DETERMINANTS OF DIVIDEND PAYOUT FOR FIRMS LISTED AT NAIROBI SECURITIES EXCHANGE

BY

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14/01281

A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE IN FINANCE AND INVESTMENT IN THE SCHOOL OF BUSINESS AT KCA UNIVERSITY

NOVEMBER 2022

DECLARATION

I declare that this dissertation is my original work and has not been previously published or

Presented elsewhere for award of a degree.

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As the KCA University supervisor, I have approved the submission of this study project for review.

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DEDICATION

This study project is devoted to my family's unwavering support during my studies, especially for bearing with me while I was absent when they needed me most. To my late father, who always encouraged me to have a successful profession but died before I could do so.

ACKNOWLEDGEMENT

To begin with, I give thanks to the Almighty God for the bountiful Grace He has bestowed on me up to this point. I am also thankful to my supervisor, Dr. Michael Njogo, who has helped me get this far with his guidance and support. To KCA University for providing me with the opportunity to meet helpful teachers and other resources that have helped me succeed in my studies.

ABSTRACT

Over the years, dozens of theories have attempted to explain the dividends phenomenon with no consensus reached. Many of the theories view agents as rational and dividends either serve as an efficient way to resolve agency problems or as a signaling device to mitigate information asymmetry problems. This study sought to establish the determinants of dividend payout ratio for companies listed at the Nairobi Securities Exchange. The specific objectives of the study were to determine the influence of profitability, liquidity, leverage and firm size on dividend payout ratio for companies listed at the Nairobi Securities Exchange. The target population of the study were all the 64 firms listed at the NSE as at 31st December 2021. However, one of the firms was listed after 2017 while 5 were suspended remaining with 58 listed firms at NSE. Thus, a census of all the 58 NSE listed firms was conducted. The study employed descriptive research design and secondary data was collected for a period of 5 years, from 2017 to 2021. Data was analyzed using descriptive statistics and panel data regression. Descriptive statistics involved determining the mean, the standard deviation, skewness and kurtosis for each variable under study. Panel data regression analysis established the nature and significance of the relationship between the study variables. Stata version 16 was employed to analyze the data. The analyzed data was presented using tables and charts. The findings of the study indicated that firm size, liquidity and profitability of the companies listed at the Nairobi securities exchange had a positive and statistically significant relationship with dividend payout. However, financial leverage was found to have a positive but insignificant effect on the dividend payout of the listed firms under study. The study recommended that the listed firms under study should focus on making their operations cost efficient and effective to maximize profits and should invest some resources in fixed assets but have more investments in liquid assets. The firms relying on loans to finance its operations should not focus on paying dividends to its shareholders but the immediate focus of these firms and finally the firms should focus on investing the profits accrued from the operations of the company back to the company to grow the company and make it stable.

Key words: Profitability, Liquidity, Leverage, Firm size, Dividend payout ratio, Nairobi Securities Exchange

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

OPERATIONAL DEFINITION OF TERMS

Profitability	Profitability is a measure of an organization's profit relative to its expenses. Organizations that are more efficient will realize more profit as a percentage of its expenses than a less-efficient organization, which must spend more to generate the same profit.
Liquidity	The ease with which an asset, or security, can be converted into ready cash without affecting its market price.
Leverage	*Leverage* is the use of debt (borrowed capital) in order to undertake an investment or project. The result is to multiply the potential returns from a project.
Firm size	Firm Size value is calculated by calculating the natural logarithm formula of total assets. Natural logarithm is used to reduce the difference that is too high between companies that still have small assets and companies that have large assets so that the total assets are normally distributed
Dividend policy	The policy a company uses to structure its dividend payout to shareholders.

LIST OF ACRONYMS

CDSC	Central Depository and Settlement Corporation
CMA	Capital Market Authority
D/E	Debt-to-Equity Ratio
DIT	Dividend Irrelevance Theory
DPS	Dividend Per Share
EPS	Earnings Per Share
GDP	Gross Domestic Products
IFRS	International Financial Reporting Standards
MM	Miller & Modigliani
NSE	Nairobi Securities Exchange
OLS	Ordinary Least Squares
SSE	Sustainable Stock Exchanges
REITs	Real Estate Investments Trusts
ROE	Return on Equity
TOR	Turnover Ratio
VIF	Variance Inflation Factor

CHAPTER ONE

INTRODUCTION

1.1 Background

Dividends, which are often declared at the annual general meeting, are the means through which a corporation distributes its earnings to its shareholders (Abu, 2017). It is that part of a company's net profits that the directors propose be distributed to shareholders in accordance with the number of shares they own in the business (Pandey, 2018). According to Hasan et al. (2015), dividends are also defined as company profits that are given to shareholders. The dividend policy in effect controls the dividend payments. These profits may be given out as stock dividends, share repurchases, or cash dividends (Tahir, et al., 2020). While stock dividends are given to shareholders in the form of new shares of the issuing company's stock, cash dividends are the most prevalent way of paying dividends and are taxed to the consumer in the year they are received (Tahir, et al., 2020).

Dividends are a mechanism for publicly traded companies to give its shareholders a piece of their profits in return for their support in the company's expansion. Additionally, dividends increase investor and shareholder trust in the performance of the listed companies. In the end, this will increase the value of the listed company's shares. However, if the publicly traded companies are unable to pay their shareholders favorable dividends, the shareholders may lose faith in the companies, sell their shares, or cease providing support (Azhagaiah & Priya, 2018). The development of the business and its market worth will be negatively impacted by this.

Each shareholder receives stock dividends based on the number of shares they own. A return on investment is what shareholders seek when they invest in a company. The company

must make sure that the wealth it has invested grows in order to fulfill the expectations of its shareholders (Brigham & Ehrdardt, 2017). Businesses increase sales, operate more efficiently, increase profit margins, make capital investment decisions, and decide on capital structures to create shareholder value (Azhagaiah & Priya, 2018).

Globally, nations are observing rises in the dividend payments made by their corporations. Dividend payments in Europe increased by 8% to USD413 billion in 2021 from USD382 billion (Allianz Global Investors, 2022). The dividend distributions increased by 10% to 13% on average in Germany, France, and Italy in 2021. The rise in total equities returns in Europe was credited with driving up dividend distribution overall. Dividend payments for UK-listed companies increased by 6.2% in 2019 to US$105.8 billion from US$99.6 billion in 2018. These payments were ascribed to the special payments from mining corporations Rio Tinto, Royal Bank of Scotland, and BHP, among others. Shell, one of the UK's top dividend payers, did not, however, boost its dividend distributions (The Guardian, 2019).

The factors that determine dividend distribution in Pakistan include firm size, profitability, business risk, sales growth, investment prospects, and ownership structure (Tahir & Mushtaq, 2016). Investor sentiment and stock liquidity, as well as low leverage, strong cash holdings, profitability, shareholder protection firms, and corporations with state control prior to listing, are factors that influence the dividend distribution by Chinese companies (Tan, 2020).

There are several factors that affect how much money companies pay out in dividends. Firm size, sales growth, profitability, business risk, financial leverage, investment prospects, and ownership structure are important factors in determining the dividend payment of Pakistan's listed energy companies (Tahir & Mushtaq, 2016). Similar to this, the liquidity and age of the listed corporations affect the dividend distribution of Ghana's listed financial institutions

(Gyemang Badu, 2013). The African stock exchanges' dividend distributions are affected by a number of factors, such as agency charges, a company's age, amount of capitalization, profitability, and rate of company expansion (Nnadi et al., 2013).

According to Franc-Dbrowska and Mdra-Sawicka (2020), the dividend policy of the firm is positively and significantly correlated with its financial status, growth, profitability, size, and cash flow. The dividend payouts in Bangladesh's insurance sector also showed that profitability (ROA), growth (GRW), and leverage (LEV) are the main factors influencing dividend payouts by the country's insurance businesses. However, the amount of dividends paid in Bangladesh's listed insurance businesses was not influenced by tangibility or company size (Sajib, et al. 2015). The profitability and liquidity of the company were cited by the Polish listed businesses as important factors influencing dividend distribution choices on the Polish stock market (Kamierska-Jówiak, 2015).

Dividend payouts were favorably connected with profitability, growth prospects, and liquidity as the drivers of dividend policy for Nigerian listed companies, however size, debt ratio, and asset tangibility were all shown to be adversely correlated with dividend payouts (Emeka, 2020). Furthermore, the company's financial performance, size, and board independence determine the dividends policy of the 50 listed companies on the Nigerian stock exchange market (Ranti, 2018). Profitability and leverage are other factors that affect the dividend distribution of financial and non-financial companies in Ghana (Eliasu, et al. 2014).

Leverage and profitability are two factors that determine the dividend distributions of manufacturing companies listed on the Nairobi Stock Exchange (Malietso, 2017). Liquidity, however, has a little role in determining dividend distribution. The debt financing on dividend payout ratio of Kenyan manufacturing and related companies listed on the Nairobi Stock

Exchange (NSE) also shows that profitability is a highly significant positive predictor of dividend payment. On the other hand, business size and liquidity are statistically negligible factors that affect the dividend payment ratio of manufacturing and related firms listed on the NSE (Makenzi, 2018). Additionally, the dividend policy of the listed manufacturing firms was positively and significantly impacted by asset tangibility, while negatively impacted by leverage (Muraya, 2018).

Based on the study analysis of the factors influencing dividend payment policy, the authors disagree on the factors that positively influence dividend payout and those that do not. Profitability has been found to be a key factor of dividend payout (Nnadi et al., 2013; Wasike & Ambrose, 2015; Sajib et al., 2015; Kaźmierska-Jóźwiak 2015; Mushtaq, 2016; Franc-Dbrowska & Madra-Sawicka, 2020). However, according to some researchers, profitability with dividend payouts is negligible (Rafique 2012; Agyemang Badu, 2013; Rajakulanajagam; Ludsana, 2014).

Numerous academics have found a correlation between liquidity and dividend distribution that is both positive and significant (Agyemang Badu, 2013; Rajakulanajagam and Ludsana, 2014; Kaźmierska-Jóźwiak, 2015; Mushtaq, 2016). Liquidity, according to Le et al. (2019), is a minor factor in determining dividend distribution. However, a number of researchers have discovered a positive and significant association between leverage and dividend distribution (Eliasu et al. 2014; Kaźmierska-Jóźwiak, 2015; Sajib et al. 2015; Mushtaq, 2016). Le, et al. (2019) pointed out that leverage is a minor factor in determining dividend distribution. The dividend payout was discovered to be positively and significantly influenced by firm size by a number of academics (Rafique 2012; Kaźmierska-Jóźwiak, 2015; Franc-Dbrowska and Mdra-Sawicka, 2020 However, according to some researchers, business size has little impact on dividend payout (Sajib, et al. 2015; Le, et al. 2019; Emeka, 2020). According to this analysis, the

primary factors of dividend payout by the listed corporations are profitability, liquidity, leverage, and firm size.

1.1.1 Dividend payout

According to Pandey (2016), dividend payout ratio is the standard that management uses to decide how much of a company's earnings should be distributed to shareholders in the form of dividends and reinvested in the business. An ideal dividend payout ratio, according to Pandey (2016), strikes a balance between present dividends and projected growth. On the other hand, Ross (2015) described a dividend payment as the transfer of corporate profits to shareholders. By taking into account parameters of dividend yield and dividend payout, Baskin (2019) evaluated a company's dividend policy. According to Brealey et al. (2019), a dividend payout ratio is the percentage of earnings that are distributed as dividends to shareholders, whereas a dividend represents the stock's return on investments made without using capital gain.

Al-Makawi (2017) argues that dividend decisions are significant because they convey information about a company's ability to expand as well as how sustainable its dividend is. The percentage of a company's earnings that can be attributed to it that is given as dividends is referred to as a dividend choice. On the basis of cash flows, the ratio is occasionally calculated without taking into account non-cash costs like depreciation. Because they want to put the profits back into the company, young and rapid growth companies keep profits as much as they can. Because they cannot maintain high payouts in challenging economic conditions, cyclical enterprises with volatile profitability are likewise unable to pay dividends regularly. On the other hand, mature businesses with predictable profitability allocate a larger percentage of their profits to dividend payments. Investors are drawn to businesses with steady target payout ratios because they demonstrate sound financial management. Since the majority of investors prefer to receive

their dividends in the form of shares rather than cash, a company with a dividend reinvestment plan can distribute more than its earnings (Al-Makawi, 2017).

The finance manager is guided by the dividend payout ratio when determining how much will be paid out to the shareholders as dividends for their ownership stake in the company. Among the most common forms of dividend policies are; Constant payout ratio where company promises to distribute a certain portion of its profits as dividends. Whether the company produces more money or not, it keeps paying this sum. Remaining funds after all investments have been made are used for dividend payouts under a residual dividend policy. No dividends are given throughout that time period if all profits are reinvested. A stable dividend A payout ratio is one in which the corporation distributes an equal amount of money to each shareholder. Sometimes businesses will employ the "stable plus extra" policy, which allows them to maintain a fixed dividend payment to each shareholder while also having the option to pay an additional sum during every profitable trading period (Pandey, 2016).

There is no doubt that the tradition of businesses paying dividends is not new because it stretches back to roughly four centuries ago in ancient times (Baskin, 2018). Investigations have been conducted on the contagious topic of dividend (Pandey, 2016). Over the past fifty years, a large number of academics in the fields of finance and economics have concentrated all of their efforts on figuring out the factors that affect dividend distribution. Lintner (1956), Modigliani and Miller (1961), Musiega et al. (2018), and Ikunda et al. (2016) have all made noteworthy contributions. Since no scholars have been able to reach a consensus, it appears that the entire idea is still a mirage. Instead, more and more divergent findings keep emerging, further dividing the academic community.

Al-Twaijry (2017) discovered that a firm's likelihood of obtaining credit facilities is a crucial factor before a dividend is declared. For instance, in the worst-case scenario, if a firm issues a cash dividend but is unable to meet its current obligations, an alternative option could be to obtain a short-term loan to make up for the liquidity shortfall. Therefore, it is wise for management to consider its ability to obtain quick funding while it considers its choices for paying dividends to shareholders. Previous research has shown that large companies have easy access to credit facilities since they have collateral and low default risks, which favorably affects their consistency in dividend payout (Mehta, 2018).

1.1.2 Determinants of dividend payout

There are a number of variables that could potentially affect dividend payout. The four key drivers of the current study are profitability, financial leverage, liquidity, and business size. In this study, the term "profitability" refers to the current earnings after taxes that can be attributed to common shareholders. The variable is one of the independent factors utilized in the study that is anticipated to have a positive relationship with dividend payment. According to Bose and Hossainey (2017), Indian companies boosted dividends in direct proportion to profitability and vice versa. Amidu and Abor (2016) looked at Ghana's dividend behavior and found that profitable companies prefer to pay out greater dividends. While Lintner (1956) focused on the absolute level of earnings in his traditional theory, Fama and Babiak (2018) explored variations in net income from year to year as part of their dividend policy theory.

