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Corporate Governance Mechanisms and Dividend Payouts of Listed Non-Financial Firms: Evidence from Selected Sub- Saharan African Countries

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Abstract: This study examined the effects of corporate governance elements on the dividend distribution of listed corporations in the three Sub-Saharan African countries of South Africa, Nigeria, and Kenya. The inquiry used inferential statistics in the form of the system generalized method of moments (GMM). The findings show that corporate governance factors have a fundamental influence on dividend distribution in the three Sub-Saharan African countries. More specifically, board independence has a significant negative influence on dividend payout, but board size, board gender diversity, and management ownership all directly and materially affect the dividend payout of listed non-financial firms. The paper suggested that authorities in charge of regulation in the examined Sub-Sahara Africa nation's securities exchange have to continually ensure that all firms comply stringently with the codes of corporate governance in other to limit market infractions and boost stakeholders' confidence and thus stimulate more investment in their respective capital markets.

Keywords: Corporate Governance Mechanisms; Dividend Payouts; Sub-Saharan African; Quoted Non-Financial Firms; System-GMM

JEL CLASSIFICATION: G20, G23, G32

Introduction

Corporate governance is a means of balancing the interest of management and shareholders as well as minimizes the agency issues and the likelihood of managers not using dividend payout policies optimally. Corporate governance has continued to receive a lot of attention owing to the number of corporate scandals and the collapse of giant companies like Adelphia, Arthur Andersen, Enron, Parmalat, WorldCom, and XL holiday in developed countries. The situation in developing countries and particularly for Sub-Saharan African countries is not different; despite the fact that firms in the sub-region have implemented the codes of best practice of corporate governance, a lot of firms

(financial and non-financial) in Sub-Saharan African countries such as Nigeria (Savannah Bank and Africa International Bank) and South Africa (African Bank) have been liquidated due to poor corporate governance. This has threatened the investors' confidence in the capital market and the effectiveness of corporate governance mechanisms in ensuring accountability and transparency. Since then, governments all over the world have instituted different measures to strengthen their regulatory framework in order to restore the confidence of investors' and improve accountability and transparency in the corporate world (OECD, 1999; Ongore & K'Obonyo, 2011).

According to Gul, Khan, Ahmad, Rehman, and Shah (2012), payment of dividend can be used to minimized agency problems and enhance the wealth of shareholders because payments of dividends serve as a way of monitoring the activities of the firms. Dividends are used to reduce the resources at the disposal of the managers and minimize the tendency for them to use this cash for personal gains (Jensen & Meckling, 1976). Thus, companies with good governance mechanisms sustain fewer agency problems. This makes the decision to pay a dividend a vital component of corporate governance and hence; it is assumed that corporate governance affects dividend payouts (Thomas, 2013).

The majority of the earlier studies on corporate governance mechanism and dividend payouts of listed firms have produced conflicting results. Thus, empirical findings of previous researches remained inconclusive. For instance, researchers such as Asamoah (2005), Fodi and Walid (2010), Thomas (2013) and Shehu (2014) among others, have investigated the effect of diverse forms of mechanisms of corporate governance (size of board, gender diversity of board, independence of board, among others) on dividend policy. They concluded that corporate governance mechanism significantly influences dividend policy while the studies of Nwindobie (2016), Ikunda, Muiru and Kamau (2016) and Abubakar and Muhammad (2017) on the influence of corporate governance mechanisms on dividend payout all concluded otherwise: that corporate governance mechanism has no significant influence on firm's dividend policy.

Furthermore, most of the earlier empirical studies like those examined above have concentrated more on exploring the effect of corporate governance mechanisms on dividend payment pattern and policies of industrialized nations of Western Europe as well as Asian emerging markets, however there are comparatively few empirical studies employing data of sub-Saharan Africa nations. With respect to the method of data analysis, previous studies on this subject matter used a simple technique such as content analysis (Nadia, 2015), Chi-square (Nwindobie, 2016) and Pearson correlation (Ezeagba, 2017). More importantly, majority of prior studies employed ordinary least square (OLS) static panel regression with fixed or random effect model or Tobit regression [Asamoah (2005); Kowalewski, Stetsyuk & Talavera, (2008); Al-Najjar and Hussainey (2009); Fodi and Walid (2010); Abubakar and Muhammad (2017) among others]; which could not address the triple problem of endogeneity bias, measurement error and omitted variables. This study employed a System GMM estimation technique for dynamic panel data models propounded by Arellano and Bond (1991) and refined by Arellano and Bover (1995) to resolve the triple issue of endogeneity bias, error of measurement and variables omission intrinsic in previous researches. Thus, this study improved on previous studies in terms of techniques used in determining the impact of corporate governance mechanisms on the dividend payout of listed non-financial firms. Against this backdrop, this study investigates the effect of mechanisms of corporate governance on listed non-financial firms' dividend payout in selected Sub-Saharan Africa countries.

Following this introduction, the remaining part of the paper is divided as follows: In section two, the review of literature is presented while section three deals with the methodology of the study. Data Analysis and result interpretation is the main focus of section four while section five draws up a conclusion and recommendations.

Literature Review

Dividend: Dividends are a way for a corporation to give its shareholders more money, either in the form of cash dividends or stock dividends. Cash dividends in a firm must be paid out of the company's funds, but stock dividends influence the number of shares outstanding rather than the company's cash balance (Mukhtar, 2014).

Dividend Policy: A company's dividend policy is its strategy for deciding how much will be paid out in dividends and how much will be reinvested in new ventures through retained earnings. The capital structure of the company is also indirectly tied to the dividend policy. A distinct capital structure is required for a different dividend policy (Hashemijoo, Arkedani, & Younesi, 2012).

Dividend Payout: The dividend payment is the proportion of the company's net income divided by the total amount of dividends paid to shareholders. It is the fraction of earnings that is paid out to shareholders as dividends. The corporation keeps the money that is not distributed to shareholders to pay off debts or to reinvest in its core businesses. It is known just as payout ratio. The annual dividends per share divided by the earnings per share or the dividends divided by net income may be used to compute the dividend payout ratio (Uittenbogaard, 2016). Currently available literature has identified a number of variables that affect corporate dividend distribution. Liquidity, taxes, agency expenses, growth prospects, profitability, risk, age of the organization, corporate governance, and firm life cycle are a few of the characteristics that may be identified through study on dividend payouts. However, internal corporate governance processes are the factors taken into account in this study (board size, board gender diversity, board independence and managerial ownership).

Board Size: The size of the board is determined by its membership. The size of a board has a significant impact on a company's worth. The proper board size that impacts its capacity to perform properly has been a subject of ongoing discussion (Jensen 1993; Yermack, 1996; Dalton, Daily, Johnson & Ellstrand, 1999; Hermalin & Weisbach, 2003). The ideal board size, according to Jensen (1993), should be seven to eight, whereas Lipton and Lorsch (1992) recommended eight to nine. As a result, it is anticipated that as the number of directors grows, so will the dividend payments (Anderson, Mansi & Reeb, 2004). When there are several directors, the CEO finds it challenging to control and will have trouble keeping track of the company's operations. Smaller boards have been favored by certain academics (e.g., Lipton & Lorsch, 1992; Jensen 1993; Yermack, 1996). Small boards are advocated for by Lipton and Lorsch (1992), who contend, that social loafing and free riding are issues that bigger organizations must deal with. Free riding both boosts and decreases the effectiveness of the board as it becomes bigger. However, huge boards were favored on the grounds that they would offer better oversight and guidance (Coles, Daniel & Naveen, 2008).

