a standard deviation of 0.6720. Moreover, size and leverage had a mean of 2.6796 and 0.8449 in that order. Furthermore, the computation of standard deviation for size and leverage resulted to 3.5863 and 0.1633 respectively. Profitability had a mean of 1.7861 and standard deviation of 0.8084 while growth had a mean of 2.6591 and standard deviation of 0.1898. The computation opined that the variability was greater in the size and profitability compared to the growth and the leverage.

4.3 Pearson Correlation

Correlation analysis was important in showing the degree of association amid the variables. The researcher performed the Pearson correlation analysis. Moreover, it was critical in coining the magnitude as well as the direction. The results have been tabulated to give in-depth clarification and answers to the research questions.

Table 4.2 Pearson Correlation

		Correlations				
		Dividend Payout	Size	Leverage	Profitability	Growth
Dividend Payout	Pearson Correlation	1	-.146**	.048	.896**	.412**
	Sig. (2-tailed)		.009	.396	.000	.000
	N	320	320	320	320	320
Size	Pearson Correlation	-.146**	1	.045	-.124*	.029
	Sig. (2-tailed)	.009		.418	.027	.604
	N	320	320	320	320	320
Leverage	Pearson Correlation	.048	.045	1	-.130*	.158**
	Sig. (2-tailed)	.396	.418		.020	.005
	N	320	320	320	320	320
Profitability	Pearson Correlation	.896**	-.124*	-.130*	1	.318**
	Sig. (2-tailed)	.000	.027	.020		.000
	N	320	320	320	320	320
Growth	Pearson Correlation	.412**	.029	.158**	.318**	1
	Sig. (2-tailed)	.000	.604	.005	.000	
	N	320	320	320	320	320

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

From the above findings, size, had a negative correlation towards the DPO as shown by $r=-0.146$ and $p = 0.009$. Leverage, profitability and growth had a positive correlation towards dividend payout. These were shown by leverage $r=0.048$ and $p=0.396$. Interestingly, the profitability recorded a strong positive correlation towards DPO of $r=0.896$ and $p=0.001$ while growth was $r=0.412$ and $P=0.001$. These findings provide cardinal answers regarding the association and magnitude question between the regressor and the regressed variables.

4.4 Diagnostic Test

The study prioritized the diagnostic tests to demonstrate the behavior of data. It was done to provide the green light for further analysis. It was demanded in the study to make a conclusive finding. The researcher did diagnostic test via autocorrelation, normality and multicollinearity. The researcher employed the Durbin Watson Test in autocorrelation. Additionally, multicollinearity test was done through Variance of Inflation (VIF) and Normality test through Kolmogorov-Sminirov. The diagnostic tests were tabulated as demonstrated below.

4.4.1 Autocorrelation

This test was performed to find out the correlation of error terms across the time period of analysis. Researcher performed the Durbin Watson test to check for autocorrelation as stipulated below.

Table 4.3 Test for Autocorrelation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.918 ^a	.843	.841	.2682597	.487

a. Predictors: (Constant), Growth, Size, Leverage, Profitability

b. Dependent Variable: Dividend Payout

Durbin Watson shows the correlation. From the findings above Durbin Watson value is 0.487.

This value is less than 2, thus its interval is within the normal range.

4.4.2 Normality Test

Normality test was significant in showing whether data has been drawn from a normally distributed data, the direction as well as the magnitude of data.

Table 4.4 Normality Distribution Test

	Tests of Normality					
	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Dividend Payout	.138	320	.000	.911	320	.000
Size	.031	320	.200*	.991	320	.039
Leverage	.372	320	.000	.365	320	.000
Profitability	.101	320	.000	.951	320	.000
Growth	.256	320	.000	.657	320	.000

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

a. Lilliefors Significance Correction

The researcher optimized Kolmogorov-Smirnova and Shapiro-Wilk test to assess normality. The significance values of both Kolmogorov-Smirnov and Shapiro –walk test were less than 0.05 This showed normal distribution of data and thus Null Hypothesis was rejected in the decision-making process. The data was critical for the Pearson correlation matrix

4.4.3 Multicollinearity Test

A test for multicollinearity was important in checking the correlation between the predictor variables. Tolerance and VIF values were used where the value greater than 0.2 for tolerance and values less than 5 for VIF shows that there is no Multicollinearity.