According to Pruitt and Gitman (2018), a company's ability to pay dividends is significantly influenced by its current and prior-year profits. Baker and Powell (2017) stated that the key factor affecting dividends is the industries predicted and definite future profits level in their New York study of companies listed on the New York Stock Exchange. This result was

consistent with Linter's theory, which contends that companies with more cyclical earnings typically pay less in dividends than those with less cyclical earnings (Abala, 2019). This suggests that dividend decisions are significantly influenced by cyclical profitability.

Holder, Langrehr, and Hexter (2018) studied Pakistani listed firms to determine how earnings affect dividend policy. They found that there is a relationship between the two variables, despite the coefficient showing a weak correlation and therefore no association. Numerous research have demonstrated that the degree of financial leverage has a negative effect on dividend policy (Jensen et al., 2022; Agrawal & Jayaraman, 2020; Crutchley & Hansen, 2019; Faccio et al., 2019; Gugler & Yurtoglu, 2019; Al Malkawi, 2015). These researchers found that heavily leveraged businesses prefer to hang onto their internal cash flow to handle a variety of obligations rather than making cash available to shareholders and protecting their creditors.

However, dividend payout shows a clear relationship with the capital structure theories. An organization that devotes resources to dividend payments reduces the amount of equity capital that can be financed internally, and as a result, the demand for external financing develops from dividends through the capital invested in shares. Dividend payments boost cash outlays, which sporadically cause liquidity shortages in businesses with dividend distribution policies. Additionally, changes in the proportion of dividends to net earnings have an indirect impact on stock prices (Poterba & Summers, 2018).

The corporation views dividend payments as a financial outflow. Even if a corporation may have enough earnings to declare dividends, the cash on hand may not always be sufficient to pay dividends. The firm's ability to pay dividends improves with the overall liquidity of the firm and cash position, making it a crucial aspect to consider when making dividend payments (Pandey, 2016).

Established businesses typically have greater liquidity, which increases their capacity to pay dividends. Since the majority of its money are not held in working capital, such a corporation has few investment opportunities, but its cash position is stable. On the other hand, the issue of liquidity affects expanding businesses. The management must take into account how dividend payments may affect its liquidity position. Following a conservative dividend policy, management may decide to keep earnings rather than pay dividends if it has a negative impact on the liquidity position (Pandey, 2016).

According to a study by Eriotis (2015), Greek companies distribute dividends annually depending on their target payout ratios, which are determined by the size of the companies and the quantity of earnings given. When attempting to explain a company's dividend payout ratio, the size of the company is crucial (Lloyd, Jahera & Page, 2015). It was found in this study that larger enterprises have higher financial maturity levels, which increases their access to financing on the capital markets. By doing this, they become less dependent on internally generated cash and their dividend payment ratio rises. Therefore, it can be concluded that there is a positive correlation between business size and dividend payout ratios.

Large, established businesses can pay dividends more easily than smaller businesses because they have easier access to the financial market. Sawicki (2015) demonstrated that dividend payments can be used to gauge performance in big businesses. Due to ownership distribution, there is a high level of information asymmetry in large companies, thus increasing shareholders' inability to keep an eye on managers' action. Dividend payments solve this issue because they encourage debt financing, which eventually necessitates monitoring because of the presence of trade payables and debenture holders.

1.1.3 Nairobi securities exchange

Nairobi Securities Exchange (NSE) offers an automated platform for securities listing as well as securities trading. After the Johannesburg Stock Exchange, NSE was the second African exchange to demutualize and list its shares. NSE now offers equities, bonds, and quasi-equity trading items such as REITS, as well as a variety of derivative products. The NSE (previously known as the Nairobi Stock Exchange) was founded in 1954 and has become East and Central Africa's major securities trading center. The NSE is Africa's largest securities exchange by trade volume and fifth largest by market capitalization as percentage of GDP (CMA Bulletin, 2019).

Securities are financial products that are transacted on NSE and include shares (equities) and bonds (debt / equity derivatives). By bringing lenders and borrowers together, the NSE stimulates investment and savings. There are currently 64 NSE companies (Appendix I) in 11 market subdivisions: agriculture, commercial and services, telecommunications and technology, automobiles and accessories, banking, insurance, investment, manufacturing and allied, construction and allied, energy and petroleum, real estate investment trusts, and exchange traded funds (NSE website, 2022).

NSE executives and regulatory agencies (capital market authorities) are responsible for promoting and protecting market investors' interests. A company must have a defined share policy, which is one of the conditions for listing on the NSE (Kenya Gazette, 2002). Because of this necessity, management should pay close attention to the dividend policy. Local and international investors seeking exposure to Kenya and the African economy will find the NSE to be a favorable trade environment. NSE helps local and international firms get low-cost finance and benefits to Kenya's economic growth by promoting savings and investment. Nairobi Securities Exchange is governed by Kenya's Capital Markets Authority (NSE website, 2022).

1.2 Statement of Problem

Dividends are a mechanism for publicly traded companies to reward their shareholders for their contributions to the company's growth by sharing their profits with them (Abu, 2017). The shareholders' and investors' confidence in the success of the listed companies is also increased by the dividends. This could ultimately increase the value of the listed company's stock. However, when publicly traded companies are unable to pay their shareholders favorable dividends, the investors may lose faith in the companies, sell their shares, or stop providing funding (Pandey, 2018), which can have a detrimental impact on the firm's development and market value.

Over the years, the NSE's listed companies' dividend payout has varied. Only East African Breweries and Safaricom were able to manage a special dividend in addition to regular payouts in 2020. The only one with a bonus issue was Nairobi Securities Exchange Ltd., but it came at the price of dividends. Loss-making, as the only two businesses that have stated plans to share their constrained profits with shareholders are Eveready East Africa and Britam Holdings (NSE report, 2020). According to a Business Beat (2017) analysis of the NSE companies, 15 of the companies have been cutting their dividends per share. This has been explained by a drop in profit, a restructuring of corporate strategies, and a desire to grow. Owners of capital have been irritated due to inconsistent information regarding the causes of why several companies at the Nairobi Securities Exchange are reluctance to announce dividends or give bonuses.

Cytonn report (2019) states that 35 listed companies (more than half) have forced shareholders into a dividend drought or decreased the amount paid out on each share owned. The

record for the longest drought is held by Marshalls East Africa, a company that sells and services cars. The business last distributed dividends to shareholders in October 2007, offering Sh1 for each share held. Its revenues, however, have been in a free spiral since 2012, falling from Sh234.3 million to Sh81.3 million in 2020 and driving the business into the losses. Car & General paid Sh0.60 in dividends in 2014, down from Sh0.70 per share in 2013, in the NSE's automobiles and accessories sector, whereas Sameer Africa last announced a dividend of Sh0.30 in March 2014. A reduction in dividends per share has been made by all agricultural firms listed on the NSE, with the exception of Kakuzi Ltd and Sasini Tea.

Investors in the commercial and services sector have also experienced success and failure. Investors in Atlas Africa Ltd have been showing up to AGMs since 2010 but leaving empty-handed (Cytonn report, 2019). Express Kenya experienced a similar decline in business after losing a big logistical contract with East African Breweries Ltd in 2010. A final dividend of Sh0.25 for TPS Eastern Africa was announced in April of last year, which was more than five times less than the Sh1.35 dividend issued in 2015 and 2014. Shareholders earned Sh1.30 per share in 2012 and 2013. In the building industry, ARM Cement distributed Sh2 per dividend in 2012, which fell to Sh0.60 in 2013 until 2015. As losses began, it left investors broke from 2016 to 2018. Additionally, Crown Paints Kenya reduced their dividends from Sh1.75 per share announced in August 2015 to just Sh0.60 in 2016. The National Bank of Kenya reduced its dividends per share until it eventually stopped declaring any from March 2014 to the present in the banking sector, where many players have been reporting enormous profits. The dividends paid out by the other banks (Kenya Commercial Bank, Co-operative Bank, Standard Chartered Bank, Stanbic Bank, I&M Bank, Barclays Bank of Kenya, Equity Bank, and Diamond Trust Bank) grew from 2012 to 2019. (Capital Markets Authority, 2019).

Although there have been prior studies on the factors influencing dividend payout, the outcomes have varied. Based on the study analysis of the factors influencing dividend payment policy, the authors disagree on the factors that positively influence dividend payout and those that do not. (Nnadi et al., 2013; Wasike & Ambrose, 2015; Sajib et al., 2015; Kaźmierska-Jóźwiak, 2015; Mushtaq, 2016; Franc-Dbrowska & Mądra-Sawicka, 2020) Profitability has been found to be a key factor of dividend payout. However, according to some researchers, profitability with dividend payouts is negligible (Rafique 2012; Agyemang Badu, 2013; Rajakulanajagam; Ludsana, 2014).

According to a number of academics (Agyemang Badu, 2013; Rajakulanajagam and Ludsana, 2014; Kaźmierska-Jóźwiak, 2015; Mushtaq, 2016), liquidity has a favorable and significant link with dividend payout. Liquidity, however, is a minor factor in determining dividend payout, according to Le et al. (2019). Contrarily, it was discovered by several academics that leverage had a positive and significant association with dividend payout (Eliasu et al. 2014; Kaźmierska-Jóźwiak, 2015; Sajib et al. 2015; Mushtaq, 2016). Le, et al. (2019), on the other hand, suggested that leverage is a minor factor in dividend distribution. According to a number of researchers (Rafique 2012; Kamierska-Jówiak 2015; Franc-Dbrowska and Mdra-Sawicka, 2020), firm size has a favorable and significant impact on dividend payout. However, according to some researchers, business size has little bearing on dividend payout (Sajib, et al. 2015; Le, et al. 2019; Emeka, 2020). According to this analysis, the primary factors of dividend payout by the listed corporations are profitability, liquidity, leverage, and firm size. The combined effects of profitability, liquidity, leverage, and firm size on the dividend payout ratio of the companies listed on the Nairobi Securities Exchange were established in this study.

1.3 Objectives of study

1.3.1 General objective

To establish the determinants of dividend payout for companies listed at Nairobi Securities Exchange.

1.3.2 Specific objectives

i. To analyze the influence of profitability on dividend payout ratio for companies listed at the Nairobi Securities Exchange

ii. To determine the influence of liquidity on dividend payout ratio for companies listed at the Nairobi Securities Exchange

iii. To find out the influence of leverage on dividend payout ratio for companies listed at the Nairobi Securities Exchange

iv. To determine the influence of firm size on dividend payout ratio for companies listed at the Nairobi Securities Exchange

1.4 Research Hypotheses

H_{01}: *Profitability has no significant influence on dividend payout ratio for companies listed at NSE.*

H_{02}: *Liquidity has no significant influence on dividend payout ratio for companies listed at NSE*

H_{03}: *Leverage has no significant influence on dividend payout ratio for companies listed at NSE*

H_{04}: *Firm size has no significant influence on dividend payout ratio for companies listed at NSE*

1.5 Significance of the Study

The study will help the board of directors to design and assess dividends policies considering elements found to have a substantial impact on dividends policy. Profits, debt, liquidity, and earnings should wisely be reviewed if board of directors are contemplating raising dividends payments to stockholders. This is significant because dividend policy influences both existing and new investor retention and attraction. Furthermore, because big dividend payouts are desirable to stockholders, management team should endeavor for increased profitability, liquidity, leverage, and earnings, as well as grow wealth and pay higher dividends to shareholders.

Because dividend payments are a type of compensation or return to shareholders, findings of this paper may aid present and future shareholders in making investment decisions. An investor seeks a company with a high level of profitability, liquidity, leverage, and earnings. According to Gill et al. (2010), future study should look at generality of effects outside of the United States. As a result, the current study was critical in closing the gap noted by (Khan et al., 2016).

1.6 Justification

Due to lack of understanding concerning dividend drivers and incentive in evolving stock markets, doing this research was crucial. Other scholars and researchers, financial market managers, capital market regulators, business executives, retail and institutional investors may benefit from the outcomes of this paper, which may help them make important investment decisions, financing, and policies that favor market performance and enhance wealth.

1.7 Scope of the study

The research looked at NSE panel data from 58 publicly traded companies from 2017 to 2021. If the selected businesses have remained listed in the market over the time, firm-year records were studied.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The theoretical literature, empirical literature evaluation, conceptual framework, and research gaps of prior works on the research topic are presented in this section. This chapter, which also contains a review of the theoretical literature, discusses factors that affect corporate value.

2.2 Theoretical Literature

Decisions regarding dividends are crucial for company for a variety of reasons: Dividend policy, particularly residual dividend policy, which requires businesses to pay dividends primarily if they don't have profitable speculative opportunities, and stock arrangement have an impact on the corporation's stock price. Dividends are intended to show the public that a company is stable and growing. Many points of view have been formed in order to describe the concept of dividends. According to many perspectives, dividends are important or unimportant in financial decisions.

2.2.1 Bird in hand theory

Bird in hand hypothesis was proposed by Gordon (1963) as a response to Millers and Modigliani dividend irrelevance theory. Al-Malkawi (2007), contends that dividends are more significant to investors than investment reserves, implying that future income flows are unpredictable. Investors, according to his view, are risk cautious and favor current cash dividends above future investment returns. Dividends are computed independently from general reserves in a world of constant change and little knowledge. Investors would rather have "the bird in the hand" of a cash dividend in the equity market than "two in the bush" of future capital asset earnings. An expansion in dividend payments, ceteris paribus, has been linked to a significant gain in value (Malkawi, Rafferty, & Pillai, 2010). Although the model implies that dividend yield surpasses projected share growth rate, return on equity is defined by share return and probable share increase level. Capital gains cannot be adequately assessed since growing is not assured, and equities could lose their whole market value and collapse. The anticipated market value of a company that would not pay dividends is surrounded by doubt as to whether investors will be able to enjoy the promised earnings. This is based on the assumption that the company cannot afford external funding and therefore all funding should come from general reserves, continuous return and capital costs do not change (Litner, 1956).

Bhattacharya (1979) argued that the fundamental notion of having a bird in one's hand is false. Furthermore, he asserted that dividend rate is affected by corporate risk rather than the other way around. In this way, a company's cash flow risk affects dividend payments, but raising dividends won't make the risk go away. Strong support for the "bird in hand" hypothesis as a definition of dividend payments is frequently lacking, and MM (1961) has specifically disputed

this point by arguing that the needed rate of return (or capital cost) is independent of the dividend policy and that investors do not care about dividends or capital gains.