Board Gender Diversity: In corporate governance circles, board gender diversity refers to the inclusion or presence of female directors in the boards (Ekadah & Mboya, 2012). Board gender diversity refers to the presence of women on corporate boards of directors or women representation on boards (Dutta & Bose, 2006; Julizaerma & Sori, 2012). Modern organizations are increasingly approaching board gender diversity as a value-driver in organizational strategy and corporate

governance (Marinova, Plantenga & Remery, 2010). The outcome hypothesis suggests that board diversity can improve board independence and effectiveness by bringing diverse ideas, perspectives and experience to the board (Carter, Simkins & Simpson, 2003; Asher, Mahoney & Mahoney, 2005; Tsuji, 2012). Therefore, board gender diversity can increase firm performance and dividend payout.

Board Independence: Independent directors are considered to be a beneficial tool in minimizing an agency problem within a company via monitoring and controlling managerial actions. Independent directors are outside directors who serve on the board of directors (Bathala & Rao, 1995; Jensen & Meckling, 1976). Consequently, independent directors should have no relationship with the corporation other than serving as a director of the company (Clifford & Evans, 1997). The ratio of independent non-executive directors to the total number of board members is used to gauge board independence. According to Fama and Jensen (1983), the board of directors has a crucial role in regulating agency costs. By incorporating independent directors to oversee the management and exert oversight, boards become more successful. According to Belden, Fister, and Knapp (2005), a board that includes outside directors aims to cut down on the company's agency costs. They go on to say that outside directors successfully represent and protect shareholders' interests, and that the corporation adequately protects shareholders' rights. They come to the conclusion that the corporation will pay out more dividends the more outside directors it has. It implies that the dividend distribution has a favorable link with the board's independence.

Managerial Ownership: Managerial ownership (shareholding) is the total equity held by inside shareholders (managers, executive directors, and their families) who actively participate in the management of the company. This participation can take the form of managerial tasks, natural presence on the board of directors, representation on the board, or a combination of these (Harada & Nguyen, 2009; Short, Zhang & Keasey, 2002 and Karathanassis & Chrysanthopoulou, 2005). When management has more control (shares), it is believed that they will either elect not to pay dividends or do so on a regular basis, preferring to keep the resources in their hands. When management shareholdings have more voting power, dividend payments tend to decline until they reach nil when they have total control (Mehrani, Moradi & Eskandar, 2011).

Empirical Review

In this segment, we review previous research that examined the nexus between corporate governance mechanisms and dividend policy. For instance, Mitton (2004) examined the corporate governance-dividend payout nexus in 19 emerging markets for the period 2001. The sample comprises of 365 companies and the data analysis was carried out using the pool regression method. The result reveals that shareholders of firms with good corporate governance mechanisms receive high dividends. Asamoah (2005) investigates the link between corporate governance and dividend policy of Ghanaians' listed firms for the period 2000 to 2004. The result from panel regression reveals that independence of board and Chief Executive Officer Duality exerts a significant influence on dividend policy whereas board size fails the significant test. The result also reveals that the ROE exerts a significant effect on dividend policy.

Kowalski, et al., (2008) examined the link between corporate governance and dividend policy of non-financial companies quoted on the Warsaw Stock Exchange for the period 1998-2004. Panel regression was utilized in the analyses. The outcome of the study reveals that the corporate governance index exerts a significant and direct effect on the dividend payout. In a study carried out by Al-Najjar and Hussainey (2009) in the UK on the nexus between dividend payout and outside

directorship for the period 1991-2002. Four hundred quoted non-financial firms make up the sample size and the Tobit and Logit regression were employed in the analysis. The outcome of the study was that an inverse relationship exists between dividend policy and independent directors.

Fodi and Walid (2010) conducted a study on the effect of quality of corporate governance on dividend policy in Canada for the period 2002-2005. The result reveals that a firm with good corporate governance has higher dividend payouts. They also find a direct nexus between firm size and dividend payouts. Hommel (2011) carried out a study on dividend policy and structure of ownership for large Dutch, quoted companies for the period 2001 to 2009. Managerial, institutional, non-institutional and Dutch government ownership were used as indicators of ownership structure. The result from the fixed effect panel regression reveals that an inverse relationship subsists between managerial ownership and dividend payout.

Gill and Obradovich (2012) carried out a study on the link between corporate governance and dividend payout using a sample of 296 U.S. for the period 2009-2011. They employed the OLS regression method. The findings show board size positively and significantly influences dividend policy. Thomas (2013) studied the role of five mechanisms of corporate governance (size of the board, composition of the board, gender diversity, director's ownership, and director's tenure) on dividend policy using all S & P 500 firms for the period 2008 to 2011. The analysis was based on panel data and the result from the study reveals that a direct and significant relationship subsists between the size of the board and dividend policy.

Tahir, Aslam, and Akhtar (2014) investigated the effect of structure of ownership and the composition of the board on dividend policy in Pakistan utilizing a sample of 18 listed firms selected from Cement Industry for the period 2008 – 2012. Multiple regression was utilized to analysis and the outcome of the study show ownership by individual and insider ownership positively and significantly influence dividend policy while size of the board, institutional ownership and board independence were statistically insignificant in explaining the dividend policy.

Shehu (2014) investigated the corporate governance mechanisms - dividend payout ratio nexus for Malaysian listed companies and the study period was 2013. A total of 164 Malaysian companies were sampled. Board compositions, size of the board, CEO Duality, the number of family members on the board were used to proxy corporate governance. The analysis was carried out using the OLS regression method. The finding of this study reveals that only institutional and concentrated ownership has a direct and significant effect on dividend payout ratio while independent director exerts an inverse and influence on dividend payout ratio.

Aydin and Cavdar (2015) examined the corporate governance - dividend policy link in Turkey for the period 2007 to 2014. Panel regression analysis was employed in the analysis. The outcome of the study shows that corporate governance exerts a direct and significant effect on dividend policy whereas ownership concentration and managerial ownership negatively influence dividend policy and managerial ownership and dividend policy.

Nadia (2015) explored how corporate governance and dividend payment rates of companies listed on the Johannesburg Stock Exchange related between the years of 2002 and 2010. A thorough corporate governance score was generated using textual analysis. The board composition and board committees' categories of corporate governance were shown to be positively correlated with dividend payment ratios. Ikunda, Muiru, and Kamau (2016) studied the effect of corporate

governance on dividend payout of listed manufacturing firms in the Nairobi Stock Exchange (NSE) from 2008-2014. The corporate governance mechanisms utilized in the research include size, and composition of the board, tenure of CEO and managerial equity holding. Regression and correlation were utilized in the analysis. The researchers found no significant relationship between the corporate governance variables and dividend payout.

Agha, Pervais, Javed, and Syed (2016) investigated the effect of mechanisms of corporate governance such as board size, board independence and CEO ownership on dividend payout of Malaysia listed firms for the period 2009 to 2013. They control for factors such as firm size, firm growth, and firm profitability. The panel regression results reveal that corporate governance positively influences dividend payouts. Nwidobie (2016) examined the influence of corporate governance on dividend policies of Nigerian quoted firms for the period 2006 – 2012. A sample of 57 quoted firms was selected. The World Bank corporate transparency index was used to measure corporate governance and this index was developed from family ownership disclosures, indirect ownership disclosures, beneficial ownership disclosures, and shareholders agreement disclosure, internal audit of financial and public availability of ownership details. Chi-square was employed in the analysis. Findings from the study reveal that corporate governance has exerted a significant influence on the dividend policy.

Ezeagba (2017) carry out a study to ascertain the effect of ownership structure on the dividend policy of firms in Nigeria for the period 2011-2015. The data were analyzed with Pearson's correlation statistical technique. The findings from the study reveal that managerial shareholding is not significantly related to dividend policy. Also, institutional shareholding fails a significant test. Abubakar and Muhammad (2017) explored the effect of gender diversity on dividend payouts in India, China, and Russia for the period 2007 – 2014. The outcome of the panel OLS regression shows that gender diversity is negatively related to cash dividend payments in the three countries.