Table 4.5 Collinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1	(Constant)	
	Size	.979
	Leverage	.980
	Profitability	.967
	Growth	.990

From the findings above, the Tolerance Values obtained were all greater than 0.2 while the VIF values were less than 10. This indicated that there was no multicollinearity existing among the independent variables. According to Johnson and Manley (2018) $VIF \geq 2.5$ illustrates considerable collinearity while James, Witten and Tibshiraim (2017) states that VIF of greater than 5 is alarming while greater than 10 is serious obstacle. From the findings $VIF \leq 5$ hence the data is quality for far-reaching results

4.5 Multiple Regression Analysis

The multiple regression analysis was prioritized in the study to give correlation among the variables. Moreover, its computation of mathematical formula is critical in forecasting and prediction. Regression analysis stipulates the procedures of initiating statistical formula to aid the understanding of the study. Based on the study, DPO (Dependent variable) was regressed against all the considered predictor variable such as growth, size, leverage and profitability.

4.5.1 Model Summary

Table 4.6 Model Summary^b

Model	R	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson	
				R Square Change	F Change	df1	df2		Sig. F Change
1	.918 ^a	.843	.2682597	.843	421.770	4	315	.000	.487

a. Predictors: (Constant), Growth, Size, Leverage, Profitability

b. Dependent Variable: Dividend Payout.

From the model summary above R (Correlation Coefficient) is 84.3%. This indicates a strong positive correlation. R Square is the coefficient of determination is 0.843. This indicates that 84.3% of the variation of DPO is explained by the independent variables mentioned in the study (Growth, Size, Leverage and Profitability). The other remaining Percentage, 15.7%, are factors not listed.

4.5.2 Analysis of Variance (ANOVA)

Table 4.7 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	121.408	4	30.352	421.770	.001 ^b
	Residual	22.668	315	.072		
Total		144.076	319			

a. Dependent Variable: Dividend Payout

b. Predictors: (Constant), Growth, Size, Leverage, Profitability

From the researcher's findings the Sum of Squares resulting in the regression was 121.408 while the mean square was 30.352 with 4 degrees of freedom. On the other hand, Sum of Squares

resulting after residual analysis is 22.668 while the mean square was 0.072 with 315 degrees of freedom. The significance value is 0.001 hence it is within normal requirement. This value is less than $p=0.05$ indicating that the model is statistically significant. Hence it's important in predicting the Dividend payout by utilizing the Growth, Size, Leverage and Profitability.

4.5.3 Coefficient of Determination

Table 4.8 Determination Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig. 95.0% Confidence Interval for B		Collinearity Statistics		
	B	Std. Error			Lower Bound	Upper Bound	Tolerance	VIF	
(Constant)	-3.279	.369		-8.881	.000	-4.005	-2.553		
Size	-.038	.018	-.048	-2.126	.034	-.074	-.003	.979	1.021
Leverage	.600	.095	.146	6.317	.000	.413	.787	.939	1.065
Profitability	.726	.020	.873	36.014	.000	.686	.766	.849	1.177
Growth	.397	.086	.112	4.631	.000	.228	.565	.854	1.171

a. Dependent Variable: Dividend Payout

The researcher's findings revealed that if all the factors (Growth, Size, Leverage and Profitability) are kept constant, the autonomous value is -0.038. Moreover, a unit change in size translates to negative change in dividend payout by 3.8% The findings further demonstrated that while keeping other independent variables constant, a unit change in Leverage brings about a change in DPO by 0.600 while a unit change in profitability results to an increase in DPO by 0.726 if all other factors are kept Constant. Further to the findings, an increase in Growth results to an increase in DPO by 0.397.

From this table above, at 95% Confident interval, it is evident that Leverage (t=0.6317, p=0.000), Profitability (t=36.014, p=0.000) and Growth (t=4.631, p=0.000) had positive effect on Dividend Payout. Size had negative effect on dependent variable of (t=-2.126, p=0.034)

The mathematical Regression Model obtained will be;

$$Y = -3.279 - 0.038 X_1 + 0.600 X_2 + 0.726 X_3 + 0.397 X_4$$

Whereby:

Y= Dividend Payout

α_0 =y intercept of the regression

X_1 =Size

X_2 =Leverage

X_3 = Profitability

X_4 = Growth

ε = error term

This model above can be used in Predicting.

4.6 Discussing the Research Findings

The Predictor variables were Growth, Size, Leverage and Profitability. The mathematical formula indicates that a unit change in size brings about a decrease in DPO by 3.8% while a unit change in Leverage leads to 60% Increment in DPO. Further, the findings revealed that a unit change in profitability leads to 72.6% change in DPO while a unit change in growth causes 39.7% change in DPO when all factors are kept constant.

$$Y = -3.279 - 0.038 \text{ Size} + 0.600 \text{ Leverage} + 0.726 \text{ Profitability} + 0.397 \text{ Growth}$$

From the equation above Y represents Dependent variable which DPO. The researchers also utilized the Pearson correlation. The Findings revealed a strong positive correlation between Profitability and DPO of ($r=0.896$, $p=0.001$). Both Growth and Leverage had a weak positive correlation towards DPO ($r=0.412$, $p=0.001$) and ($r=0.048$, $P=0.396$) respectively. Size, had negative correlation towards DPO ($r=0.146$, $p=0.009$).