This theory is relevant to the current study because the shareholders will find more value in the dividends in the short run. This is so because, paying dividends will be a sign that the company is stable and making profits. As a result, the shareholders will put more shares in the company because of the confidence build in them by the performance of the firm and hence this will lead to a greater growth in the firm. A listed firm making profits ought to pay dividends immediately because shareholders are much interested in the current profitability state of the company and not the unforeseen future.

2.2.2 Tax differential theory

Miller and Scholes (1978) developed a tax preference theory to explain how taxes affect customers. They contend that differing dividend and capital gains tax rates affect consumers. Individual investors' tax preferences may impact their stock selection. Afraid of increasing taxes, investors could choose to pay fewer or no dividends in order to lower taxable income and hence prefer capital gains (Howatt et al., 2009). Because of impact of tax on share receipts, Litzenberger et al. (1979) proposed that investors favor one dividend policy more than another. According to the hypothesis, stockholders want higher profits to lower earnings. The decision to invest in capital gains was made because dividends have a huge tax impact than capital gains. As a result, a firm with a low payout ratio should have a better value than one with a better pay rate.

As a result, Litzenberger (1979) said that MM's claim that taxes do not exist is illogical. Dividends are also taxed immediately, while capital gains aren't until the stock is sold. Because capital gains are treated more favorably than dividends, investors frequently prefer companies that preserve majority of profits as an alternative of disbursing dividends and are set to pay a

lower price. According to tax impact theory, taxpayers would seek larger pre-tax gains from equities that generate the majority of their income through high-taxed dividend. Individual investors pay greater dividend taxes but lower long-term capital increases taxes (Brigham & Ehrhardt, 2011).

Once dividends are earned but no capital gains are realized, dividend taxes must be paid in the same year. Based upon investor's tax situation, the current interest payment may be treated as dividends or capital gains based on the stock price. Though dividends and capital gains are levied uniformly, due to amount of time involved, dividend taxes will be much greater than capital gains taxes. The current shilling tax has a higher value than the future shilling which is why future capital gains are favored above dividends now (Brigham & Ehrhardt, 2011).

Dividends are taxed at 15% as the final tax on people in Kenya, while capital gains are taxed at 5%. Individual investors' requirements are more likely to be met by companies that can afford a higher share price and a greater enterprise worth. Nonetheless, according to Amidu (2007), when investors go to companies which pay dividends that are much more in accordance with their demands, no company's dividend policy should be harmed. As a result, traders will value the capital gain shilling more than the dividend shilling, resulting in a reduction of dividend shares sold for a larger dividend equivalent relative premium.

This theory is relevant to this study because, the shareholders may wish to reinvest their dividends as shares in the firm. This is because reinvesting will have more financial leverage than receiving dividends. Paying dividends will proof more expensive because the shareholders will not receive all the amount paid but will receive the amount after tax.

2.2.3 Clientele effect theory

Clientele effect theory was developed by Elton and Gruber (1970) and it states that different investors are attracted to different company policies and when the policies change they adjust their shareholdings accordingly. Preferences of investors differ and agency is duty bound to try and accommodate both their needs in order to avoid withdrawal of shareholders whose interests are neglected. In specific the aged rely on dividend as a source of income for livelihood hence a prudent manager need to analyze type of shareholders the company constitutes and make a moderate conclusion on how dividend should be paid (Shefrin & Thaler, 2018).

Clientele effect hypothesis of Elton and Gruber (1970) believes that differing opinions appeal to different variety of investors, and variations in strategies would induce a shift in investor call for the enterprise's equity, impacting its share worth. Distinct investors of corporation favor diverse dividend payout, according to theory. Shareholders' decisions on whether to take a dividend or a capital gain are influenced by taxes and transaction expenses (Petit, 1977). Varying stockholders earn different amounts of money. People who are retired, do not have a steady stream of income, or have modest earnings favor companies that offer bigger dividends. Taxes do not affect such investors because they are frequently in the zero or lower tax rate.

Dividends given by the corporation are not necessary for investors who have balanced source of income. They wish the corporation pay lesser dividends or none, opting as an alternative for capital gains, which pay fewer taxes than dividends. Investors would simply re-invest upon paying any tax on the dividend income earned, even if they are paid for any portion of the payout. High-income investors, novice investors, investors whose income tax rates vary substantially, and investors whose portfolios are highly structured would favor shares with

modest dividend yields (Pettit, 1977). According to MM (1961), each client is equal, thus having a customer outcome does not imply that one dividend strategy is superior to another. He may be wrong, however, that no one has provided evidence that the total investment, allows firms to ignore customer outcomes, since this topic, like many others in the dividend business, is still being debated (Brigham & Gapenski, 2002).

The clientele effect theory argues that shareholders may prefer reinvesting their dividends for capital gains. They may also prefer to invest in such companies that offer bigger dividends. The firms that offer large dividends are large firms. The theory is therefore relevant to this study because the size of the firm matters to a given category of shareholders who would like to invest heavily to get higher returns and be assured of the safety of their investments.

2.2.4 Signaling effect theory

Dividend payments, according to Bhattacharya's (1980) signaling impact hypothesis, bridge the knowledge gap between managers and investors. It claims that owing to the imbalance of knowledge between investors and management regarding a business's financial condition, corporations prefer to pay a dividend to indicate to stockholders, company is financially sound and lucrative at all times. Internally and externally information gaps may make the company's inherent worth inaccessible in the market. If that's the situation, the stock worth may not constantly be an appropriate reflection of the enterprise's worth. Minimizing this gap, directors may require to share information with outsiders in order to fully comprehend a company's true worth (Malkawi et al., 2010).

Many experts and finance professionals believe that dividends might reveal a company's future prospects. Even MM (1961) implies that stock prices could react to dividend adjustments if markets are imperfect. Dividend declarations, in other words, may be viewed as providing

information about a company's future profitability. The signing theory was born out of this suggestion. Stockholders could offer evidence about enterprise's prospect profitability via indication from dividend affirmations, both concerning stability and changes in distributions, according to the signaling theory.

Although Miller and Modigliani (1961) believed that investors and managers were fully knowledgeable about the firm, many scholars disagree, claiming that corporate management had more accurate and timely information than external investors. As a result, there is disconnect amid management and investors. Management uses dividends to relay confidential disclosure about an institution's future prospects (Al-Malkawi, 2007). Dividend declarations provide vital information regarding management's view of the company's future profitability that is not owned by shareholders, reducing information asymmetry.

According to the signaling hypothesis, investors regard dividends as signs of management profit projections. Dividend increase sends a powerful statement to investors about management's belief in the company's future earnings potential. Some investors may see the drop in earnings as a sign that the firm is suffering financial difficulties (Grinblatt & Titman, 1996). Stock dividends increase in conjunction with growing stock prices, according to Ross (1977), whereas dropping dividends lead to decreased stock prices. Dividend payments appear to signify to shareholders that the business is successful and financially viable. In an efficient market, he added, organization could utilize dividend payment to provide critical evidence to market that was previously solely known to them. Should management pay larger dividends, for example, that represents the increased profit projected in the future in order to keep the dividend margin high.

Ahmed and Javad (2019) in their contributions recognized a linkage between firms' liquidity and behavior on how they pay dividend. Stable firms in terms of liquidity have the cash flow required to swiftly meet their current obligations when they fall due and be left with outstanding balances whose optional utility can be to reward investors through dividend pay-out contrary to those deficient in liquidity. To sustain this theory, executives need access to sensitive information about the enterprise's predictions, plus incentives to convey such awareness with market. The signal must be accurate; firm having weak long-term projections could not be competent to copy and stretch illusory hints to the market by heightening dividends. As a result, the market ought to be able to identify between enterprises based on the signal (Ang, 1987; Koch & Shenoy, 1999). When these parameters are satisfied, the market would react positively to dividend increase declarations; if not, the market should react negatively.

The signaling effect theory is relevant in understanding financial health of the listed firm. Financial health of a firm is evident when the firm is able to pay dividends while at the same time retaining earnings to sustain its operations. The ability of the firm to pay dividends to its shareholders and still maintain its financial obligations creates the confidence in its shareholders to put more investments in the firm.

2.3 Empirical Review

This section provides a review of literature which has been presented as per the objectives of the study.

2.3.1 Liquidity and dividend payout

According to liquidity hypothesis, there is adverse link among stock liquidity and dividend payout propensity, implying that a corporation would choose to pay dividends to

recompense for investor liquidity need. In their study on share market liquidity and dividend policy in Korean organizations, Lee and Yoon (2017) looked at how much the liquidity hypothesis holds true for a sample of Korean publicly traded companies on the KOSPI and KOSDAQ markets. The companies in this study were selected from the KOSPI and KOSDAQ marketplaces between 1999 and 2015. Financial and utility companies are excluded owing to their unique regulatory contexts, which may impose or restrict dividend distributions. They omitted business year-observations with negative earned equity to accurately depict the life cycle feature of the enterprises. The sample businesses with less than 30 days of trade in a year were also eliminated. There were 18,516 firm year observations for 2,173 enterprises in the final sample. The analysis was done using descriptive statistics, inferential statistics, and multivariate logit analysis. They discovered that, contrary to previous empirical studies, Korean enterprises' payout policies do not support the liquidity hypothesis. Liquidity theory had even less explanatory power for the KOSDAQ market, which contradicted international findings. The liquidity theory failed to explain the dividend policy of Korean enterprises even when they focused on firm-year observations with non-negligible dividend payments.

Ahmed's (2015) research paper on liquidity, profitability, and dividend payout policy looked at the impact of liquidity and profitability on dividend payout policies in UAE banking industry, plus any differences among Islamic and conventional banks before to and after the financial crisis. Research looked at data from 18 of the 24 UAE national banks between 2005 and 2012. Six liquidity and profitability parameters were used to analyze dividend payout. The statistical analyses were performed using correlation analysis and multiple regression analysis. The key conclusion was that while the dividend payout ratio had strong and positive relationship

with liquidity, it had a negative and negligible relationship with profitability. In Islamic banks, the factors varied significantly, although not significantly.

In Ghana, a study was done by Agyemang Badu, (2013) on the determinants of dividend payout policy of listed financial institutions. The study employed panel data covering 2005-2009 from the selected companies. The results of the study indicated that liquidity had a significant relationship with the dividend payout. On the contrary, a research conducted by Le, et al. (2019) on the determinants of dividend payout policy in emerging markets in ASEAN region. The study employed the OLS regression model and its findings indicated that liquidity have little or no significant relationship with dividend payout decisions.

Between 2012 and 2019, the Olayinka, Fanneh, and Salawu study on liquid share and dividend payment of non-financial traded businesses in Nigeria evaluated the influence of liquid equity on dividend payment of 50 non-financial traded companies in Nigeria. The analysis was done using descriptive statistics and inferential analysis. Employing OLS panel regression, research technique quantified influence of turnover ratio, business size, financial leverage, cash holding, and investment opportunity on dividend payment. The turnover ratio (TOR), that is a substitute for liquid equity, seemed to have a positive and significant effect on dividend payment, whereas all other factors, excluding cash and cash equivalent, had a negative drastic impact. Grounded on outcomes, research settled that effect of liquid equities on the payment made as dividend is significantly positive as with most businesses in non-financial sector of Nigerian economy, and that companies with even more liquid stocks pay much greater dividends than companies with fewer liquid shares.

In their study on critical analysis of the components driving dividend payout, Ahmed and Murtaza (2015) investigated contributors to dividend payment and influence of changes in

dividends on future business growth in Pakistan. They deployed descriptive statistics as well as the pooling least squares method. E-views were used to examine secondary data for 38 organizations in four categories from 2003 to 2011. The results demonstrated weighty relationship between liquidity, earnings per share, leverage, firm size, and dividend payout in all four analyzed categories: cement, oil, sugar, and energy.

Griffin (2010) looked at liquidity and dividend policy on a global scale to see how liquidity of company's stock affects decision of how much dividend to pay out to investors. It looked at the international stock exchanges in Canada (Toronto Stock Exchange), Australia (ASX), Mexico (Bolsa de Valores), Brazil (Bovespa), Argentina (Merval), Hong Kong (HKE), and the United Kingdom (FTSE 100) through 1988 until 2006. Simple linear regression has been used to evaluate the data. It was discovered that there was inverse link between stock liquidity and dividend amount paid in some circumstances.

2.3.2 Profitability and dividend payout

Ahmed (2015) examined the effect of liquidity and profitability on dividend policy in the UAE banking sector, as well as any differences among Islamic and conventional banks before to and after financial crisis. Between 2005 and 2012, the study report looked at data from 18 of the 24 UAE national banks. To examine the data, we used correlation and regression analysis. The most important conclusion was that dividend payout has strong and positive relationship with liquidity but a negative and negligible relationship with profitability. The factors varied significantly among Islamic banks, but not over time.

The purpose of Ajanthan's (2013) research study on affiliation between dividend payment and company profitability was to determine affiliation between dividend payout and firm profitability among Colombo Stock Exchange-listed hotels and restaurants (CSE). He looked at

the link between dividend payout and corporate profitability using regression and correlation analysis. Dividend payout was found to be a critical element determining firm performance. Their link was strong and positive as well. As a result, this demonstrated the importance of dividend policy and concluded that managers should give heed to and invest appropriate effort to creating a dividend policy that will increase company's profitability and thereby shareholder wealth.

A study was conducted by Nnadi et al., (2013) on the determinants of dividend policy with a focus on African stock exchanges. The study used the available financial data of listed firms in the 29 stock exchanges in Africa. The results of the study indicated that profitability has a positive and significant relationship with the dividend payout. Furthermore, a study by Rajakulanajagam and Ludsana, (2014) on the determinants of dividend payout policy on selected listed manufacturing companies in Sri Lanka indicated that Profitability.

Oladipupo and Okafor (2013) studied impacts of company's working capital management operation on its profitability and dividend per share in their study, relative contribution of working capital management to corporate profitability and dividend payout. Their research focused on impact of working capital management on profitability and the dividend per share. Financial data was acquired from twelve manufacturing businesses traded on Nigerian Stock Exchange during five-year period (2002-2006). Authors discovered that dividend payout ratio is favorably impacted by profitability using both Pearson product moment correlation and OLS regression methods.

Abor and Bokpin (2010) looked at effects of investment possibilities and corporate finance on dividend distribution policies in 34 developing market nations during a 17-year period, from 1990 to 2006. In their estimation, they employed a fixed effects panel model. They

discovered a strong negative association between investment opportunity selection and dividend payment policy. However, the different metrics of corporate finance, such as leverage, external financing, and loan maturity, had minor effects on dividend payment policy. Profitability and stock market capitalization were also found as factors impacting dividend payment policy. Profitable companies are therefore more inclined to approve large dividend payments to stockholders.

The association between specific business features and the dividend payment ratio of agricultural enterprises listed on the NSE was studied by Cheptoo (2018). The study's factors were prospects, size, leverage, and profitability. The study analyzed 7 businesses using secondary data that was accessible. 2012 to 2017 was the study's timeline. The results showed that profitability and dividend distribution had a favorable and statistically significant relationship.