Using a panel data regression model, Ode (2018) investigates the effect of corporate governance on the dividend payout ratio of publicly traded Indonesian companies over the course of four fiscal years, from 2013 to 2016. The study's conclusions show a positive correlation between the dividend payout ratio and board independence, board size, institutional ownership, earnings before interest and taxes, and size; whereas a negative correlation is found between the dividend payout ratio and CEO duality, managerial ownership, ownership concentration, and leverage.

The implications of operating cash flows and corporate governance on dividend distribution of companies operating in the non-financial sector of the Pakistan Stock Exchange was examined by Alkhuzai and Asad (2018). The analysis utilized regression. The findings showed that the dividend distribution is significantly influenced by all of the variables, including board size, CEO duality, ownership structure, and operating cash flow.

In a study published in 2019, Aigbovo and Ogieva (2019) examine the sector-wise effects of corporate governance measures on the dividend distribution of listed non-financial corporations in a few sub-Saharan African nations from 2007 to 2017. The System Generalized Method of Moments was used in the study to examine the data. The results demonstrate that systems of corporate governance are significant in explaining dividend payments across all sectors. The specifics of the nexus and how corporate governance practices affect dividend payouts vary by industry.

The effect of corporate governance on dividend distribution of manufacturing and related enterprises listed at the Nairobi Stock Exchange for the years 2014 to 2018 is examined by Mwangi (2019). A model of multiple linear regressions was used to analyze the relationship between the variables. The results showed that debt financing had a negative and statistically significant impact on dividend distribution whereas board independence and business size had a favorable and statistically significant impact. Insignificant values were produced by board size, board committees, profitability, and liquidity.

Using panel data analysis, Mirza and Malik (2019) examine the moderating impact of diversity (gender, age, experience, nationality, and education) on corporate governance and dividend decisions of listed companies on the Pakistan Stock Exchange for a period spanning 2010 to 2017, in addition to the impact of traditional accounting variables (Firm Size, Debt to Asset Ratio, and Earnings per Share). The findings show that traditional accounting variables like firm size, leverage, and earnings per share, as well as corporate governance factors like the dual citizenship of the CEO and diversity factors like nationality, age, and experience, have a considerable impact on dividend decisions. Earnings per share, CEO duality, directors' nationality, and age have beneficial effects on dividend decisions while Firm Size, Leverage, and Experience Diversity of the Board have negative consequences. Additionally, Corporate Governance has a considerable impact on dividend decisions, with Diversity acting as a moderator (Age and Nationality). It is discovered that there is little of a connection between board independence and dividend decisions.

Rajput and Jhunjhunwala (2019) use the Tobit and logistic regression methods to analyze the effects of ownership structure and corporate governance on dividend policy of companies listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India from 2006 to 2017. Additionally, the moderating impacts of board independence on dividend distribution and ownership were examined. Results show that corporate governance has a large favorable impact on dividend payment decisions and is a key factor in these decisions. Additionally, the study discovers a substantial inverse association between family ownership and dividend payment choices, indicating that family businesses choose to pay lesser dividends. Finally, the interaction effect of family ownership and board independence has a large favorable impact on dividend policy.

Odeleye (2019) uses the system generalized method of Moment's technique to analyze the moderating effects of industry on the link between corporate governance practices and dividend distributions of corporations in Nigeria between 1995 and 2012. According to the study's empirical results, the relationship between corporate governance procedures and dividend payouts is positive in a small number of subsectors while being negative in others.

The impact of excellent corporate governance on the dividend policy of all non-financial companies listed on the Indonesia Stock Exchange was examined by Gunawan, Murhadi, and Herlambang in 2019. Leverage, firm growth, free cash flow, and company size were also employed as control variables in this study. The findings demonstrate a positive significant relationship between the factors of excellent corporate governance, company growth, and free cash flow and the dividend payment ratio. The varying business size, leverage, and profitability, meanwhile, significantly impacted the dividend payment ratio in a negative way.

For the years 2005 to 2018, Hussain, Ridzuan, and Mahfuzur (2020) investigate how corporate board qualities affect the dividend distribution policies of Malaysian non-financial enterprises. The primary analytical tool is the fixed effect. For this study's robustness, the OLS and random effects

methodologies are employed. According to the findings, there is a positive and statistically mixed relationship between the percentage of board independence, board tenure, board size, and CEO duality and dividend payout. However, there was a bad correlation between dividend disbursements and the age and diversity of the corporate board.

Alhileen (2020) used descriptive statistics and the regression method to analyze the impact of ownership structures, including family ownership, government ownership, private ownership, and foreign ownership, on the dividend policies of public and private Jordanian companies listed on the Amman Stock Exchange from 2014 to 2018. According to the findings, there is a significant correlation between the ownership structures, employed control factors, and dividend policy.

The effect of corporate governance on the dividend policy of large listed companies with headquarters in nations in continental Europe from 2002 to 2013 was examined by Rodrigues, Felcio, and Matos (2020). The findings, which are based on a panel data analysis, demonstrate the value of governance measures in defending the interests of shareholders and show that the choice of whether to pay dividends and the amount of such payments depend on several antecedents.

Nguyen, Dang, and Dau (2021) look at how corporate governance affected the dividend policies of businesses listed on the Vietnam Stock Exchange between 2008 and 2018. The GLS regression method was employed in the study to analyze the data. Results show that the managing director and the chairman of the board of directors have a negative impact on the dividend payout. Research also demonstrates that the dividend payout is influenced by elements like profitability, financial leverage, firm size, and investment opportunities.

The relationship between corporate governance and dividend policy of Sri Lankan listed businesses with the greatest market capitalization for the years 2015 to 2018 was examined by Fernando, Dissanayake, and Mendis (2021). The data were analyzed using panel regression and descriptive analysis. According to research, the audit committee's independent directors and return on assets both significantly favorably affect the dividend policy. Meetings of the compensation committee significantly harm the dividend policy. The audit committee meetings, board size, board meetings, board independence, board gender diversity, board meetings with independent directors, firm size, and leverage, however, have no appreciable effect on the dividend policy. The results show that corporate governance had an impact on the listed businesses' dividend policies during the time period.

From 2009 to 2019, Mai and Syarief (2021) investigate how corporate governance affects the dividend policies of the banks listed on the Indonesian Stock Exchange. Logistic regression and ordinary least squares regression were employed in the data analysis procedure. The results showed that our five corporate governance factors, including propensity to pay dividends and dividend payout ratio, had a significant impact on dividend policy. The proportion of women on the board of directors has a negative impact on the likelihood of paying dividends, whereas institutional ownership, board size, and the size of the audit committee all have positive effects. This study did not show that independent board of commissioners had a substantial impact on the propensity to pay dividends and dividend pay-out ratio.

Panel least square was used to analyze the data in Hameed, Hussain, Naheed, and Shahid's (2021) study of the effect of corporate governance on the dividend distribution policy of companies listed on the Pakistan Stock Exchange between 2010 and 2020. Results from the fixed effect model demonstrate that corporate governance has a negative impact on dividend policy whereas politically

connected firms with a long term in government have a beneficial impact. According to the study's findings, a firm's dividend payment behavior is also influenced by factors such as firm size, profitability, taxation, asset turnover, leverage, and shareholding.

Using panel data regression analysis, including the fixed effect model with clustered standard errors, Siregar, Vitrianudin, Dalimunthe, Ahmad, Zakaria, and Suherman (2021) investigate the effects of board independence, board size, gender diversity, and board meetings on dividend policy of food and beverage firms in Indonesia, Malaysia, and Singapore for the period of 2013 to 2018. Results indicate that, in general, corporate governance mechanisms do not significantly affect dividend policy, with the exception of board meetings, which have a considerable impact on dividend yield and total dividend.