The findings are negating the findings of Cheptoo (2018) postulating an inverse association between growth and the dividend payout. It is consistent to the same study findings that profitability is positively correlated with DPO. Chepkirui (2021) opines the positive association DPO contrary to the current study. Additionally, the leverage exhibits positive association with DPO in the current study, while Harun (2015) postulated that size, profitability and leverage posted negative correlation with DPO.

The findings in the Model summary poised that independent variables Growth, Size, Leverage and Profitability explained 84.3% of variation in the Dependent variable (DPO) as shown by R-square. This showed that 15.7% of change in the DPO were caused by factors not mentioned in the study. This model was fit at 95% confidence level with an F-ratio of 421.770. Therefore, the multiple linear regression model generated above can be used in predicting how independent variables selected affects ratio of DPO of Firms.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter is cardinal in giving an overview of outcomes, summarizing the crucial discussion, recommending the cornerstone techniques and highlighting the areas for further investigation. It gives paramount knowledge based on the findings. Moreover, it contributes significantly to problem solving and answering the research question. It is imperative to coin that this chapter elaborates, clarifies, intensifies and provides the comprehensive outcomes.

5.2 Summary of the Research Findings

The research's secondary was sourced from CBK and the specific companies to enhance the computation and far-reaching outcomes. The descriptive statistics demonstrated from the table 4.1 illustrated that DPO averaged to 1.1211 with the SD of 0.6720. Additionally, size and leverage's average were 2.6796 and 0.8449 subsequently. Mathematical calculation of SD for size 3.5863 and leverage was 0.1633. In addition, the profitability and growth demonstrated a mean of 1.7861 and 2.6591 respectively. The SD for profitability 0.8084 and growth 0.1898.

The Pearson correlation in table 4.2 recorded a negative association of DPO verse the firm's size ($r=-0.146$, $p = 0.009$). The growth, leverage and profitability portrayed a positive correlation. This was contrary to the findings of Cheptoo (2018) stipulating negative association between DPO and size. Nevertheless, Chepkirui (2021) illustrated that increased in profitability were inversely correlated with DPO. The findings summarized as; leverage ($r=0.048$, $p=0.396$), profitability ($r=0.896$, $p=0.001$) and growth ($r=0.412$, $P=0.001$) thereby opining the positive direction and moderate to high magnitude.

The comprehensive and intensive computation on the regression concludes that sum of squares is 121.408 with the mean square of 30.352 under the 4 degrees of freedom. In addition, from the residual analysis sum square is 22.668 with the mean square of 0.072 having 315 degrees of freedom. The P value of 0.001 is less than 0.05 hence statistically significant. Therefore, DPO can be predicted using the growth, size, leverage and profitability.

5.3 Conclusion

The research outcome demonstrates R Square of 0.843. Therefore, it is worthwhile indicating that all four predictor variables selected; growth, size, leverage and profitability accounted 84.3% of changes in the DPO. The remnant 15.7%, demonstrates the regressor variables not selected in the study. The percentage indicates the efficiency of the independent variables prioritized to inform the DPO.

Empirically, the autonomous value whenever all factors are constant is negative 3.279. Furthermore, when all factor are maintained stable, a unit positive adjustment in the firm size triggers 3.8 % decrease in the DPO. Moreover, if all the variables remained unchanged, a unitary positive change in leverage transforms to an increase in DPO by 60%. An elevation in the profitability translates to 72% increase in the DPO when all factors are kept constant. Finally, a unit increment in the growth triggers the 39.7% increase in DPO.

$$\mathbf{Y = -3.279 - 0.038 \text{ Size} + 0.600 \text{ Leverage} + 0.726 \text{ Profitability} + 0.397 \text{ Growth}}$$

5.4 Recommendations

The findings indicate that leverage, profitability as well as growth recorded the positive association with the DPO. Contrary, firm size post a negative association on DPO. The study recommends for increasing profitability to enhance the dividend payout. Moreover, the research advocates for optimum leverage to increase the generation of company's wealth thereby translating to increment in the dividend payout. Furthermore, the business should enhance their growth to promote the DPO.

The study recommends for timely benchmarking among firms to enhance their productivity and efficiency. The companies should scrutinize their business abilities and innovate new ways of enhancing the dividend payout. Moreover, they should increase the creativity and reap from the existing opportunities. According to Chepkirui (2021) the business strategic plans gear them towards stabilized DPO. Moreover, the maximum utilization of assets is critical for effectiveness and efficiency.