2.3.3 Financial leverage and dividend payout

Orajekwe and Okegbe (2020) investigated the association between financial leverage and dividend policy in Nigeria's publicly traded oil and gas businesses. Secondary data covering 2011 to 2018 was acquired and organized from annual reports and accounts of Nigerian oil and gas corporations, as well as the Nigeria Stock Exchange fact book. The analysis was done using descriptive statistics and OLS regression. According to the findings, there is a substantial association between long-term debt and dividend payment ratio, total debt and dividend payout ratio, and short-term debt and dividend payout of Nigerian listed oil and gas businesses.

Francesca, Alberto, and Matteo (2018) evaluated the impact of new accounting standard, International Financial Reporting Standard 16 (IFRS 16) –Leases, on financial leverage and organization effectiveness. Study's goal was to evaluate impact of IFRS 16 on publicly traded

financial statement issuers, as well as the various consequences that new standard may have across diverse activity subdivisions. Findings revealed that impact of IFRS 16 will vary depending on how operational lease contracts are used in business areas.

Yusha'u and Adams (2018) studied impacts of financial leverage on dividend payout ratio of publicly traded consumer goods businesses over a ten-year period (2007–2016). They looked at the impact of financial leverage on dividend policy of selected consumer goods companies in Nigeria. This was accomplished by using a secondary data source and then analyzing the data using the multiple regression approach. The study looked at seventeen consumer products companies on the stock exchange. The study discovered that the long term debt ratio (LTDR) and total debt ratio (TDR) had a negative and substantial influence on dividend policy of the selected business.

In Bangladesh, a research was conducted by Sajib, et al. (2015) looking at the determinants of dividend payouts in the Insurance Sector. The study employed secondary data and information quantitative research method. The results of the study indicated that leverage (LEV) is a key determinant of dividend payouts by insurance companies in Bangladesh. Furthermore, Rafique (2012) investigated on the factors affecting dividend payout revealed that corporate tax and firm’s size had significant relationship with dividend payout. The study employed descriptive statistics and multivariate regressions. The study results indicated that financial leverage is an insignificant determinants of dividend payout.

The impact of financial performance and financial leverage on dividend distribution as studied by Kathuo, Oluoch, and Njeru (2020). Inconsistency in SACCOs' capacity to regularly pay rewards to members prompted the research investigation. All registered DTS SACCOs in Kenya (n=179) were studied over an eight-year period (2012-2019) using panel data modeling.

Because large levels of debt predispose management to either ignore or lower payouts, financial leverage was thought to have a detrimental influence on dividend ratio. The debt-to-dividend ratio, on the other hand, had a positive influence on the dividend ratio, showing that DT-SACCOs utilized debt to accrue resources to employ as loans or dividends.

Labhane and Das (2015) analyzed the pattern and drivers of dividend payout of National Stock Exchange traded businesses in India in their research paper Determinants of dividend payout ratio. With continuous data from 1994-95 to 2012-13, the study report focused on 239 businesses. The experimental data revealed that firms with high free cash flow, as well as those that are larger, more lucrative, more mature, pay greater dividends, whereas riskier, more leveraged enterprises with significant investment potential pay smaller dividends.

Impact of financial leverage on dividend payment (Asif, Rasool, & Kamal, 2011) surveyed link between dividend policy and financial leverage of 403 Karachi Stock Exchange-traded businesses from 2002 to 2008. Descriptive statistics, regression analysis, and a random effect model have been used to assess panel data. Financial leverage was discovered to have an adverse impact on dividend distribution, implying that high-debt corporations pay out fewer dividends.

2.3.4 Firm size and dividend payout

A study was conducted by Tahir and Mushtaq, (2016) on the dividend payout of listed energy firms in Pakistan. Using panel design, the study covered the period, 2008 to 2016. The results of the study indicated that firm size is a key determinant of the dividend payout. Furthermore, Kaźmierska-Jóźwiak (2015) did a research on the determinants of dividend policy payout in polish listed companies. Panel data analysis was employed in the study. The findings

of the study showed that firm size is a significant determinant of dividend payout decisions in Polish capital market.

Mahira (2012) investigated variables influencing dividend distribution for Karachi Stock Exchange-listed non-financial enterprises. Out of the 6 explanatory factors under research, the firm's size was shown to have a substantial influence on dividend distribution, according to the regression results. The likelihood was within the benchmark probability threshold of 5%. This means that the dividend distribution in Pakistan is significantly influenced by size. The observed value of T-Statistics was higher than the calculated t-Statistics, further supporting the probability's degree of significance. Therefore, a 1 percent change in company size might result in a dividend payout adjustment of up to 5 percent. It was discovered that size and the dependent variable, dividend payment, had a favorable association. The findings indicate that there is a weak and negative correlation between dividend payout and dividend size.

Ahmed and Murtaza (2015) did a research to scrutinize contributors of dividend payment and to analyze impact of changes in dividends on future firm growth in Pakistan in their study on critical examination of the elements determining dividend payout. They had employed descriptive statistics and the pooled least square approach. E-views had been utilized to analyze secondary data from 2003 to 2011 for 38 organizations in four distinct categories. With all four studied categories: Cement, Oil, Sugar, and Energy, the outcomes revealed a substantial association amongst liquidity, earnings per share, leverage, size of the company, and dividend payment ratio.

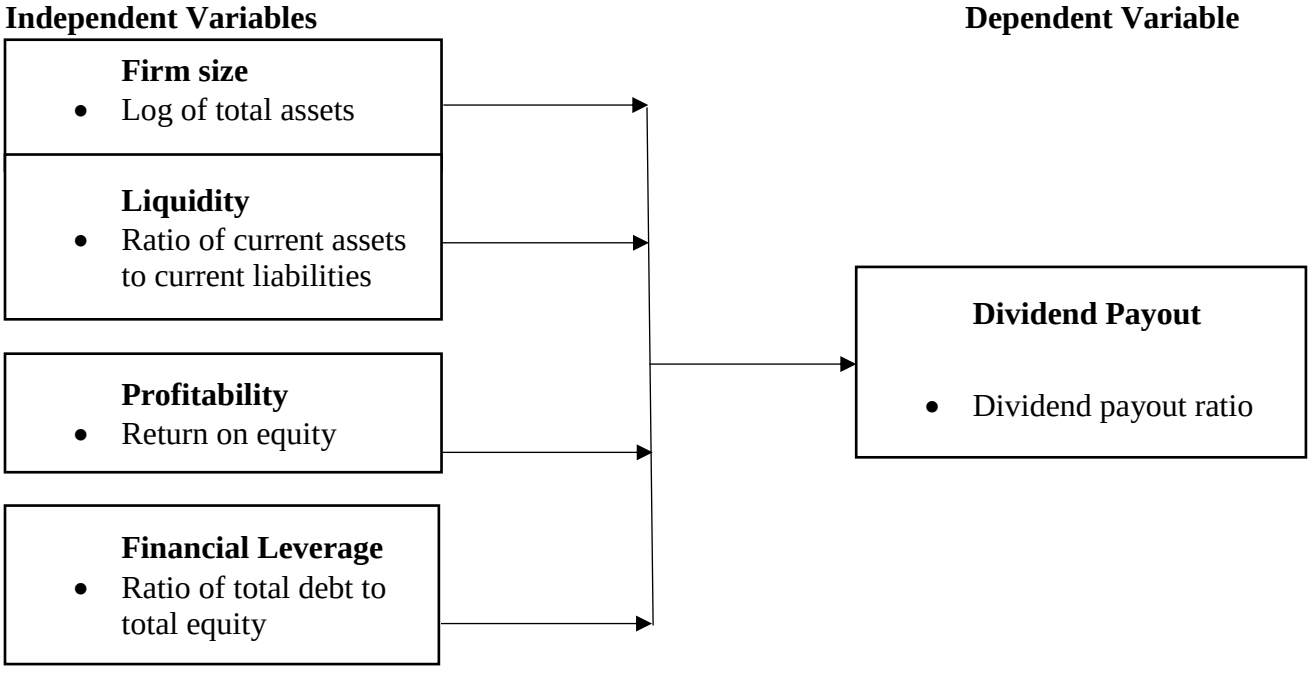
The paper exploring determinants of dividend policy by Hafeez et al. (2008) looked at the dynamics and drivers of dividend payment of 320 non-financial businesses traded on the Karachi Stock Exchange from 2001 to 2006. They employed the dividend model of Lintner (1956) and its

expanded variants in a dynamic context for the analysis. The authors found that Pakistani traded non-financial enterprises ground dividend payments on both firm size per share and former dividend per share. Payouts, alternatively, are usually extra responsive to current profits than historical dividends. Non-financial quoted corporations with fast rate of amendment and low objective payout demonstrated unpredictability in leveling dividend payments.

2.4 Conceptual Framework

The association between the dependent and independent variables is described by a conceptual framework. Dividend payout is the dependent variable, whereas current profits, profitability, liquidity, and financial leverage are the independent factors. Figure 2.1 depicts this information.

Figure 2.1: Conceptual Framework



Source: Author (2022)

2.5 Operationalization of the Variables

Table 2.1: Operationalization of the Variables

Type	Variables	Transformation and Measure	Variable Description
Dependent	Dividend Payout	DPS/EPS	Company's earnings after tax (EAT) paid to shareholders
Independent	Firm size	Total assets	Log of total assets
	Liquidity	Current Assets/Current Liabilities	Company's ability to raise cash when it needs it
	Profitability	ROE= Net Income/Shareholders' Equity	Measure of financial performance
	Financial Leverage	Total Debt/Total Equity	D/E ratio evaluate company's financial leverage

Source: Author (2022)

2.6 Knowledge Gaps

Although there have been prior studies on the factors influencing dividend payout, the findings have varied. King'wara (2015) found that business size and debt ratios had a negative impact on the dividend payout ratio of non-financial enterprises in Kenya, while earnings and the ratio of retained earnings to total assets have a favorable effect. According to Musiega et al (2018) investigation into the factors affecting the dividend payout of non-financial companies listed on the NSE, dividend payout is significantly influenced by profitability, financial needs, growth, and profits.

According to Muraya (2018), debt had a negative and substantial impact on the dividend policy of the listed manufacturing firms, while liquidity and asset tangibility had a favorable and significant impact. Makenzi (2018) discovered that the study's profitability generated positive

and statistically significant values. Liquidity and firm size were also discovered to be statistically negligible drivers of dividend payout ratio among manufacturing and related firms' quoted at the NSE. Debt financing created negative but statistically insignificant values. None of the studies that the researcher was aware of attempted to determine the dividend payout ratio for companies listed at the Nairobi Securities Exchange due to the inconsistent findings of earlier studies on the factors influencing dividend payouts and the decline in dividend payouts in recent years.

According to a number of academics (Agyemang Badu, 2013; Rajakulanajagam and Ludsana, 2014; Kaźmierska-Jóźwiak, 2015; Mushtaq, 2016), liquidity has a favorable and significant link with dividend payout. Liquidity, however, is a minor factor in determining dividend payout, according to Le et al. (2019). Contrarily, it was discovered by several academics that leverage had a positive and significant association with dividend payout (Eliasu et al. 2014; Kaźmierska-Jóźwiak, 2015; Sajib et al. 2015; Mushtaq, 2016). Le, et al. (2019), on the other hand, suggested that leverage is a minor factor in dividend distribution. According to a number of researchers (Rafique 2012; Kamierska-Jówiak 2015; Franc-Dbrowska and Mdra-Sawicka, 2020), firm size has a favorable and significant impact on dividend payout. However, according to some researchers, business size has little bearing on dividend payout (Sajib, et al. 2015; Le, et al. 2019; Emeka, 2020). According to this analysis, the primary factors of dividend payout by the listed corporations are profitability, liquidity, leverage, and firm size. The combined effects of profitability, liquidity, leverage, and firm size on the dividend payout ratio of the companies listed on the Nairobi Securities Exchange were established in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The procedures that were utilized to answer research questions are discussed in research methodology (Kallet, 2004). It also defines the researcher's role and how the study was conducted. The following items are included in research methodology: the sort of research to be conducted; how data was gathered; how data was processed; any tools or materials that was utilized in the study; and the justification for selecting research techniques. As a result, this chapter looked at the research design, populations, sample size and sampling strategy, as well as the data collecting method that was utilized to acquire the data needed for the study. It also went into data analysis in depth, demonstrating the analytical models that were employed.

3.2 Research Design

Correlational research design was used in this investigation. Correlational research design scrutinizes the correlations between variables without requiring researcher to control or manipulate any of them. We can better comprehend the intricate connections between many different factors by using correlational research. We can learn more about how the world actually functions if we test these variables in situations that are realistic. With the help of this kind of research, we are able to anticipate the future and determine whether two factors are unrelated. A researcher can use this design to examine the interconnections between a large numbers of variables in a single study. It entails gathering data in order to discover if and to what extent two or more quantitative factors are related. A correlational research design also enables a researcher to examine how numerous factors, either alone or in combination, may influence the phenomena under investigation.

3.3 Target Population

Ogula (2012) defined a population as any group of establishments, individuals, or objects that share characteristics. On the other hand, the study unit's population component pertains to each individual participant or thing being measured (Cooper & Schindler, 2011). Census surveys appear to be more thorough since everyone has an equal chance of being included in the final sample, claim Mugenda and Mugenda (2003). The study's target population was the 64 companies registered on Kenya's Nairobi Securities Exchange (NSE) (Appendix I & II). However, Bank of Kigali group was listed after 2017 while National bank, Deacons, Kenya Airways, ARM cement and Mumias were suspended, leaving 58 listed firms at NSE. As a result, a census survey of all 58 listed companies was carried out.

Table 3.1: Target Population

Sector	Population
Agricultural	7
Automobiles and Accessories	1
Banking	10
Commercial and Services	9
Construction and Allied	4
Energy and Petroleum	4
Insurance	6
Investment	5
Investment Services	1
Manufacturing and Allied	8
Telecommunications and Technology	1
Real Estate Investment Trusts	1
Exchange Traded Funds	1
Total	**58**

Source: www.nse.co.ke 2022

3.4 Data Collection

The investigation made use of secondary data. Secondary data was acquired from already published financial statements and other empirical studies. The financial statements of the 58 companies listed on the NSE were used to gather the data. Using a data collection sheet, secondary data on dividend distribution, business size, liquidity, profitability, and financial leverage were extracted from the 58 selected companies' financial statements over a 5-year period (from 2017 to 2021).