The effect of corporate governance on the dividend payment policy of Malaysian insurance companies listed on Bursa Malaysia from 2013 to 2017 is examined by Ibrahimy and Ting (2021). It is investigated whether board size, board independence, and CEO dualities affect dividend yield. The size of the firm, company profitability, and company growth were used as controls in this study. The regression analysis shows a substantial positive association between the dividend yield of insurance corporations and the size and independence of the board. The CEO duality and dividend yield, on the other hand, were found to have a negligible negative association.

Using a panel data technique, Farooque, Hamid, and Sun (2021) investigate the impact of corporate governance on dividend policy in Australian listed companies from 2005 to 2011. Findings demonstrate a substantial positive or negative relationship between board size, board independence, institutional ownership, and use of a Big-4 audit firm and dividend distribution (CEO duality and managerial ownership). Additionally, there is a strong positive (negative) correlation between managerial ownership and dividend yield (foreign ownership).

Nazar (2021) uses the Generalized Method of Moments (GMM) model to estimate the regression models on a panel data research in order to examine the impact of corporate governance on the dividend decision of non-financial businesses listed on the Colombo Stock Exchange of Sri Lanka between 2009 and 2016. This study uses four indices of corporate governance: managerial ownership, board size, board independence, and CEO duality. The study's findings demonstrated that managerial ownership had a sizable favorable effect on the dividend payment ratio. The dividend payout ratio was significantly positively impacted by the size of the board. The dividend payout ratio was dramatically and negatively impacted by board independence. CEO conflict had a negligible adverse effect on the dividend payout ratio.

The question of whether corporate board qualities affect dividends policy in Omani-listed corporations is one that Alshabibi, Pria, and Hussainey (2021) explore. It also investigates whether the current world oil crisis has any bearing on this relationship. 109 companies listed on the Muscat Securities Exchange between 2009 and 2019 were used as a sample. The results show that board independence, board participation, and board nationality diversity are all positively correlated with dividend payout. However, there is no proof that board size or gender diversity affects dividend payout. Interestingly, none of the corporate board traits affect dividend payout when the global oil crisis is taken into account.

Yakubu, Kapusuzolu and Ceylan (2022) uses a panel dataset covering the years 2008–2018 and the generalized method of moments approach to investigate the impact of board independence on the

dividend policy of companies listed on the Ghana Stock Exchange. The findings show that board independence considerably and positively influences dividend per share, but larger audit committees are more likely to result in higher dividend payouts. However, frequent board meetings and remuneration committee meetings result in lower dividend payouts. Additionally, the age of the company significantly improves dividend payment.

Subramaniam, Najaf, and Thangarajah (2022) use a sample of 300 of the largest Malaysian public listed companies (PLCs) on Bursa Malaysia from 2008 to 2014 to evaluate how board governance mechanisms affect the link between a company's dividend payout and CEO salary. All models' results show a clear connection between dividend payments and executive remuneration. Additionally, board governance demonstrates a positive relationship between dividend distribution and Bumiputera, CEO education, and non-executive directors. Finally, there is a negative correlation between the dividend payout and the interplay between executive board salaries and the existence of Bumiputera.

The effect of board demographic diversity on the dividend distribution policy on non-financial companies listed on the Borsa Istanbul 100 index (Turkish capital market) from 2013 to 2018 was examined by Khan, Yilmaz, and Aksoy (2022). Panel logit and to bit regression models were used by the authors. Findings show that while gender, tenure, and age diversity have little bearing on dividend payments, diversity in nationality, experience, and educational background has a considerable impact on corporations' incentives to pay high dividends. Additionally, the Demographic Board Diversity Index (DBDI) has a favorable impact on how corporations decide how to pay out dividends. The research demonstrates that family-owned businesses with diverse board members have a detrimental impact on the frequency of dividend payments.

Methods

In this study, the longitudinal and causal investigation plans were employed. The study focuses on all publicly traded non-financial companies as of December 31, 2021, on the stock exchanges of the three (3) sub-Saharan African nations (Nigeria Stock Exchange, Johannesburg Stock Exchange, and Nairobi Stock Exchange). As of the end of 2021, there were 479 non-financial businesses, spread over 11 subsectors that were listed on the three securities markets. The Taro Yamani and the sample filtering technique were used to calculate the sample size. The formula for Taro Yamane sample selection is specified as: $n = \frac{N}{[1+(Ne^2)]}$. N indicates the entirety of the population (the population of listed non-financial enterprises analysed), n is the sample size, 1 is a constant, and e is the error limit, which in this study is 0.05 percent. So, using Taro Yamane's sample selection approach, 218 non-financial businesses were chosen as the minimal sample from the population, representing 45.5 percent of all listed non-financial companies on the three security exchanges. In any case, two hundred and thirty nine (239) firms was chosen utilizing the sample filtering procedure in view of the accompanying three rules: (i) accessibility of yearly reports from firm's site for the time of study (that is, 2007 - 2021); (ii) accessibility of corporate governance information for the firms from 2007 to 2021; and (iii) accessibility of dividend payout information from 2007 to 2021. These criteria were employed since it is in consonance with previous research (Al-Najjar & Hussainey, 2009; Tahir et al., 2014; Agha et al., 2016), and furthermore permit the researcher to fulfill the balanced panel data criteria. The 239 non-financial enterprises are divided into the following subsectors: Conglomerates (8), Consumer Staples (52), Consumer Discretionary (37), Energy (11), Healthcare (11), ICT (17), Industrial (32), Materials (51) Real Estate (8), Telecom (9) and Utilities round out the top ten

industries (3). It is common practise to use a normalised industry arrangement to bring together businesses from different countries into one industry. The Global Industry Classification Standard was so employed (GICS).

Theoretical Framework

The agency hypothesis supports the model which explains the effect of corporate governance on dividend payout. The agency hypothesis propounded by Jensen and Meckling (1976) has been studied widely in researches with supporting proof, on the connection between corporate governance and dividend payout. Under the agency context, we have two significant hypothetical perspectives that have been used by earlier researchers to make sense of the corporate governance - dividend payout nexus: the outcome and substitution hypotheses. The outcome model predicts a positive connection between dividend payout and corporate governance while the substitution model expects an inverse connection between corporate governance and dividend payout (John and Knyazeva, 2006; La-Porta, Lopez-de-Silanes, Shleifer and Vishny, 2000a).

Agency model gives the premise to governance principles and endeavors to resolve the conflicting interest in corporation (Maher and Anderson, 1999). Also, the significance it gives to financing through equity makes it most appropriate for this research since that our concentration is on quoted companies. One of the deficiencies of agency theoretical framework is its dependence on the notion of egocentric agents who aim to make the most of private economic wealth. The corporation's board is one of the answers for solving agency skirmish. The board interposes itself between the stockholders and the administrators. The approval of decisions relating to investment along with the replacing management in the best interests of the stockholders is carried out by the board (Bruce, Buck & Main 2005).

Kang, Kumar, and Lee (2006) opined that given that the role of the board is to defend the stockholders interest, therefore the board should comprise members that are representative of these stakeholders. Stockholders differs, so a board that is not heterogeneous does not represent an heterogeneous group of stockholders; consequently a board that is more diverse in terms of femininity, as well as bigger board size and board independence, will be better for settling the agency issue.