In summary, the study recommends for periodic reviews of strategic and tactical plans to enhance the business stability, increase profits and increase the DPO. The increase in DPO portrays a well functional and the stability of companies' performance. However, the DPO can be used to attract the investor even though the business may be facing financial distress (Bulla, 2021). Therefore, the firms should be keen in ensuring the quality information is sourced for maximization of the company's value. The smooth operation must be prioritized to reduce wastage and increase the DPO.

5.5 Limitation of the Study

The study secondary data regarding the regressed variable was garnered to exemplify the DPO. However, the data is historical and may not be useful in the determination of the current and future trends as well as the changes.

The study maximized the four explanatory variables and excluding many others including the intervening and moderating variables that may affect the dividend payout.

Moreover, the firms exhibit wide-array of characteristics and may not be useful in generalization. In a nutshell, the research employed SPSS in the analysis of 5-years period and therefore a wide study period can aid a more conclusive finding.

5.6 Suggestion for Further Research

This study advocates for in-depth investigation of the technological determinants of dividend payout.

The study will be pivotal in creating awareness on the pivotal role of dividend payout. Additionally, the researchers should analyze the effect of financial deepening on the change of stock prices and dividend payout.

Additionally, a study of financial decisions, firms and DPO can increase the knowledge about the DPO.

In summary, the research regarding the current trends, policies, strategies, earning management and even audit committee verse DPO should be instituted.

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APPENDICES

Appendix I: Firms Listed at NSE

Nairobi Securities Exchange (NSE) – Listed companies	
Company	Dividend Payout
Absa Bank Kenya	
ARM Cement	
B O C Kenya	
Bamburi Cement	
BAT Kenya	
BK Group	
Britam (Kenya)	
Car & General (K)	
Carbacid Investments	
Centum Investment	
CIC Insurance Group	
Co-operative Bank of Kenya	
Crown Paints Kenya	
Deacons (East Africa)	
Diamond Trust Bank Kenya	
Eaagads	
East African Breweries	
East African Cables	
East African Portland Cement	
Equity Group Holdings	
Eveready East Africa	
Express Kenya	
Flame Tree Group Holdings	
HF Group	
Home Afrika	
I&M Holdings	
Jubilee Holdings	
Kakuzi	
Kapchorua Tea Kenya	
KCB Group	
KenGen Company	
Kenya Airways	
Kenya Orchards	
Kenya Power & Lighting	
Kenya Re-Insurance Corporation	
Kurwitu Ventures	
Liberty Kenya Holdings	

Limuru Tea	
Longhorn Publishers	
Mumias Sugar Co	
Nairobi Business Ventures	
Nairobi Securities Exchange	
Nation Media Group	
National Bank of Kenya	
NIC Group	
Olympia Capital Holdings	
Safaricom	
Sameer Africa	
Sanlam Kenya	
Sasini	
Stanbic Holdings	
Standard Chartered Bank Kenya	
Standard Group	
Stanlib Fahari I-REIT	
Total Kenya	
TPS Eastern Africa	
TransCentury	
Uchumi Supermarkets	
Umeme	
Unga Group	
Williamson Tea Kenya	
WPP Scangroup	

Appendix II: Data Collection Instrument

Name	Dividend Payout	Growth	Size	Leverage	Profitability

Appendix III: Test Results

Pearson Correlation

Correlations						
		Dividend Payout	Size	Leverage	Profitability	Growth
Dividend Payout	Pearson Correlation	1	-.146**	.048	.896**	.412**
	Sig. (2-tailed)		.009	.396	.000	.000
	N	320	320	320	320	320
Size	Pearson Correlation	-.146**	1	.045	-.124*	.029
	Sig. (2-tailed)	.009		.418	.027	.604
	N	320	320	320	320	320
Leverage	Pearson Correlation	.048	.045	1	-.130*	.158**
	Sig. (2-tailed)	.396	.418		.020	.005
	N	320	320	320	320	320
Profitability	Pearson Correlation	.896**	-.124*	-.130*	1	.318**
	Sig. (2-tailed)	.000	.027	.020		.000
	N	320	320	320	320	320
Growth	Pearson Correlation	.412**	.029	.158**	.318**	1
	Sig. (2-tailed)	.000	.604	.005	.000	
	N	320	320	320	320	320
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

Test for Autocorrelation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.918 ^a	.843	.841	.2682597	.487

Determination Coefficient

Coefficients ^a										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error				Beta	Lower Bound	Upper Bound	Tolerance
1	(Constant)	-3.279	.369		-8.881	.000	-4.005	-2.553		
	Size	-.038	.018	-.048	-2.126	.034	-.074	-.003	.979	1.021
	Leverage	.600	.095	.146	6.317	.000	.413	.787	.939	1.065
	Profitability	.726	.020	.873	36.014	.000	.686	.766	.849	1.177
	Growth	.397	.086	.112	4.631	.000	.228	.565	.854	1.171

a. Dependent Variable: Dividend Payout

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