3.5 Data Analysis and Presentation

The goal of data analysis is to condense large amounts of information into manageable chunks by creating summaries, looking for trends, and employing statistical tools (Cooper et al., 2011). The information gathered was recorded, filtered, and presented in a way that is more meaningful. With the aid of STATA version 16, data was examined using descriptive statistics, correlation analysis, and panel data regression analysis. The panel data regression model listed below was used: $DP_{it} = \alpha + \beta_1 CE_{it} + \beta_2 LIQ_{it} + \beta_3 PROF_{it} + \beta_4 FL_{it} + \varepsilon_{it}$ where DP = dividend payout, calculated as dividend per share divided by earnings per share, α = regression constant term, β_1, β_2, β_3, β_4 = coefficients of independent variables.

LIQ = Liquidity and was evaluated by the current ratio, which is total current assets divided by total current liabilities. CE = Firm size was measured as log of total assets. FL = Financial leverage, which was evaluated by debt to equity ratio, PROF = Profitability, which was measured by ROE, which is net income divided by shareholders' equity, ε = error term, i = company number and t = time in years. Tables, charts, and graphs were used to present the analyzed data.

3.6 Diagnostic tests

This section presents the diagnostic tests of the study. The tests include unit root test, Haussmann test, multi-collinearity test, autocorrelation test, heteroscedasticity test and normality test.

3.6.1 Unit root test

Panel data were tested for unit root using the Fisher-type test. Under the null hypothesis, all series are assumed to be non-stationary in contrast to the alternative that at least one series in the panel is stationary. All panels have a unit root, which is the test's null hypothesis. An alternative explanation is that some or all of the panels lacked unit roots, or that at least one panel lacked unit roots (Choi, 2006). Reject the null hypothesis if P-value is less than 0.05.

3.6.2 Hausman test

It is necessary to choose between running a fixed effects model and a random effects model while undertaking panel data analysis. The random effect model posits that there is a single common intercept and that it varies from firm to firm in a random way, in contrast to the fixed effect model, which assumes firm specific intercepts and captures the impact of those variables distinct to each firm and constant across time (Baltagi, 2005).

Hausman's specification test (1978) was used to determine whether fixed or random effect should be used. If the null hypothesis is not rejected, then random effect was an effective estimator; however, if the null hypothesis is rejected, fixed effect estimation may provide a more accurate or effective estimation of betas. A decision is made to adopt a fixed effect model if the Hausman test rejects the null hypothesis; otherwise, a random model is utilized. Reject the null hypothesis if P-value is less than 0.05.

3.6.3 Multi-collinearity

The variance inflation factor (VIF) or tolerance is used to compute it. As demonstrated in Lee 1993, a multi-collinearity problem results when two or more independent variables are highly linked with a value > 0.9. This situation is referred to as a VIF (Jingyu li, 2003). According to Besley 1980 as cited in (Jingyu li, 2003), researchers have used VIF= 10 as a crucial value rule of thumb to determine whether there is too much correlation. Regression coefficient may vary from sample to sample as multi-collinearity rises, making it more challenging to interpret the coefficient as an indication of the relative relevance of predicting factors (Cooper & Schindler, 2003).

3.6.4 Autocorrelation test

Serial correlation suggests that the model's variables defy the regression's underlying assumptions (Wooldridge, 2002). Serial correlation was examined using the Wooldridge test for autocorrelation. The null hypothesis this test is that there is no serial correlation in the data. The Feasible Generalized Least Squares estimation is used if the panel data show evidence of serial correlation. If the p value is greater than 0.05, serial correlation is not present.

3.6.5 Heteroscedasticity test

Concerns about heteroscedasticity are raised because the data used for this study represents a cross-section of firms. Unbiased parameter estimates would result from running a regression model without taking heteroscedasticity into consideration (Breusch & Pagan 1979). We utilized the Breusch-Pagan/Godfrey test to check for heteroscedasticity. The error variance being homoskedastic was the study's null hypothesis. Feasible Generalized Least Squares modeling would be used to account for heteroscedasticity in the panel data if the null hypothesis

was found to be incorrect. Heteroscedasticity exists when p-value is 0.05 and does not exist when the p-value is >0.05.

3.6.6 Normality

The tests of Bera and Jarque (1981) were used to check for normality. The null hypothesis, that the disturbances are not distributed uniformly, was evaluated in the study. At the 5% level, the null hypothesis cannot be rejected if the p-value is less than 0.05. However, the error variance is normally distributed if the estimated p-value is >0.05.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSIONS

4.1 Introduction

This chapter presents the results and discussion of results. Descriptive results, diagnostic tests and panel models are presented. Results are presented in line with objectives of the study.

4.2 Descriptive Statistics

Table 4.1 shows the descriptive results for dividend payout of the listed firms at the Nairobi Securities Exchange. It also presents the descriptive statistics of the firm size, liquidity, profitability and leverage.

Table 4.1: Descriptive Statistics

Variable	Observations	Mean	Std. Dev.	Min	Max
Dividend Payout	285	0.3422719	0.9490676	-5.5065	11.1100
Firm Size (Ksh. 'million)	285	102,000.0	182,000.0	60.9000	1,140,000
Liquidity	285	2.402717	2.696607	0.1486	14.1990
Profitability	285	0.056455	1.052563	-15.3444	2.4266
Leverage	285	2.317399	3.921262	-19.9591	34.557

Source (Author, 2022)

The results presented in table 4.1 indicate that dividend payout had a mean value of 0.3422719 and the standard deviation is 0.9490676. On average, listed companies at NSE distributed 34% of their net profits as dividends and retained 66% of the net profit for future growth. Furthermore, the minimum and the maximum values are -5.5065 and 11.11 respectively.

A standard deviation of 0.9490676 implies that there were high variations in dividend payout during the study period. The dividend payout ratio guides the finance manager in deciding on how much will be paid out to the shareholders as dividends for their share capital holding in the firm. Pandey (2016) argued that a perfect dividend payout ratio balances current dividends and future growth.

The descriptive results of firm size indicate that the mean value of firm size of firms listed at NSE was 102 billion Kenya shillings and the standard deviation is 182 billion Kenya shillings. This standard deviation implies that firm size for the listed firms under study varied to a great extent during the study period. The minimum and the maximum values are 60.9 million Kenya shillings and 1,140 billion Kenya shillings respectively. Larger firms are endowed with a high financial maturity which gives them a higher access to funds in the capital markets which increases the ratio of dividend payouts. A study by Tahir and Mushtaq (2016) on the dividend payout of listed energy firms in Pakistan indicated that firm size is a key determinant of the dividend payout.

The mean value of liquidity for firms listed at NSE was 2.402717 and the standard deviation is 2.696607. This shows that companies at NSE have a good liquidity ratio. A liquidity ratio greater than 1 indicates that the firm is able to settle its current liabilities without straining. A standard deviation of 2.7 implies that the liquidity of the listed firms under study varied to great extent during the study period. The minimum and the maximum values are 0.1486 and 14.199 respectively. Well established companies generally have higher liquidity which makes their dividends payment capability higher while growing firms face the problem of liquidity. In Ghana, a study by Agyemang Badu, (2013) indicated that liquidity had a significant relationship with the dividend payout.

The descriptive results of profitability indicated that the mean value of profitability was 0.056455 and its standard deviation was 1.052563. This standard deviation implies that profitability of the listed firms under this study varied to a great extent over the study period. The minimum and the maximum values are -15.3444 and 2.4266 respectively. Profitability has been found to be a significant determinant of dividend payout by firms. A study by Franc-Dbrowska and Mądra-Sawicka, (2020) indicated that profitability has a positive and significant relationship with dividend policy.

The mean and the standard deviation values of leverage according to the descriptive results of the study are 2.317399 and 3.921262 respectively. Firms at NSE are highly leveraged. The resultant standard deviation implies that the leverage of the listed firms under study varied to a great extent during the study period. The minimum and the maximum values of leverage from the descriptive results are -19.9591and 34.557 respectively. Financial leverage has been found to have an impact on the dividend payout policy of firms. A study by Asif et al., (2011) on Karachi Stock Exchange-traded businesses indicated that financial leverage has an adverse impact on dividend distribution hence high-debt corporations pay out fewer dividends.

4.3 Correlation Analysis

The correlation analysis was conducted to have an overview of the relationship between the independent variables (that is firm size, liquidity, profitability, financial leverage) and the dependent variable (dividend pay-out). Table 4.2 indicates the correlation matrix of firm size, liquidity, profitability and financial leverage against the dividend payout.

Table 4.2: Correlation results of determinants of dividend payout

	Dividend Payout	Log of firm size	Liquidity	Profitability	Leverage
Dividend Payout	1.0000				
Log of firm size	0.1036	1.0000			
	0.0410				
Liquidity	0.1681	-0.2541	1.0000		
	0.0044	0.0000			
Profitability	0.1922	0.0977	0.0365	1.0000	
	0.0011	0.0998	0.5393		
Leverage	-0.1813	0.2057	-0.2054	-0.5221	1.0000
	0.0021	0.0005	0.0005	0.0000	

Source (Author, 2022)

The correlation results of the study indicated that the relationship between firm size and dividend payout is positive and statistically significant ($r=0.1036$, $p=0.041<0.05$). Large firms therefore tend to have higher dividend payouts as compared to their corresponding growing firms. These results are in tandem with the findings of Ahmed and Murtaza (2015) in Pakistan who indicated a substantial association between the size of the company and dividend payment ratio.

The correlation results of liquidity on the other hand indicate that the association between the liquidity of the listed firms under study and their corresponding dividend payouts is positive and statistically significant ($r=0.1681$, $p=0.0044<0.05$). Well established companies generally have higher liquidity which makes their dividends payment capability higher while growing firms face the problem of liquidity. These results concur with the findings of Ahmed, (2015) in

UAE banking industry who indicated that there exists a strong relationship between liquidity and dividend payout in the UAE banking industry.

The results of correlation between profitability and dividend payout indicate that the relationship between profitability and dividend payout is positive and statistically significant ($r=0.1922$, $p=0.0011<0.05$). Profitability of the listed firms and dividend payout by the listed firms move in the same direction. The results contrast the findings of Ahmed, (2015) in UAE banking industry who indicated that profitability had a negative and negligible relationship with the dividend payout ratio in the UAE banking industry.

The correlation results between financial leverage and dividend payout portrayed a negative and significant relationship with dividend payout ($r=-0.1813$, $p=0.0021<0.05$). Even though financial leverage has a negative impact on the dividend payout of the listed firms under study, its effect is significant according to the study findings. The findings differ with the results from a study by Rafique, (2012) who indicated that financial leverage is an insignificant determinant of dividend payout.

4.4 Diagnostic Tests

This section presents the diagnostic tests that were carried out in the study. The diagnostic tests include the unit root test, Housman test, multi-collinearity test, autocorrelation test, heteroscedasticity test and normality test.

4.4.1 Fisher-type test of unit root

The estimation of the time series makes the assumption that the variables are stationary, hence the Fisher-type test of unit root is performed to check for stationarity. According to Gujarati and Porter (2009), performing stationarity tests will increase the veracity of the study's

findings. The study used a Fisher-type test to determine whether the time series were stationary. Results for stationarity are shown in Table 4.3. Both the hypothesis that all panels have unit roots and the hypothesis that at least one panel is stationary were up for testing.

Table 4.3: Fisher-type Test of Unit Root

		Inverse chi-squared (114)	**Inverse normal**	**Inverse logit t (289)**	**Modified inv. chi-squared**
Variable		P	Z	L*	Pm
Dividend Payout	test statistic	291.0690	-3.8786	-8.0719	11.7267
	p-value	0.0000	0.0001	0.0000	0.0000
d. Log of firm size	test statistic	666.9373	-11.3162	-21.9664	36.6192
	p-value	0.000	0.000	0.000	0.000
Liquidity	test statistic	485.6727	-6.3444	-13.6772	24.6146
	p-value	0.000	0.000	0.000	0.000
Profitability	test statistic	312.8213	-4.1483	-7.3417	13.1673
	p-value	0.000	0.000	0.000	0.000
Leverage	test statistic	340.1801	-2.2001	-6.625	14.9791
	p-value	0.0000	0.0139	0.0000	0.0000

Source (Author, 2022)

The stationarity results test for unit root revealed that, dividend payout, liquidity, profitability and financial leverage were stationary since p-value<0.05 at P, Z, L* and Pm. Firm size was first found to be non-stationary since its p-value>0.05. This led to the need to conduct differencing to make the variable stationary. When first level differencing was conducted, firm size became stationary as indicated in the above table. This means that the results obtained are now not spurious (Gujarati, 2009) and so panel regression models could be generated.

4.4.2 Hausman test

The Table 4.4 presents the Hausman test results. The tests are carried out to determine the type of model to be used in the model. The null and the alternative hypotheses are, H_0: *Random effect is appropriate* and H_1: *Fixed effect is appropriate*.

Table 4.4: Hausman Test

	(b)	**(B)**	**(b-B)**	**sqrt(diag(V_b-V_B))**
	fe	Re	Difference	S.E.
Log of firm size	0.0731241	0.1029645	-0.0298405	0.0639524
Liquidity	0.0167009	0.0620207	-0.0453199	0.0332171
Profitability	0.1029965	0.1373739	-0.0343773	0.0223305
Leverage	-0.000000274	0.00000432	-0.0000046	0.0000116
chi2(4)	5.21			
Prob>chi2	0.2661			

Source (Author, 2022)

Hausman tests are carried out to determine the model to be used in the study whether random or fixed (Baltagi, 2005). Hausman test was checked by use of Hausman's approach (1978). The null hypothesis was that random is preferred to fixed model. Hausman test results revealed a chi-square of 5.21 and p-value 0.2661>0.05. Hence we fail to reject the null hypothesis that the random effect model is appropriate. Random effect model was therefore used in this study.

4.4.3 Multi-collinearity test

Multi-collinearity test is conducted to ascertain the presence of correlation among the independent variables used in the study. Table 4.5 presents the results.

Table 4.5: Multi-collinearity Test

Variable	VIF	1/VIF
Log of firm size	1.08	0.922653
Liquidity	1.08	0.929477
Profitability	1.01	0.986215
Leverage	1.00	0.996894
Mean VIF	1.04	

Source (Author, 2022)

The presence of correlation among the variables of the study will lead to inaccurate findings of the study and hence unreliable conclusions will be made (William et al., 2013). Multi-collinearity in this study has been tested using the variance inflation factor method where value of VIF >10 indicates presence of multi-collinearity. The results presented in Table 4.6 show that all the VIF values are less than 10 implying the absence of multi-collinearity. The VIF values for Log of firm size 1.08<10, Liquidity 1.08<10, Profitability 1.01<10 and Leverage 1.00<10. Therefore, the variables used in the study are not correlated.

4.4.4 Autocorrelation test

Autocorrelation test in this study was done using the Wooldridge test. The essence of this test was to check the presence of serial autocorrelation. The following hypotheses were tested. H_0: No first autocorrelation exists H_1: first autocorrelation exists. The results are presented in Table 4.6.