Specification of Model

The model is a variation of the models from Shehu, (2014), and Agha et al., (2016). The following is a description of the model's mathematical and functional form:

$$\text{Dividend Payout} = f(\text{BSIZE, GENDIVS, BIND, MAO, Profit, Firm Size}) \dots\dots\dots (3.1)$$

Equation (3.2) gives the dynamic panel data model in the econometric form as follows:

$$\text{DIVPAY}_{it} = \alpha_0 + \alpha_1 \text{DIVPAY}_{it-1} + \alpha_2 \text{BSIZE}_{it} + \alpha_3 \text{GENDIVS}_{it} + \alpha_4 \text{BIND}_{it} - \alpha_5 \text{MAO}_{it} + \alpha_6 \text{PAT}_{it} + \alpha_7 \text{FSZE}_i + \alpha_t + \alpha_i + \alpha_i \dots\dots\dots (3.2)$$

The calculated parameter coefficients range from $\alpha_0 - \alpha_7$. The companies in question and the time frame (2007–2021) are indicated by the subscripts I and t, respectively. In order to address potential

endogeneity of the independent variable, which may include the probability of omitted variables, simultaneity, and measurement error of variable in the context of dynamic panel data approach, DIVPAY_{it-1} is a lagged dependent variable. The coefficients of the borders up for evaluation range from $\beta_0 - \beta_7$. The addendums I and t independently refer to the specific businesses and the period (2007–2021). DIVPAY_{it-1} is slacked subordinate variable and its incorporation in the model is to address the conceivable endogeneity of the explanatory variable which incorporated the probability of excluded variables, simultaneity and measurement error of variable in the context of dynamic panel data technique.

Description of Variables

DIVPAY_{it} = Dividend payment made by company I at time t.

DIVPAY_{it-1} = Lagged dividend payout value for company I at time t

BSIZE_{it} = Board size of firm I at time t

GENDIVE_{it} = Board gender diversity of firm i at time t.

BIND_{it} = Board independence of firm i at time t.

MAO_{it} = Managerial ownership of firm i at time t.

PAT_{it} = The firm's profit after tax margin at time t.

FSZE_{it} = the firm's size at time t.

β_t = effect of time.

β_i = Fixed impacts particular to a certain company.

β_{it} = The stochastic (error) term for company I at time t is denoted by it.

The deduced assumptions of the study are of the form: $\beta_1 > 0, \beta_2 > 0, \beta_3 > 0, \beta_4 > 0, \beta_5 < 0, \beta_6 > 0, \beta_7 > 0$. This deduced sign implies that the model explanatory variables are expected to impact on dividend payout in line with the theoretical framework of the study as well as in confirmation of prevailing studies.

Operationalization of Variables

The variables embraced are operationalized in Table 1 and the prior researcher who uses the variable in their research is additionally revealed.

Table 1. Operational Definitions of The Variables

S/N	Variable	Type of Variable	Measurement	Sources
1	Dividend Payout (DIVPAY)	Dependent Variable	Total yearly dividends paid divided by the Net profit of the company	Hommel (2011)
2	Boar Size (BSIZE)	Independent Variable	Number of total directors/members on the board of directors.	Agha, et al., (2016)
3	Gender Diversity (GENDIVS)	Independent Variable	The proportion of female director in the board composition	Abubakar and Muhammad (2017)
4	Board Independence (BIND)	Independent Variable	The ratio of directors' shareholding to total shares in the paid-up share capital	Agha, et al., (2016)
5	Managerial Ownership (MAO)	Independent Variable	The sum of shares owns by managers, executive directors and their families divided by the total capital shares of the firm.	Ezeagba (2017)
6	Profitability (PAT)	Controlled variable/ Independent Variable	Profits after tax/sales	Agha, et al., (2017)
7	Firm Size (FSZE)	Controlled variable/ Independent Variable	Logarithm of total asset	Fodi and Walid (2010)

Source: Compilation of the Researcher's, (2022)

Techniques for Analyzing Data

The methodologies of descriptive and inferential statistics are used in this study to analyse the data. Descriptive and correlation analyses are both included in the descriptive statistics. We used the dynamic panel data regression method in the inferential statistic.

Empirical Analysis

Statistical Analysis

Descriptive Statistics

In Table 2, the descriptive statistics are accounted for. The Table comprises general averages across sectors in addition to higher moment conditions that assurance the estimation of the suitability of the panel data analysis. As noted in the variable description, the ratio of dividend payout to total profits in the firms is used as the dependent variable in order to avoid measurement problems relating to the value of currencies in the different countries. The mean ratio of dividend payout to profit is 2.99 percent, which is comparatively moderate over the time. However, the maximum ratio of 60.85 percent and the minimum ratio of -57.38 percent indicate that specific firms have had somewhat huge payouts while others have had very little payouts over the time in the sample. This is therefore indication that the individual firms' exhibit highly varied dividend payout characteristics,

which is also reflected in the relatively large standard deviation value of 5.52 and a coefficient of variation (CoV) which is greater than 1. Furthermore, the Table 2 average is smaller than most reported dividend payment levels, which is indicated by the skewness value of 2.43. This implies that a small number of extraordinarily high numbers were recorded for some of the firms.

Table 2. Descriptive Statistics

Variable	Mean	Max.	Min.	Std. Dev.	CoV	Skewn	J-B	Pr.
<i>Divpay</i>	2.99	60.85	-57.38	5.52	1.85	2.43	115586.2	0
<i>Bsize</i>	9.36	25	0	3.14	0.34	0.36	327.20	0
<i>Gendiv</i>	65.52	95.0	0	16.59	0.25	-1.21	1878.45	0
<i>Bind</i>	13.20	62.5	0	11.96	0.91	0.78	348.84	0
<i>Mao</i>	14.63	94.64	0	21.03	1.44	1.59	1827.23	0
<i>Pat</i>	3.92	834.13	-1123.4	51.47	13.13	-4.72	38075.0	0
<i>Size</i>	11.72	17.22	0	2.31	0.18	-1.38	6293.43	0

Source: Calculations by the author (2022)

J-B has a very high value for dividend distributions (*divpay*) and is particularly significant at the 1% level. This illustrates that, in terms of probability functions, the *divpay* series are extraordinarily non-normally distributed. In light of this, the panel data appears to be highly diverse with significant perceptions of the firm- or sector-specific consequences. This demonstrates how effective the panel data approach is for the inquiry. The average board size is approximately 9 although the maximum value shows that some companies had up to 25 members of the board. Average proportion of gender diversity is 65.5 percent, which shows that the proportion of women in the boards was over 65 percent on average among the companies. This is a large proportion and shows that these firms have more women as board members. The mean value for board independence is 13.2 percent, which is low and indicates that only 13.2 percent of board members across the firms are externally appointed. Managerial ownership of firms is also 14.6 percent on average. The J-B value is reliably high for every one of the variables in the panel analysis.

Findings

Correlation Analysis

In the research based on correlation tests, Table 3 shows the relationships between sets of data. The strength and direction of the relationships among the independent variables in the preset models are what we specifically want to determine. From Table 3, it is seen that there is a positive relationship among the board variables of board size, board independence and gender diversity. This tends to show that larger boards also have more female members and are also more independent. Thus, larger boards may appear to be more efficient in this case. Managerial ownership of companies has a significant inverse correlation coefficient with each of the board variables. This means the larger the proportion of the firm owned by management, the smaller the board size, the less the number of women involved, and the less independent the board will be. This is actually the expected position for the relationships. Profit has no meaningful connection with the other explanatory factors while the size of the firm has a meaningful and direct relationship with all other independent variables.

Table 3. Correlation Matrix

Variable	divpay	Bsize	Bind	Gendivs	Mao	pat
<i>Bsize</i>	0.127** (0.00)					
<i>Bind</i>	0.070** (0.00)	0.325** (0.00)				
<i>Gendivs</i>	0.130** (0.00)	0.168** (0.00)	0.133** (0.00)			
<i>Mao</i>	-0.116** (0.00)	-0.164** (0.00)	-0.176** (0.00)	-0.016 (0.34)		
<i>Pat</i>	0.135** (0.00)	0.085** (0.00)	0.054** (0.00)	0.038* (0.03)	-0.008 (0.64)	
<i>Fsize</i>	0.125** (0.00)	0.642** (0.00)	0.342** (0.00)	0.211** (0.00)	-0.201** (0.00)	0.114** (0.00)

Note that the symbols * and ** denote significance at 5% and 1%, respectively.

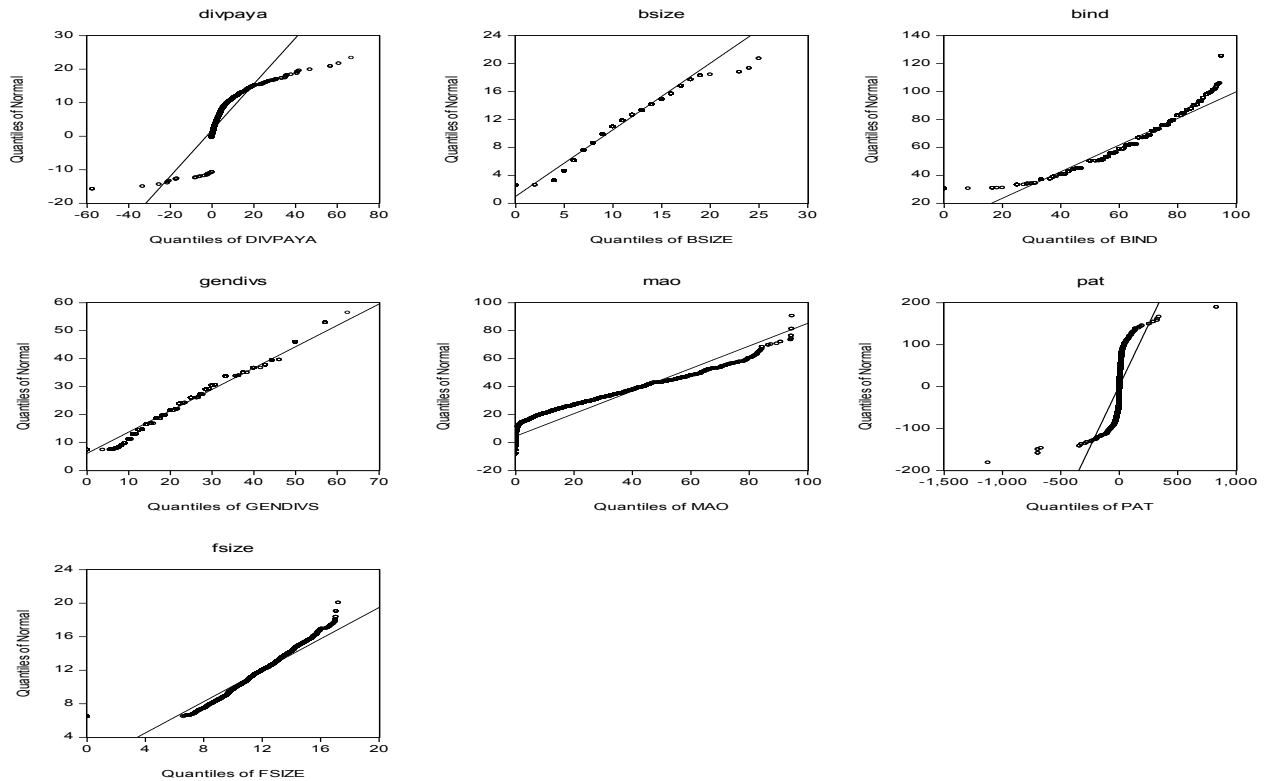
Source: Calculations by the author (2022)

Quantile-Quantile (Q-Q) Theoretic Plot

Another important aspect of the preliminary test of the panel data is to observe the distribution patterns of the density functions of the residuals for each of the variables; the Quantile-Quantile (Q-Q) theoretic plot is reported. This is important since the data used in the analysis is a panel structure with variables expected to exhibit heterogeneous characteristics. One way of exploring the distribution of the residuals in the data series is to plot the quantiles. The quantiles in this study are shown in Figure 4.1 the points in the QQ-plots should lie alongside a straight line across the chart, if the residuals are normally distributed. If this is not established, then the normal distribution of the probability density functions cannot be assumed for the data.

In the chart, only the plots for gender diversity appear to lie on the diagonal line almost over the entire length, though there were slight deflections at the lower tail. This suggests that gender diversity (*gendivs*) is generally more normally distributed when compared to the other variables in the model. The plots for each of the other variables indicate that these variables are highly heterogeneous, especially in terms of dividend payout, managerial ownership, and profits. For the other variables, the heads and tails give indications of heterogeneity among the datasets.

Figure 1. The Quantile-Quantile (Q-Q) Theoretic Plot



Source: Author’s computations, (2022)

Panel Unit Root Analysis

In the GMM assessment method, information utilized is thought to be time-invariant and to have mean and variance that are steady after some time. Hence, the initial step of the panel examination is to test the time series properties of the data, starting with the stationarity test. Considering that panel data are utilized in the research, a panel unit root test is accordingly taken on in testing the time series properties of the data. In this manner, the unit root tests ought to have firm-explicit attributes, unique in relation to the unadulterated time series investigation. This is done using the Augmented Dickey-Fuller Fisher test as well as homogeneous and heterogeneous panel unit root tests (Levin, Lin, and Chu (LLC) and Im, Pesaran, and Shin (IPS)). The outcomes of the two tests are shown in Table 4.3. The panel is assumed to be non-stationary and would almost definitely not generate estimates that are useful or accurate on the odd chance that the data have a mean and variances that depend on time.

Table 4. Panel Unit Root Test Result

Variable s	Homogeneous Unit Root Process				Heterogeneous Unit Root Process			
	Level		1 st Diff		Level		1 st Diff	
	LLC	Breitung	LLC	Breitung	IPS	ADF-Fisher	IPS	ADF-Fisher
Divpay	-116.8**	-0.141	-40.9**	-4.80**	-18.13**	793.9**	-19.9**	1160.6**
Bsize	-14.9**	0.79	23.4**	-6.03**	-3.79**	631.9**	-13.1**	985.3**
Gendivs	-19.4**	-1.06	-22.6**	-6.84**	-5.51**	617.0**	-12.8**	901.6**
Bind	-24.7**	-2.35**	-26.3**	-9.61**	-7.36**	721.2**	-14.8**	1047.1**
Mao	-7101**	-1.07	-3254**	-2.02*	-644.7**	685.1**	-238.4**	1041.1**
Pat	-146.0**	-1.00	-7.95**	-4.18**	-19.1**	844.4**	-3.27**	109.6**
Size	-29.3**	-4.14**	-23.4**	-1.36	-1.77*	542.5*	-10.6**	878.2**

Note that the symbols * and ** denote significance at 5% and 1%, respectively.

Source: Calculations by the author (2022)

In light of the LLC, IPS, and ADF-Fisher tests, it can be shown from Table 4.3 of unit root tests that the levels variable is crucial for the test measurements at either the 1% levels. Only the Breitung test provides non-meaningful test results for each of the levels' variables. This demonstrates that the null hypotheses of stationarity, which postulate that the variables among the firms don't follow a described type of movement over a given period, cannot be discounted in levels for each and every one of the elements. It is obvious that the variables do not serve time. However, the results also demonstrate that all test statistics for the first difference are significant, leading to the rejection of the null hypothesis that there are no unit roots in the first difference. These results strongly imply that most of the components are stationary at both the level and the initial difference. Since the variables are also stable following the differencing, the homogeneous and heterogeneous panel unit root tests also confirm this conclusion. As a result, we estimate the long-run connection.