Table 4.6: Autocorrelation results

Wooldridge test for autocorrelation in panel data
H_0: no first-order autocorrelation
F (4, 280) =1.97
Prob > F = 0.1507

Source (Author, 2022)

Wooldridge test for serial correlation is used to test for the presence of autocorrelation in the linear panel data. Serial autocorrelation is a common problem experienced in panel data analysis. The results presented in Table 4.6 indicate that the test statistic (F-test) from the results is 1.970 and a p= 0.1507>0.05. Therefore, we fail to reject the null hypothesis that no first autocorrelation exists. We then conclude the non-existence of serial correlation.

4.4.5 Heteroscedasticity

Heteroscedasticity in this study was tested using Breusch-Pagan test. The null hypothesis was that the error term has a constant variance. When p-value is < 0.05, there is heteroscedasticity; when p-value is >0.05, there is no heteroscedasticity. Heteroscedasticity test results are presented in Table 4.7.

Table 4.7: Heteroscedasticity Test Results

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity	
Ho: Constant variance	
Variables: fitted values of DP	
chi2(1)	27.73
Prob > chi2	0.0712

Source (Author, 2022)

The results presented in 4.7 indicate that p value is greater than 0.05 (0.0712 > 0.05) and we fail to reject null hypothesis. Therefore, the null hypothesis that the error term has a constant variance, is not rejected. Therefore, the data in the study do not suffer from heteroscedasticity.

4.4.6 Normality test

Normality tests are carried out in a study so that the researcher may have a reliable model. Table 4.8 presents the results of the normality tests carried out in the study.

Table 4.8: Normality test results.

	Obs	**Pr(Skewness)**	**Pr(Kurtosis) adj**	**chi2(2)**	**Prob>chi2**
Log of firm size	285	0.769	0.238	1.060	0.389
Liquidity	285	0.554	0.746	0.450	0.729
Profitability	285	0.001	0.007	21.090	0.578
Leverage	285	0.000	0.010	39.660	0.245

Source (Author, 2022)

In order to have a reliable model, the data should be normal (Brooks, 2008). Bera and Jarque (1981) tests was used to test for normality. The study tested the null hypothesis that the study data distribution is normally distributed. When p-value is < 0.05, we reject the null hypothesis at the 5% level and when p-value calculated is >0.05, we fail to reject the null

hypothesis. The results presented in Table 4.8 show that the p values of all the study variables are greater than 0.05 (0.389>0.05, 0.729>0.05, 0.578>0.05, 0.245>0.05). This implies that we fail to reject the null hypothesis and conclude that the study data is normally distributed.

4.5 Panel Data Regression Analysis Results.

An overall panel data regression analysis was conducted to establish the statistical significance relationship between dividend payout and the determinants of dividend payout of firms listed at NSE. The independent variables are firm size, liquidity, profitability and financial leverage. The regression includes techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent and one or more independent variables. The panel regression on determinants of dividend payout is shown in Table 4.9.

Table 4.9: Panel Regression Results

Dividend Payout	**Coef.**	**Std. Err.**	**z**	**P>z**	**[95% Conf.**	**Interval]**
Log of firm size	0.110077	0.0481913	2.28	0.022	0.0156237	0.2045303
Liquidity	0.0689928	0.0209217	3.30	0.001	0.027987	0.1099986
Profitability	0.1549134	0.0520356	2.98	0.003	0.0529255	0.2569013
Leverage	0.0000622	0.000312	0.20	0.842	-0.0000549	0.0000674
_cons	-0.9398025	0.5070622	-1.85	0.064	-1.933626	0.0540212
R-squared Within	0.0771					
Between	0.4849					
Overall	0.0803					
Wald chi2(4)	24.46					
Prob > chi2	0.0001					

**sig at 5%

Source (Author, 2022)

From the results presented in Table 4.9, the R-squared of the model is 8.03%. This means that firm size, liquidity, profitability and financial leverage explain 8.03% of the total variations in dividend payout by the firms listed at NSE. Firm size, liquidity and profitability are statistically significant determinants of the dividend payout among the listed firms in Nairobi Securities Exchange since their P-values are less than 0.05. However, leverage is not statistically significant since its P-value is greater than 0.05. The resultant coeffients presented in Table 4.9 helps formulate an estimate of panel regression model which can be expressed as a linear equation as shown; $Y=-0.94+0.11X_1+0.069X_2+0.155X_3+0.0000622X_4$ where Y is the Dividend Payout, X_1 is the firm size, X_2 is the Liquidity, X_3 is the Profitability and X_4 is the financial Leverage.

The coeffient results indicate that the firm size of the listed firms had a positive and significant relationship with the dividend payout by the firms (β =0.11, p=0.022<0.05). This implies that a unit increase in the firm size yields a corresponding 0.11 units increase in the dividend payouts by the listed firms. Large and stable firms tend to have a stable dividend payout policy and hence are consistent in declaring dividend payments to its shareholders. Firms annually distribute dividends based on each firm's target payout ratio, which is done based on the size of the firms and the amount of earnings distributed (Eriotis, 2015). The findings align with findings by Tahir and Mushtaq, (2016) who indicated that firm size is a key determinant of the dividend payout. Furthermore, Kaźmierska-Jóźwiak (2015) in study on the determinants of dividend policy payout in polish listed companies showed that firm size is a significant determinant of dividend payout decisions in Polish capital market. However, Sajib, et al. (2015); Le, et al. (2019) and Emeka (2020) indicated that firm size do not influence the dividend payout.

The panel regression coefficent results for liquidity of the listed firms show that liquidity has a positive and significant relationship with the dividend payout by the listed firms (β =0.069, p=0.001<0.05). This result implies that a unit increase in the liquidity of the firms listed at NSE leads to a corresponding 0.069 units increase in the dividend payout. Stable companies have little investments opportunity since most of its funds are not held in the working capital thus, its cash position is secure. Their capability of paying dividends is therefore higher. The results concur with Ahmed's (2015) that dividend payout ratio has a strong and positive relationship with liquidity. Also, Agyemang Badu, (2013) in a study on determinants of dividend payout policy of listed financial institutions in Ghana indicated that liquidity has a significant relationship with the dividend payout. On the contrary, a research conducted by Le, et al. (2019) on the determinants of dividend payout policy in emerging markets in ASEAN region indicated that liquidity have little or no significant relationship with dividend payout decisions.

The coefficient results for profitability of the listed firms on the other hand indicate that the association between profitability and the dividend payout by the listed firms is positive and significant (β =0.155, p=0.003<0.05). This means that a unit increase in the profitability of the listed firms leads to a corresponding 0.155 units increase in the dividend payout by the listed firms. The payment of dividends by firms increases with increase in its profits and vice versa (Bose & Hossainey, 2017). The results concur with that of Nnadi et al., (2013) who investigated the determinants of dividend policy with a focus on African stock exchanges and indicated that profitability has a positive and significant relationship with the dividend payout. Similarly, Abor and Bokpin (2010) established that profitability is a significant factor impacting dividend payment policy. Other scholars have argued that industry definite and projected future earnings level is the major dividend determinant (Baker & Powell, 2017).

The panel regression coefficient results for financial leverage indicate that the relatioship between financial leverage and dividend payout is positive and insignificant (β =0.00006, p=0.842>0.05). The results are in tandem with Rafique (2012) investigated on the factors affecting dividend payout revealed that financial leverage is an insignificant determinants of dividend payout. However, according to a study by Sajib, et al. (2015) leverage is a key determinant of dividend payouts by insurance companies in Bangladesh. Financial leverage has an adverse impact on dividend distribution, implying that high-debt corporations pay out fewer dividends.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of major findings of this study, sets out the relevant conclusions and makes recommendations for practice and suggestions for further research based on the findings of this study.

5.2 Summary of Major Findings

This section contains the summary of the findings with respect to each of the specific objectives.

5.2.1 Profitability and dividend payout ratio

The study's first objective was to examine how profitability affected the dividend payment ratio for companies listed on the Nairobi Securities Exchange. According to the study's descriptive findings, profitability had an average value of 0.056455 and a standard deviation of 1.052563. According to the panel regression coefficient findings, there is a strong and positive correlation between listed companies' profitability and their dividend payout. As a result, the study finds that profitability is a key factor in determining the dividend payout for companies listed on the Nairobi Securities Exchange.

5.2.2 Liquidity and dividend payout ratio

Finding the connection between liquidity and dividend payment ratio for companies listed on the Nairobi Securities Exchange was the study's second objective. According to the study's descriptive findings, liquidity had a mean amount of 2.402717 and a standard deviation of 2.696607. According to the panel regression coefficient findings, there is a strong and positive

correlation between listed companies' dividend payout and their liquidity. According to the report, liquidity is thus a key factor in determining dividend payout for the listed companies on the Nairobi Securities Exchange.

5.2.3 Financial leverage and dividend payout ratio

Examining how financial leverage affects the dividend payment ratio for companies listed on the Nairobi Securities Exchange was the third objective of the study. According to the study's descriptive findings, the mean and standard deviation for financial leverage were 2.317399 and 3.921262, respectively. The panel regression coefficient results show a positive and negligible link between financial leverage of the listed firms and dividend payout by the listed firms. Therefore, according to the study, financial leverage is not a significant factor in determining the dividend payout of companies listed on the Nairobi Securities Exchange.

5.2.4 Firm size and dividend payout ratio

The study's fourth objective was to ascertain how firm size affected the dividend payment ratio for companies listed on the Nairobi Securities Exchange. According to the study's descriptive findings, the mean for firm size was 102 billion Kenyan shillings, with a standard deviation of 182 billion shillings. The panel regression coefficient results show a substantial and positive link between firm size of the listed companies and dividend distribution. According to the report, business size is a key factor in determining the dividend payout for companies listed on the Nairobi Securities Exchange.

5.3 Conclusion

Based on the study's findings, it was found that the profitability of the listed companies and their dividend payout have a favorable and significant link. According to the panel regression results, a unit rise in the listed companies' profitability causes a corresponding 0.155 unit increase in dividend distribution. In contrast to companies that are losing money, profitable companies are more inclined to declare dividend payouts. The performance of the listed companies in terms of earnings earned determines their dividend policy. The corporation will pay dividends to its shareholders from the earnings made.

The study came to the conclusion that there is a positive and significant correlation between listed companies' liquidity and their dividend payout. This means that for every unit rise in the listed firms' liquidity, their dividend payout also increases by 0.069 units. In contrast to companies with poor liquidity, stable businesses have the cash flow needed to promptly pay off their existing debts as they become due and remain with unpaid balances with the option of rewarding investors through dividend payouts.

The analysis also led to the conclusion that there is a weak and unimportant correlation between the listed companies' financial leverage and their dividend payout. Finally, the study came to the conclusion that there is a positive and substantial correlation between the listed firms' firm size and their dividend payout. Accordingly, a unit increase in the firm's size results in a 0.11 unit rise in dividend payments. Large companies are more mature and capable of paying dividends than small companies because they have easier access to the financial market. Larger companies have more financial maturity, which increases their access to financing on the capital markets.

5.4 Recommendations of the Study

The study suggests that the companies being looked at, which are listed on the Nairobi Securities Exchange, concentrate on improving the effectiveness and cost-effectiveness of their operations. The idea behind this is to increase the amount of money these businesses will make from their activities. Dividends should be distributed to the company's shareholders from a portion of these profits. This will increase the shareholders' faith in the company's performance, and they'll be more motivated to put more money in it.

The study also suggests that the listed corporations intentionally avoid investing the majority of their resources in long-term or fixed assets. The business should have some liquid resources. As a result, the business will be able to pay its short-term debts, such as dividend payments to shareholders based on the current performance of the company, using its liquid assets. In the end, this will encourage additional investment from the company's owners and bring in new ones.

According to the study, expanding listed companies on the Nairobi Securities Exchange should concentrate on reinvesting their operating income in order to expand and stabilize their businesses. A large, dependable corporation has the confidence of its investors and follows a consistent dividend payout schedule.

5.5 Limitations of the Study

If the study had taken into account all of the East African Community's nations instead of just Kenya, the findings would have been more robust and useful. "Such a study would be more beneficial because the findings would be more applicable to East African Community nations other than Kenya. Additionally, the results' generalizability would increase as a result.

There is a need to offer arguments that withstand the scrutiny of global argument in the context of the increasingly globalized international economy. In universal arguments, the conclusions are typically applicable in several geographic and temporal contexts. The results of this study are applicable, particularly to Kenya and the time period examined. It is possible to conduct research to learn how to produce universal arguments.

5.6 Areas for further Research

The study shows that the main influences on dividend payout are profitability, company size, and liquidity of the companies listed at Nairobi Securities Exchange. The study did, however, also show that the model variables do not fully account for the changes in dividend payouts made by the listed companies. The study so suggests that more research be done on the impact of business norms and predicted future earnings by shareholders on dividend payouts by companies listed on the Nairobi Securities Exchange.