Panel Cointegration Test

Since we have shown that the panel series under study are represented by unit roots and include order I(1), it is necessary to determine if cointegration exists. Table 5 displays the results of the Pedroni's and Kao panel cointegration tests.

Table 5. Panel Cointegration Test Results

	Pedroni Test		Kao Test	
Eqtn: a Governance mechanism				
Alternative hypothesis: common AR coefs. (within-dimension)				
	Statistic	Prob.	Weighted Statistic	Prob.
				-2.368 Probability = 0.00
Panel v	-4.12	1.00	-11.29	1.00
Panel rho-	9.89	1.00	-13.54	1.00
Panel PP-	-26.42	0.00	-36.39	0.00
Panel ADF-	9.67	0.00	-7.56	0.00
“Alternative hypothesis: individual AR coefs. (between-dimension)”				
Group rho-	15.27	1.00		
Group PP-	-59.43	0.00		
Group ADF-	-8.41	0.00		

Source: Calculations by the author (2022)

The test for the presence of a typical stochastic pattern is also performed in this work since the research focuses on the long run and integrated approach. This includes the existence of a correlation between the dividend and other aspects of corporate governance. Additionally, this test helps to validate the assessment's usage of the GMM method. The results of the Pedroni and Kao panel cointegration tests on the series between the dependent variable and the autonomous variables for the predefined model are displayed in Table 5. For the unit root tests on the evaluated residuals, the segments titled between dimension show the estimated value based on estimators that average independently derived coefficients across several nations. The null hypothesis is "there is no cointegration among the variables" based on the test's results.

The test's results usually show that, both for the assembled and ungrouped tests, all relevant report values are significant at the 1% level in light of the Pedroni residual. All test procedures, such as rho, PP, and ADF, have significance for both internal and external tests (at the 1 percent level). As a result, the dividend equation's combined variables do not support the null hypothesis that there is no cointegration.

Analysis of The GMM Estimates

The outcome of the appraised equation that was stated in the segment above is investigated in this segment. The objective is to exhibit the suitable parts of the outcomes assessed concerning its general significance, the importance of the singular coefficients, as well as the handiness of the situations for theories testing. The dynamic panel data (DPD) technique is employed in the estimation utilizing the system GMM. From now on, neither the constants nor the outcomes of standard analytical tests are reported in the evaluations (for example, the R-squared and its changed partner, or the F-values). Perhaps the Arellano-Bond AR tests for autocorrelations of the differenced terms and the appropriateness of the selected instruments (in light of the Hansen J-measurement) are receiving the most attention. The Arellano and Bond (AB) test is used to

determine how the fittingness of the instruments used for the GMM evaluation is estimated, whereas the J-measurement measures the fittingness of the instruments.

The Link Between Corporate Governance Mechanisms and Dividend Payout

The outcome of the panel assessments for corporate governance components and dividend payout in the three chosen Sub-Saharan Africa nations are introduced in Table 6. The diagnostic tests in the outcomes are by and large remarkable in view of the tests for instruments and differenced autoregressive stochastic terms. The coefficients of the over-distinguishing limitation test measurement for the GMM gauges (for example likelihood of the J-value) have the anticipated values (for example more noteworthy than 0.1). Consequently, the outcomes demonstrate that the instruments used in the assessment are apt and the model is well identified. The Arrelano and Bonds first and second order sequential relationship tests additionally uncover noteworthy outcomes. The result of the tests uncovers that the first order statistics is meaningful and has the normal negative sign. The second order statistics isn't meaningful (in accordance with deduced assumption), proposing that the stochastic terms in the model are sequentially uncorrelated in levels. This offers extra help for the instrument legitimacy test shown by the Hansen J-statistic.

Table 6. Corporate Governance Mechanisms and Dividend Payout Results

Variable	1	2	3	4	5	6
DIVPAY _{t-1}	0.157** (24.51)	0.117** (21.53)	0.136** (50.1)	0.131** (38.06)	0.126** (43.4)	0.129** (427.58)
BSIZE	0.771** (9.45)	1.038** (10.08)	0.654** (14.15)			
BIND	-0.040** (-4.23)	-0.050** (-4.98)		-0.028** (-3.95)		
GENDIVS	-0.032 (-1.74)	0.046* (2.79)			0.043** (4.94)	
MAO	0.115** (4.15)	-0.005 (-0.36)				0.1634** (6.26)
PAT	0.017* (2.46)	0.025** (4.93)	0.025** (6.26)	0.017* (2.57)	0.021** (4.17)	0.0191** (3.05)
SIZE	-0.118 (-0.90)	0.215 (1.50)	-0.089 (-1.07)	0.577** (6.51)	0.466** (6.79)	0.0575 (0.66)
Period fixed effects	No	Yes	No	No	No	No
Hasen J-stat (prob.)	0.094	0.066	0.103	0.070	0.163	0.226
A-B AR(1)	-2.92*	5.16**	-3.41**	-1.98*	-2.47*	-4.09**
A-B AR(2)	-1.32	-1.75	-1.63	-1.07	-0.95	-1.80
N	3275	3275	3275	3275	3275	3275

Note that the symbols * and ** denote significance at 5% and 1%, respectively.

Source: Calculations by the author (2022)

The pattern of individual effect of the explanatory variables within the model is observed by considering the explanatory variable coefficients in terms of significance and sign. The results in Table 4.5, show that the coefficient of the lagged dependent variable in each of the estimates are all significant at the 1% level, confirming the existence of a dynamic structure of the link between dividend payout and the independent variables. The coefficients of the $DIVPAY_{t-1}$ variable are all positive for each of the estimates in the results. This reflects long-run stability in the estimated equations and shows that when there is a short run shock in the system dividend payout; internal mechanisms will be set in place to ensure the return to long-run equilibrium without any self-reinforcing disequilibrium in the system. Apparently, the governance mechanism factors are capable of restoring dividend payout to its long-run equilibrium over time among the firms.

In order to enhance the robustness of the estimated relationships, the regression is performed for the full variables in the model (with and without control for fixed effects), and estimation is also done by including each of the corporate governance variables in a step-wise manner. The results from the baseline regression (i.e., complete model without control for period fixed effects), all the corporate governance variables (except gender diversity) are significant at the 5 percent level. The coefficients of board size and managerial ownership are positive, while that of board independence is negative. This result essentially suggests that the larger board membership with higher level of ownership tends to be more favorable for better dividend payout system. On the other hand, more independence of the board has negative effect on dividend payout system among the firms.

The second column of the results in Table 4.5 controls for period fixed effects, given that dividend policy of firms tends to change significantly over time (Agha et al, 2016). This result shows some level of robustness in the baseline estimates. First, the coefficient of board size, board independence remains the same in terms of signs and significance. However, the coefficient of board gender diversity is now significant at the 1 percent level. This shows that when the variation of dividend policy over time is taken into cognizance, the effect of gender diversity on dividend payout becomes evident – gender diversity actually promotes more dividend payout among firms in Sub-Saharan Africa.