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APPENDICES

Appendix I: Companies Listed at the NSE as at February 2022

Agricultural sector
1. Eaagads Limited
2. Kakuzi Limited
3. Kapchorua Tea Company Limited
4. The Limuru Tea Company Limited
5. Sasini Limited
6. Williamson Tea Kenya Limited
7. Rea Vipingo Plantations Ltd
Automobiles and Accessories sector
8. Car & General Kenya Limited
Banking sector
9. ABSA Bank
10. BK Group
11. Coop Bank
12. Diamond Trust Bank Kenya Limited
13. Equity Bank Limited
14. Housing Finance Company Kenya Limited
15. I & M Holdings Limited
16. Kenya Commercial Bank Limited
17. National Bank of Kenya Limited
18. NCBA Group

19. Stanbic Holdings plc
20. Standard Chartered Bank Kenya Limited
Commercial and Services sector
21. Deacons
22. Express
23. Kenya Airways Limited
24. Longhorn Kenya Limited
25. Nairobi Business Ventures plc (NBV)
26. Nation Media Group Limited
27. Sameer
28. Standard Group Limited
29. Serena
30. Uchumi Supermarket Limited
31. Scangroup Limited
Construction and Allied sector
32. Athi River Mining ARM Cement
33. Bamburi Cement Limited
34. Crown Paints Kenya Limited
35. East African Cables Limited
36. East African Portland Cement Company Limited
Energy and Petroleum sector
37. Kengen Company Limited
38. Kenya Power and Lighting Company Limited
39. Total Kenya Limited
40. Umeme Limited
Insurance sector
41. British-American Investments Company (Kenya) Limited
42. CIC Insurance Group Limited
43. Jubilee Holdings Limited
44. Kenya Re-Insurance Corporation Limited
45. Liberty Kenya Holdings Limited

46. Sanlam Insurance
Investment sector
47. Centum Investment Company Limited
48. Home Afrika
49. Kurwitu
50. Olympia Capital Holdings Limited
51. Trans-Century Limited
Investment services
52. NSE
Manufacturing and Allied sector
53. BOC Kenya Limited
54. British American Tobacco Kenya Limited
55. Carbacid Investments Limited
56. East African Breweries Limited
57. Flame Tree
58. Kenya Orchards Limited
59. Mumias Sugar Company Limited
60. Unga Group Limited
61. Eveready E.A. Ltd
Telecommunication and Technology
62. Safaricom
Real Estate Investment Trusts
63. Stanlib I-REIT
Exchange Traded Funds
64. NewGold ETF

Appendix II: Study Population

Strata	Sample Size	Companies
Agricultural	7	Kakuzi Limited
		Sasini Limited
		Eaagads Ltd
		Kapchorua Tea Co. Ltd
		Limuru Tea Co. Ltd
		Rea Vipingo Plantations Ltd
		Williamson Tea Kenya Ltd
Automobiles and Accessories	1	Car and General
Banking	10	ABSA Bank
		Coop Bank
		I & M
		KCB
		Stanbic Holdings Plc
		Diamond Trust Bank Kenya Ltd
		HF Group Ltd
		Equity Group holdings lTd
		NCBA Group Plc
		Standard Chartered Bank Ltd
Commercial and Services	9	Express Kenya
		Nation Media

		Longhorn Publishers
		The Standard Group
		Sameer Africa Plc
		TPS Eastern Africa (Serena) Ltd
		Scangroup Ltd
		Uchumi Supermarket Ltd
		NBV
Construction and Allied	4	Bamburi Cement
		EA Cables
		Crown Paints Kenya Plc
		E.A. Portland Cement Ltd
Energy and Petroleum	4	KenGen
		Kenya Power
		Total Kenya Ltd
		Umeme Ltd
Insurance	6	Jubilee Holdings
		Kenya Re
		Britam Holdings
		CIC Insurance Group Ltd
		Sanlam Kenya Plc
		Liberty Kenya Holdings Ltd
Investment Services	1	NSE
Investment	5	Home Africa
		Transcentury
		Centum
		Olympia
		Kurwitu
Manufacturing and Allied	8	BAT
		Unga Limited

		BOC Gases
		Carbacid Investments Ltd
		East African Breweries Ltd
		Eveready E.A. Ltd
		Kenya Orchards Ltd
		Flame Tree Group Holdings
Telecommunications and Technology	1	Safaricom
Real Estate Investment Trusts	1	Stanlib I-REIt
Exchange Traded Funds	1	NewGold ETF
TOTAL	**58**	

Appendix VI: Data Collection Sheet

Company	Year	Dividend payout	Firm size	Liquidity	Profitability	Leverage
Eaagads Ltd	2017	0	922802000	12.829	0.184	0.085
Eaagads Ltd	2018	0	905895000	8.77	-0.045	0.11
Eaagads Ltd	2019	0	942324000	6.98	0.034	0.113
Eaagads Ltd	2020	0	948581000	2.214	-0.018	0.14
Eaagads Ltd	2021	0	1116493000	5.58	0.176	0.106
Kapchorua Tea Co. Ltd	2017	-0.453	2030311000	3.463	-0.037	0.4343
Kapchorua Tea Co. Ltd	2018	0.47	2489043000	2.92	0.1	0.489
Kapchorua Tea Co. Ltd	2019	-0.623	2033173000	4.512	-0.086	0.385
Kapchorua Tea Co. Ltd	2020	4.032	1942002000	4.84	0.014	0.361
Kapchorua Tea Co. Ltd	2021	11.11	2081705000	4.69	0.005	0.401
Kakuzi	2017	0.199	5746126000	3.902	0.137	0.329
Kakuzi	2018	0.285	5941040000	5.941	0.103	0.272
Kakuzi	2019	0.247	6461040000	11	0.137	0.238
Kakuzi	2020	0.441	6906820000	11.22	0.112	0.241
Kakuzi	2021	1.104	6887470000	10.68	0.058	0.243
Limuru Tea Co. Ltd	2017	0	262009000	3.557	-0.096	0.395
Limuru Tea Co. Ltd	2018	0.943	268255000	5.502	0.0272	0.389
Limuru Tea Co. Ltd	2019	0.886	235670000	8.375	0.017	0.215
Limuru Tea Co. Ltd	2020	0	229696000	6.916	-0.008	0.204
Limuru Tea Co. Ltd	2021	0	208501000	11.701	-0.047	0.144
Sasini Ltd	2017	0.971	7742374000	5.189	0.0331	0.096
Sasini Ltd	2018	0.546	7719419000	13.092	0.058	0.0724
Sasini Ltd	2019	2.174	9104763000	8.829	0.0062	0.069
Sasini Ltd	2020	0	9229807000	6.251	0.012	0.072
Sasini Ltd	2021	1.075	9427550000	3.962	0.021	0.086
Williamson Tea Kenya Ltd	2017	0.728	8364127000	3.147	-0.043	0.372
Williamson Tea Kenya Ltd	2018	0.718	9505074000	2.897	0.0734	0.388
Williamson Tea Kenya Ltd	2019	-2.13	8271918000	4.0362	-0.027	0.3094
Williamson Tea Kenya Ltd	2020	2.64	7900570000	3.915	0.0334	0.2875
Williamson Tea Kenya Ltd	2021	0	8048478000	3.025	-0.025	0.3504
Rea Vipingo Plantations Ltd	2017	0.641	4609500000	14.199	0.259	0.272
Rea Vipingo Plantations Ltd	2018	0.837	5100213000	7.606	0.343	0.349
Rea Vipingo Plantations Ltd	2019	0.406	5367185000	8.486	0.1024	0.3292
Rea Vipingo Plantations Ltd	2020	0	5831004000	9.02	0.089	0.315
Rea Vipingo Plantations Ltd	2021	2.443	5526069000	5.399	0.101	0.405
Car & General (K) Ltd	2017	0.351	9400007000	0.995	0.0355	1.799
Car & General (K) Ltd	2018	0.15	10173507000	0.99	0.075	1.823
Car & General (K) Ltd	2019	0.187	11483744000	0.873	0.07	2.179
Car & General (K) Ltd	2020	0.128	11903486000	0.865	0.0911	2.022
Car & General (K) Ltd	2021	0.143	14447609000	0.934	0.1817	1.9765

Absa Bank Kenya Plc	2017	0.781	2.71177E+11	1.119	0.1662	5.149
Absa Bank Kenya Plc	2018	0.803	3.2484E+11	1.156	0.1741	6.3482
Absa Bank Kenya Plc	2019	0.803	3.73982E+11	1.156	0.1595	7.276
Absa Bank Kenya Plc	2020	0	3.79441E+11	1.158	0.107	7.1593
Absa Bank Kenya Plc	2021	0.55	4.2869E+11	1.178	0.1803	6.594
Stanbic Holdings Ltd	2017	0.484	2.39408E+11	1.1983	0.143	6.241
Stanbic Holdings Ltd	2018	0.356	2.80953E+11	1.175	0.162	7.122
Stanbic Holdings Ltd	2019	0.418	2.92731E+11	1.266	0.1322	6.517
Stanbic Holdings Ltd	2020	0.286	3.18982E+11	1.197	0.12	6.621
Stanbic Holdings Ltd	2021	0.493	3.28872E+11	1.221	0.122	4.826
I & M Holdings Plc	2017	0.196	2.02645E+11	0.998	0.161	4.65
I & M Holdings Plc	2018	0.241	2.88522E+11	0.996	0.167	5.313
I & M Holdings Plc	2019	0.277	3.15291E+11	1	0.187	4.663
I & M Holdings Plc	2020	0.293	3.05089E+11	0.847	0.168	4.643
I & M Holdings Plc	2021	0.542	3.33976E+11	0.797	0.127	5.162
Diamond Trust Bank (K) Ltd	2017	0.11	3.633E+11	1.213	0.139	6.399
Diamond Trust Bank (K) Ltd	2018	0.109	3.77719E+11	1.215	0.126	4.9
Diamond Trust Bank (K) Ltd	2019	0.111	3.8623E+11	1.214	0.118	4.987
Diamond Trust Bank (K) Ltd	2020	0	4.25054E+11	1.237	0.0531	5.222
Diamond Trust Bank (K) Ltd	2021	0.214	4.56843E+11	1.264	0.0618	5.128
Hf Group Ltd	2017	0.972	67541116000	1.463	0.029	4.899
Hf Group Ltd	2018	0	60549350000	1.43	-0.054	4.838
Hf Group Ltd	2019	0	56454917000	1.236	-0.0036	4.539
Hf Group Ltd	2020	0	55445249000	1.189	-0.1903	5.476
Hf Group Ltd	2021	0	52903516000	1.209	-0.0745	5.639
Kcb Group Ltd	2017	0.467	6.46669E+11	1.197	0.2045	5.103
Kcb Group Ltd	2018	0.447	7.14313E+11	1.1982	0.2146	5.3315
Kcb Group Ltd	2019	0.447	8.98575E+11	1.091	0.194	5.926
Kcb Group Ltd	2020	0.164	9.8781E+11	1.159	0.1454	5.936
Kcb Group Ltd	2021	0.189	1.13967E+12	1.044	0.188	5.568
Ncba Group Plc	2017	0.169	2.06172E+11	1.1102	0.1194	4.939
Ncba Group Plc	2018	0.206	2.08407E+11	1.1204	0.1182	4.824
Ncba Group Plc	2019	0	4.94717E+11	1.185	0.1153	6.3553
Ncba Group Plc	2020	0.542	5.27868E+11	1.159	0.073	6.2761
Ncba Group Plc	2021	0.483	5.91088E+11	1.151	0.1173	6.579
Standard Chartered Bank	2017	0.866	2.85724E+11	1.165	0.1527	5.257
Standard Chartered Bank	2018	0.823	2.85404E+11	1.192	0.172	5.119
Standard Chartered Bank	2019	0.851	3.02139E+11	1.176	0.164	5.326
Standard Chartered Bank	2020	0.753	3.25605E+11	1.194	0.1152	5.398
Standard Chartered Bank	2021	0.812	3.34872E+11	1.188	0.1579	5.293
Equity Group Holdings	2017	0.4	5.24465E+11	1.318	0.201	4.631
Equity Group Holdings	2018	0.38	5.73384E+11	1.276	0.191	5.038
Equity Group Holdings	2019	0	673682000	1.304	0.218	5.027
Equity Group Holdings	2020	0.573	1015093000	1.281	0.165	6.322
Equity Group Holdings	2021	0.289	1304914000	1.2894	0.2153	6.406
Coop Bank Of Kenya Ltd	2017	0.404	3.8283E+11	1.2399	0.1773	4.6111

Coop Bank Of Kenya Ltd	2018	0.474	4.04304E+11	1.246	0.186	4.976
Coop Bank Of Kenya Ltd	2019	0.412	4.49616E+11	1.285	0.1901	4.833
Coop Bank Of Kenya Ltd	2020	0.427	4.96823E+11	1.263	0.168	4.8042
Coop Bank Of Kenya Ltd	2021	0.376	5.40387E+11	1.276	0.16	4.6931
Express Ltd	2017	0	359932000	0.5974	1.3451	-5.359
Express Ltd	2018	0	320941000	0.6187	0.527	-2.345
Express Ltd	2019	0	471737000	1.497	-0.733	14.8722
Express Ltd	2020	0	1342264000	1.5344	-0.0485	1.1256
Express Ltd	2021	0	1258416000	1.3132	-0.1513	2.2944
Sameer Africa Plc	2017	0	2969868000	1.5485	0.0014	0.616
Sameer Africa Plc	2018	0	2587824000	0.9037	-0.4782	1.291
Sameer Africa Plc	2019	0	1530847000	0.866	-15.344	21.151
Sameer Africa Plc	2020	0	1047155000	1.4794	0.3975	8.1282
Sameer Africa Plc	2021	0	1124090000	1.1885	0.6566	2.3645
Nation Media Group	2017	1.449	11320300000	2.0223	0.1654	0.3862
Nation Media Group	2018	0.847	11198000000	1.9536	0.1341	0.4215
Nation Media Group	2019	0.333	12096700000	1.9341	0.111	0.5514
Nation Media Group	2020	0	11820600000	2.04	0.0722	0.4901
Nation Media Group	2021	0.6	12653400000	1.979	0.0171	0.564
Standard Group Ltd	2017	0	4459637000	0.8473	-0.113	1.3909
Standard Group Ltd	2018	0.44	4676133000	0.912	0.1337	1.3927
Standard Group Ltd	2019	0	4195946000	0.5059	-0.3406	1.9524
Standard Group Ltd	2020	0	4054840000	0.4449	-0.2694	2.6218
Standard Group Ltd	2021	0	4354312000	0.4599	-0.0699	3.1611
Tps Eastern Africa	2017	0.9722	17487835000	1.0792	0.0186	0.9082
Tps Eastern Africa	2018	0.5072	17608123000	0.4338	0.004	0.9259
Tps Eastern Africa	2019	0	17986459000	0.6649	0.0138	0.9548
Tps Eastern Africa	2020	0	17307211000	0.6657	-0.1138	1.095
Tps Eastern Africa	2021	0	17429378000	0.8048	-0.0733	1.2644
Scangroup Ltd	2017	0.625	13758912000	2.2816	0.05072	0.5347
Scangroup Ltd	2018	0.7299	14425198000	2.0699	0.0653	0.6992
Scangroup Ltd	2019	0	12803173000	1.9999	0.0642	0.7801
Scangroup Ltd	2020	-2.057	8741883000	2.3257	0.0678	0.6596
Scangroup Ltd	2021	0	9444783000	2.0742	-0.0082	0.8162
Longhorn Publishers Ltd	2017	0.592	1858734000	1.37	0.1254	0.9654
Longhorn Publishers Ltd	2018	0.627	2407529000	1.209	0.1664	1.3157
Longhorn Publishers Ltd	2019	0.765	2344234000	1.1887	0.1607	1.1228
Longhorn Publishers Ltd	2020	0	2450164000	0.9585	-0.3101	2.3346
Longhorn Publishers Ltd	2021	0	2877729000	0.7693	0.0083	2.884
Nairobi Business Ventures Ltd	2017	0	143713000	2.9902	-0.73	2.1939
Nairobi Business Ventures Ltd	2018	0	85975000	1.6472	2.4266	-3.7259
Nairobi Business Ventures Ltd	2019	0	60977000	1.5084	0.9575	-2.6813
Nairobi Business Ventures Ltd	2020	0	60940000	0.2035	0.431	-1.0758
Nairobi Business Ventures Ltd	2021	0	177783000	1.8426	0.2212	0.1942
Bamburi Cement Ltd	2017	0.551	45753000000	1.571	0.2201	0.4272
Bamburi Cement Ltd	2018	2.082	47028000000	1.1262	0.0207	0.5214