The other columns (3-5) in the result show the step-wise inclusion of each of the governance mechanism variables into the model. The results are quite interesting and robust. With the step-wise inclusion of the variables, all the corporate governance variables become significant at the 1 percent level. The result reveals that size of the board has a positive effect on firm dividend payout when only firm size and profitability are taken into cognizance. This finding suggests that boards that are large are likely to pay higher dividend. The positive effect of the size of boards on dividend payout is in tandem with *a priori* expectation. The import of this finding is that board size seems to be a critical factor and a major driver of corporate decisions and consequently dividend payouts. The implication of this finding is that when the board is reasonably large, members of the board utilize their authority to influence dividend payouts. This suggests that companies with large number of board of directors seem to have more weight in influencing management dividend policy. Moreover, these directors may be more likely to protect and promote the interest of shareholders through disbursing cash. Furthermore, a larger board may offer better monitoring since there are more directors that can challenge the decisions that favor the interests of the chief executive. The findings also support the agency theory that dividends serve as a means of protecting shareholders. This finding is also substantiated in past studies by Gill and Obradovi, (2012); Thomas, (2013) and Agha et al., (2016). However, the findings do not support Asamoah (2005); and Tahir et al., (2014); who found that size of the board and dividend payout are not significantly and positively related. It is also not in tandem

with Ikunda et al., (2016) findings that show reveal that board size exerts a negative and significant effect on dividend payouts of companies.

The result also shows that the coefficient of board gender diversity is positive and significant. This implies that with more females as board members, there is a higher likelihood of increases in dividend payout over time. The positive link between gender diversity of board and dividend payout is in agreement with *a priori* expectation. The implication of this finding is that a rise in the number of female board members will result in an increase in the dividend payout of the listed non-financial firms in the sampled Sub-Saharan Africa nations. The positive relationship is therefore shows that with rising proportion of women in boards of African firms, dividend policy will be one of the major areas of positive influences. The finding of this research in this regard is quite in in line with some prior studies. For instance, it is consistent with Abubakar & Muhammad (2017) who found a significant link between board gender diversity and dividend payouts of quoted firms. The finding of the study is however contrary to that of Thomas (2013) who found a direct and significant relation between gender diversity of boards and dividend payout. Van Pelt (2013) however found that the effect of board diversity on dividend payout was direct but insignificant.

In the same vein, the result reveals that independence of board is found to have a clear negative effect on the dividend payout of listed non-financial corporation in the sampled Sub-Saharan Africa nations. This suggests that more independent members in the board would lead to less dividend payout by the firms. Thus, when independent directors dominate the boards, it results in a reduction in dividend pay-outs. This inverse nexus between board independence and dividend payout is not in agreement with theoretical expectations. This finding is in tandem with that of Al-Najjar & Hussainey (2009) and Shehu (2014). The finding of this research in this regard is not in tandem with some prior studies. For instance, it is inconsistent with Asamoah (2005); who find a positive and significant link between independence of board and dividend payouts. The finding of the study is also contrary to that of Tahir et al., (2014) who establish a direct and insignificant link between independence of board and dividend payout.

Furthermore, the result also reveals that managerial ownership coefficient is significant and positive (like that of board size). This implies that a rise in the proportions of managerial ownership result to increases in dividend payout. It appears that when management ownership is higher, the boards are pressured to increase dividends. The direct relationship between managerial ownership and dividend payout is not in agreement with *a priori* expectation. Implying that increasing managerial shareholding increases the dividend payouts of listed non-financial firms in the sample Sub-Saharan Africa countries. Furthermore, the positive link between managerial ownership (shareholding) means that the stockholders of the listed companies in the selected Sub-Sahara Africa Countries seem to be well sheltered against expropriation of their management. Therefore, shareholders' wealth is protected. The finding corroborates the results of Thomas (2013) and Ezeagba (2017). The positive and meaningful linkages between managerial ownership and dividend payout found in this study are not in accordance with the discoveries of Aydin and Cavdar (2015).

For the control factors, the results show that profitability has a positive and significant influence on dividend payout. It follows from this that more profitability will result in higher dividend payments. Individual investors who like big dividends should thus choose lucrative companies to invest in, and management should announce the dividend after taking their profit into account. The findings of Asamoah (2005), Agha et al. (2016), and Odeleye (2017), who have established a positive association between profitability and dividend payments, are consistent with the strong positive relationship

discovered between profitability and dividend payout. The outcome mostly supports the agency costs concept. Also, firm size has meaningful and positive influence on dividend payout. The ramifications of this are that the bigger the firm the higher the dividend they pay. This finding is in accordance with that of Aydin and Cavdar (2015).

Policy Implications

Since we have highlighted the specific policy implications of the findings in the previous section, the general policy implication of these findings suggests that corporate governance mechanisms have contributed significantly in explaining the dividend payout of quoted non-financial firms in the chosen Sub-Sahara Africa nations. Therefore, understanding the impact of corporate governance mechanisms on dividend payouts has an important connotation on investment policy of individual investor and management based on their dividend preference. For investors who attempt to forecast future dividends will, consequently, gain some relevant and valuable information concerning the firm corporate governance mechanisms to look out for when forecasting future dividends. Also, the management of the firms may also utilize the outcome of this research when determining the dividend payout since they will be given relevant information for decision making of which corporate governance mechanisms to be considered when determining the dividend payout policy to adopt. Also, the capital market regulators in the three selected Sub-Sahara Africa countries must make sure that firms strictly adhere to the of codes of corporate governance, since sound corporate governance will prevent infractions and ensure that investors/shareholders not only get rewards against invested money, either in terms of dividend or capital gains but also enhance their confidence. It will also ensure that other stakeholders benefit from the firms.

Conclusion

The critical role of sound corporate governance mechanisms on investment in terms of payment of dividend cannot be over-emphasized. Hence, the study empirically studied the influence of corporate governance mechanisms on dividend payout of quoted non-financial companies in three carefully chosen Sub-Saharan African nations. The carefully chosen nations of studied comprises; Nigeria, Kenya and South Africa. This is owing to the conflicting results on the influence of corporate governance mechanisms on dividend payout which has made the research area subject to additional empirical enquiry. Using dynamic panel data analysis covering the period 2007 to 2021, the ensuing were the outcomes; board size, and managerial ownership and board gender diversity exerts positive effects on dividend payout of quoted non- financial firms in the three selected Sub-Saharan African countries, whereas the effect of independence of board was inverse on dividend payout in the three chosen Sub-Saharan African nations. Thus, larger boards with more female composition appear to be the most efficient in terms of enhancing dividend payout among firms. Also, firms that have a larger proportion of managerial ownership also tend to pay more dividends. On the other hand, more independent boards (with larger proportion of external membership) do not promote the desire for larger dividend payout among SSA firms. In modern business and behavioral analysis, the role of firm-based factors in determination of policy-related decisions of firms has become only an integral part of a wide spectrum of factors, especially in relation to long term sustainability. In this direction, future research would add more direction and stability to the estimated coefficients in the current study by considering the roles of investor expectations and overall industry-based environment – if only as controls or fixed effects in order to obtain stable estimates.

Recommendations

Based on the empirical results of this research, the recommendations below are advanced for policy action:

- (i) Since the study shows that corporate governance mechanisms play effective roles in explaining firm dividend payout, it is therefore required that the board attributes need to be considered in terms of explaining dividend payouts among the selected firms in Sub-Sahara Africa. Apparently, larger boards are more desirable if the goal is increasing and sustaining a dividend payout among the firms. Furthermore, larger boards should be supported by shareholders because members of such boards will ensure that decisions that favor the self-dealing managers are rejected.
- (ii) Regulatory authorities in the chosen Sub-Sahara Africa countries stock market should constantly make sure that listed firms comply strictly to the codes of corporate governance in order to minimize market infractions and boost shareholders' confidence and thus encourage more investment in their respective capital markets.
- (iii) Considering the essential roles of boards in making dividend payout decisions among the companies, there it is essential for directors to weigh in on optimality in making a dividend policy decision. Optimality will be achieved when the company's net earnings are effectively separated between dividend payout to shareholders and retained earnings. Apparently, the boards who seek retain more earnings would have to devise appropriate means of establishing consensus with shareholders who seek to maximize their wealth over time.

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