Bamburi Cement Ltd	2019	0	49085000000	1.3771	0.0302	0.5276
Bamburi Cement Ltd	2020	1.038	49446000000	1.8112	0.0326	0.4521
Bamburi Cement Ltd	2021	1	51729000000	1.8724	0.0736	0.5291
Crown Paints Kenya Plc	2017	0.128	5871607000	1.1905	0.1307	2.3407
Crown Paints Kenya Plc	2018	0.254	5475693000	1.0129	0.17	4.3325
Crown Paints Kenya Plc	2019	0	5521541000	0.9992	0.2472	3.2236
Crown Paints Kenya Plc	2020	0	5630862000	1.1878	0.3154	1.9489
Crown Paints Kenya Plc	2021	0.5839	7807348000	1.4044	0.2486	1.2761
E.A. Cables Ltd	2017	0	7038421000	0.5992	-0.3528	2.7462
E.A. Cables Ltd	2018	0	6603660000	0.2577	-0.3786	3.3987
E.A. Cables Ltd	2019	0	6274877000	0.656	0.3484	2.3409
E.A. Cables Ltd	2020	0	5932382000	0.863	-0.5292	3.26
E.A. Cables Ltd	2021	0	5580066000	0.56	-0.2673	4.078
E.A. Portland Cement Ltd	2017	0	27357388000	0.3146	-0.0871	0.6196
E.A. Portland Cement Ltd	2018	0	38027520000	0.2484	0.3157	0.5398
E.A. Portland Cement Ltd	2019	0	36541105000	0.2624	-0.1528	0.698
E.A. Portland Cement Ltd	2020	0	35176893000	0.1486	-0.1475	0.8758
E.A. Portland Cement Ltd	2021	0	34641110000	0.1854	0.1075	0.6486
Total Kenya Ltd	2017	0.2989	38012115000	1.7356	0.1279	0.7748
Total Kenya Ltd	2018	0.3542	39258921000	1.7713	0.102	0.7321
Total Kenya Ltd	2019	0.3226	37564704000	2.1551	0.104	0.5407
Total Kenya Ltd	2020	0.2996	42987172000	2.0533	0.1227	0.6004
Total Kenya Ltd	2021	0.3011	47030094000	2.0198	0.0957	0.6438
Kengen Ltd	2017	0	3.77197E+11	1.4751	0.0461	1.0605
Kengen Ltd	2018	0.3333	3.79353E+11	1.5045	0.0382	0.9955
Kengen Ltd	2019	0.2083	4.01422E+11	1.3138	0.0401	1.0589
Kengen Ltd	2020	0.1075	4.12927E+11	1.9957	0.0852	0.954
Kengen Ltd	2021	1.6667	4.25658E+11	2.148	0.0047	1.0238
Kenya Power	2017	0.185	3.31236E+11	0.6943	0.0717	4.5475
Kenya Power	2018	0	3.36655E+11	0.4728	0.0528	4.481
Kenya Power	2019	0	3.28005E+11	0.3839	-0.0161	4.8332
Kenya Power	2020	0	3.25267E+11	0.3629	-0.0243	4.9251
Kenya Power	2021	0	3.3223E+11	0.4275	0.0398	4.8109
Umeme Ltd	2017	0.48	2249433000	0.434	0.185	2.403
Umeme Ltd	2018	0.5	2344158000	0.443	0.1722	2.0271
Umeme Ltd	2019	0.48	2541774000	0.728	0.167	2.318
Umeme Ltd	2020	0.46	2665040000	0.544	0.054	2.1177
Umeme Ltd	2021	0.63	2507296000	0.513	0.1558	1.807
Jubilee Holdings Ltd	2017	0.166	1.04968E+11	6.1518	0.1777	3.1603
Jubilee Holdings Ltd	2018	0.1714	1.14168E+11	2.606	0.1286	3.067
Jubilee Holdings Ltd	2019	0.183	1.30077E+11	2.4416	0.1279	3.2833
Jubilee Holdings Ltd	2020	0.18	1.45864E+11	1.6078	0.1619	3.1047
Jubilee Holdings Ltd	2021	0.1	1.55273E+11	1.5381	0.1749	2.673
Sanlam Kenya Plc	2017	0	3169019000	4.826	0.0131	6.3551
Sanlam Kenya Plc	2018	0	3528706000	6.4626	-0.0731	2.3926
Sanlam Kenya Plc	2019	0	3513626000	7.6585	0.0042	2.3638
Sanlam Kenya Plc	2020	0	4287261000	0.9195	-0.652	5.7818
Sanlam Kenya Plc	2021	0	4667416000	0.995	-3.8161	34.557
Kenya Re-Insurance	2017	0.166	42732667000	2.0924	0.1335	0.5708
Kenya Re-Insurance	2018	0.03	44362634000	1.302	0.0621	0.5635
Kenya Re-Insurance	2019	0.04	50362970000	2.1461	0.1218	0.5763

Kenya Re-Insurance	2020	0.19	53237000000	2.1049	0.07926	0.5477
Kenya Re-Insurance	2021	0.19	55824000000	2.0902	0.0865	0.5071
Liberty Kenya Holdings	2017	0.041	37338972000	2.294	0.09	3.983
Liberty Kenya Holdings	2018	0.54	36579039000	2.671	0.0721	3.801
Liberty Kenya Holdings	2019	0	38221854000	3.675	0.0857	3.7884
Liberty Kenya Holdings	2020	0	39301229000	3.634	0.0831	3.5147
Liberty Kenya Holdings	2021	0	40476308000	3.641	0.0124	3.592
Britam Holdings Ltd	2017	1.35	99024857000	1.9162	0.0842	3.3681
Britam Holdings Ltd	2018	0	1.03656E+11	1.3076	-0.1192	3.3269
Britam Holdings Ltd	2019	0.1773	1.25244E+11	1.8845	0.1845	3.2634
Britam Holdings Ltd	2020	0	1.36962E+11	1.4006	-0.6843	7.0251
Britam Holdings Ltd	2021	0	1.53427E+11	1.3199	0.1057	7.0398
Cic Insurance Group Ltd	2017	0.67	30505376000	1.2533	0.0462	2.9944
Cic Insurance Group Ltd	2018	0.542	32975733000	1.2361	0.0967	3.1834
Cic Insurance Group Ltd	2019	0	35303070000	1.1165	0.0579	3.4955
Cic Insurance Group Ltd	2020	0	38786172000	4.3598	-0.0293	4.0844
Cic Insurance Group Ltd	2021	0	41540836000	4.5652	0.0446	4.2029
Olympia Capital Holdings Ltd	2017	0	1291600000	1.6332	0.0365	0.2556
Olympia Capital Holdings Ltd	2018	0	1254546000	1.7807	-0.0032	0.2666
Olympia Capital Holdings Ltd	2019	0	1627000000	1.416	0.0579	0.2544
Olympia Capital Holdings Ltd	2020	0	1705872000	1.3791	0.0073	0.2972
Olympia Capital Holdings Ltd	2021	0	1468738000	1.6123	0.0229	0.2086
Centum Investment Co. Ltd	2017	0.11	88385608000	1.1506	0.1245	0.7865
Centum Investment Co. Ltd	2018	0.302	96288084000	2.0779	0.0577	0.8918
Centum Investment Co. Ltd	2019	0.1796	1.01764E+11	2.9999	0.0804	0.9731
Centum Investment Co. Ltd	2020	0.032	1.01863E+11	1.0586	0.1102	1.0673
Centum Investment Co. Ltd	2021	0	1.09428E+11	0.7961	-0.0303	1.2808
Trans-Century Ltd	2017	0	18740964000	0.4049	1.1712	-19.959
Trans-Century Ltd	2018	0	16668181000	0.2531	0.8689	-5.4266
Trans-Century Ltd	2019	0	13006484000	0.2782	-0.0417	-2.823
Trans-Century Ltd	2020	0	12554797000	0.2673	0.1657	-2.4924
Trans-Century Ltd	2021	0	13134526000	0.2764	0.0986	-2.6312
Home Afrika Ltd	2017	0	4477096000	0.5342	0.0164	-3.256
Home Afrika Ltd	2018	0	4708468000	0.6176	0.2342	-4.1436
Home Afrika Ltd	2019	0	4347807000	0.6289	0.4579	-3.2398
Home Afrika Ltd	2020	0	4442602000	0.5946	0.1491	-2.9473
Home Afrika Ltd	2021	0	4537502000	0.5692	0.1098	-2.7704
Kurwitu Ventures	2017	0	1.40436E+11	3.0095	-0.1642	1.1286
Kurwitu Ventures	2018	0	1.38287E+11	0.6386	-0.089	1.2823
Kurwitu Ventures	2019	0	2.47239E+11	0.3871	-0.1358	9.3756
Kurwitu Ventures	2020	0	5.55472E+11	0.2715	-0.0382	9.7475
Kurwitu Ventures	2021	0	8.63705E+11	0.1559	0.0594	10.1194

Nairobi Securities Exchange Ltd	2017	0.36	2108220000	12.0482	0.1088	0.0479
Nairobi Securities Exchange Ltd	2018	0.67	2218388000	9.4962	0.0894	0.0585
Nairobi Securities Exchange Ltd	2019	0.27	2242401000	7.853	0.0302	0.0749
Nairobi Securities Exchange Ltd	2020	0.82	2313146000	13.5298	0.074	0.0561
Nairobi Securities Exchange Ltd	2021	2.75	2214392000	10.0673	0.0764	0.0619
B.O.C Kenya Ltd	2017	2.574	2228669000	2	0.0144	0.38
B.O.C Kenya Ltd	2018	1.5476	2141747000	1.9	0.0213	0.41
B.O.C Kenya Ltd	2019	0.823	1992639000	2	0.0149	0.38
B.O.C Kenya Ltd	2020	0.811	2089658000	2.5	0.1046	0.3
B.O.C Kenya Ltd	2021	0.5225	1997108000	2.9	0.0576	0.3
British American Tobacco (K) Ltd	2017	0.6745	17805588000	1.3593	0.4264	1.2711
British American Tobacco (K) Ltd	2018	0.7711	18338254000	1.5911	0.4386	0.9753
British American Tobacco (K) Ltd	2019	0.772	21936362000	1.087	0.402	1.2579
British American Tobacco (K) Ltd	2020	0.6072	21705852000	1.3044	0.4631	0.8308
British American Tobacco (K) Ltd	2021	0.8252	24118818000	1.6395	0.5088	0.6107
Carbacid Investment Ltd	2017	0.5072	3306974000	7.0132	0.1465	0.1309
Carbacid Investment Ltd	2018	0.5983	3371233000	9.428	0.0981	0.1074
Carbacid Investment Ltd	2019	0.6731	3503501000	5.694	0.0846	0.1202
Carbacid Investment Ltd	2020	0.5512	3627831000	5.763	0.0932	0.1155
Carbacid Investment Ltd	2021	0.9816	3919224000	4.9846	0.119	0.1234
East African Breweries Ltd	2017	0.7724	71247000000	0.8349	0.425	5.1146
East African Breweries Ltd	2018	1.0431	80890000000	0.9084	0.4615	4.6483
East African Breweries Ltd	2019	0.7569	87065000000	0.8785	0.7128	4.3894
East African Breweries Ltd	2020	0.5803	88658000000	0.8365	0.5488	5.3358
East African Breweries Ltd	2021	0.1488	1.00116E+11	0.8587	0.4829	5.7409
Unga Group Ltd	2017	2.0408	9455316000	1.6579	-0.0014	0.9256
Unga Group Ltd	2018	0.1488	9932664000	2.1418	0.1396	0.7708
Unga Group Ltd	2019	0.1106	10646066000	1.9559	0.0862	0.7581
Unga Group Ltd	2020	0	12050876000	1.5768	0.0121	0.9784
Unga Group Ltd	2021	0	10048779000	2.2594	0.0468	0.5726
Eveready East Africa Ltd	2017	0.7874	573768000	2.6948	0.4965	0.4064
Eveready East Africa Ltd	2018	0	772652000	2.5325	-0.2552	0.311
Eveready East Africa Ltd	2019	-2.7595	248526000	1.5019	-2.7595	2.2593
Eveready East Africa Ltd	2020	-1.6835	201085000	1.0396	-1.6835	3.9056
Eveready East Africa Ltd	2021	-5.5065	159193000	0.7644	-5.5065	24.2687
Kenya Orchards Ltd	2017	0.3721	108278000	1.7132	0.3721	6.025
Kenya Orchards Ltd	2018	0.3665	114565000	2.1138	0.3665	3.7254
Kenya Orchards Ltd	2019	0.4212	134003000	2.1751	0.4212	1.444
Kenya Orchards Ltd	2020	-0.6264	126246000	1.9288	-0.6264	2.4943
Kenya Orchards Ltd	2021	0.1556	126949000	2.0809	0.1556	4.353
Flame Tree Group Holdings Ltd	2017	0.0142	1680769000	1.2907	0.0142	1.2978

Flame Tree Group Holdings Ltd	2018	0.196	1839271000	1.1436	0.196	1.2622
Flame Tree Group Holdings Ltd	2019	0	2281167000	1.2125	0.0425	1.1579
Flame Tree Group Holdings Ltd	2020	0	2489049000	1.1099	0.0693	1.2942
Flame Tree Group Holdings Ltd	2021	0	2511213000	1.169	0.054	1.218
Safaricom Plc	2017	1.033	1.6169E+11	0.4642	0.4466	0.3513
Safaricom Plc	2018	0.7971	1.6744E+11	0.6308	0.4439	0.5042
Safaricom Plc	2019	0.3974	1.92475E+11	1.08	0.4329	0.3334
Safaricom Plc	2020	0.761	2.13225E+11	0.8641	0.5175	0.4902
Safaricom Plc	2021	0.801	2.30628E+11	0.741	0.4964	0.6756
Stanlib Fahari I-Reit	2017	0.915	3761627000	13.5939	0.0467	0.026
Stanlib Fahari I-Reit	2018	1.056	3852621000	3.7441	0.0519	0.0346
Stanlib Fahari I-Reit	2019	0.938	3878449000	3.5323	0.0466	0.0306
Stanlib Fahari I-Reit	2020	0.811	3883746000	3.5907	0.0392	0.0286
Stanlib Fahari I-Reit	2021	0.893	3712525000	2.606	-0.0349	0.0478
Newgold Issuer (Rf) Ltd	2017	0	4017300000	3.1126	0.0914	0.8777
Newgold Issuer (Rf) Ltd	2018	0	2169600000	2.2185	0.7593	1.2616
Newgold Issuer (Rf) Ltd	2019	0	2158500000	1.3304	-0.097	1.2454
Newgold Issuer (Rf) Ltd	2020	0	2250100000	2.6506	-0.0231	1.8508
Newgold Issuer (Rf) Ltd	2021	0	2476800000	3.9693	0.172	1.5911