



Dividend and its Determinants - An Empirical Study on Indian Investors

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ABSTRACT

The stock market or share market is a kind of assembly towards the buyer and sellers of the shares which manifest the proprietorship petition on enterprises and these can incorporate the preservation index through a public stock exchange likewise those only reciprocated it in a clandestine way. Moreover, these stocks may be specified in so many ways. But the stock exchange is a place where the individuals or the organizations can transact freely. Furthermore, there is an existence of huge enlisted companies in the stock exchanges system. In spite of that, it makes the stock market simpler and more apparent towards all the investors. Simultaneously, it can also perform as an underwriter of a contract or an agreement. Side by side, the variety of stocks may be transacted apart from the counter such as through a settler or dealer. Moreover, a few companies having contained its big position use to transact more than one exchange system in various countries to captivate the international investors. At the same time, the stock exchanges can envelope different kinds of preservation just as the certain interest preservation or outgrowth which has been transacted preferably over the counter in Indian stock market. Dividend is simply a kind of payment to the investors out of the earnings of an organization. Income Tax Act of India stretches a number of measures just as release of funds; allotment of debentures or bonus shares and even borrowings or advances provided to the investors may also be treated as dividend as well. The study started with dividend policy, various key determinant factors and their characteristics or features and their role in dividend decision, backgrounds to the primary survey, sample selection, etc. The endeavour here is to analyse dividend Determinant Factors and its role and to evaluate the views of Indian investors, company executives and stock market analysts towards dividend and its Determinant factors.

Keywords: Dividend Policy, Value of the Firm, Key Determinants, Dividend Decision, Indian Investors, Corporate Executive, Stock Market Analyst.

1. INTRODUCTION

The dividend policy of a firm is affected through a lot of incidents. But many of them influence on the dividend amount whereas the other factors influence the genre of dividend. Moreover, some principal factors, affecting a firm's dividend policy, have been represented accordingly. At the same time, there are not much acknowledged obsessions on the portion of a company to contribute the dividend. Yet, there is a demand of particular circumstances by law in respect of the dividend sharing. Practically, there are some basic rules regarding the payments of dividend. They are addressed as the rule of net profit just as the bankruptcy and the capital deterioration rule together. Secondly, the dividend distribution is also influenced by the lucidity position of a firm. On side of enough contained earnings, the firm is always unable to distribute the cash dividend whether the earnings are not retained in cash. Thirdly, a firm evermore utilizes the different kinds of due economy to reach its investment requirements. So, all the dues should be completed even at the time of maturity time. If a firm wants to contain its profit on behalf of repaying dues, then the capability of dividend distribution decreases. Fourthly, whether a firm has comparatively greater expectation of return-rate on the recent investment then the firm intends to contain the earnings for capitalization instead of cash dividend pay-out. After all, the pentagonal fact may be referred as the financial stability. Approximately, if a firm achieves the earning determination, it is more preferable to distribute the higher dividend than a firm incorporating the floating earnings. Hexagonally, while the excessive economical arising is required then a firm management cannot suggest concerning the further prevailing stock due to the fear of suspension in management authorization. Hence, a firm always suggests for more earnings to appease excessive economic requirement which decreases the capability of dividend pay-out. However, the hebdomad fact contains accession of the capital market as well. At the same time, it is absolutely true that whenever a firm maintains an available accession towards the leading market on behalf of an appended economical rising then there is not needed any more contained earnings. Therefore, the dividend payment capability of a firm becomes increased. Finally, in case of a strictly believed company, the shareholders comparatively want the lesser cash



dividend due to the large tax payment on dividend income. But the shareholders of high-volume tax reinforcement choose the capital profit instead of dividend profit. All these are the real manifesto of dividend policy

However, the endeavours deal with some major emphasis just as to analyze dividend determinant factors and its role and to evaluate the views of Indian investors, company executives and stock market analysts towards dividend and its determinant factors.

2. LITERATURE REVIEW

Widyastuti (2016) evaluated financial performance and its role on dividend policy of the firm and found a positive signal between the dividend policy and the financial performance and subsequently firm's value all together.

Chaabouni (2017) studied dividend announcement and return on stock which contemplated that a positive dividend policy has always a favourable impact on the market as it gives the information about company to the market itself.

Farrukh et al. (2017) evaluated dividend policy and its role on shareholder value. They found that a consistent dividend payment carries a positive signal to the market and automatically the shareholder's value gets maximised.

Swarnalatha and Babu (2017) studied reaction of share price and dividend announcement with special references to banking sector. They found a positive association or connection between the dividend payment and share price together.

Masry et al. (2018) found that the dividend decision differs from company to company as such decision is taken after a careful consideration of a number of factors just as legal as well as financial matters.

Venkataramanaiah et al. (2018) opined that a positive relationship between the firm's financial performances and dividend policy in which the leverage and liquidity are negatively related or concerned with the dividend policy also.

Roy and Das (2018) studied the key financial institutions and their role in Indian economy especially in the post-independence period. They found that various rectifications were being initiated in the Indian financial system. A good number of key financial institutions also were being increased at the post-independence period.

Baker et al. (2018) studied dividend policy and inflation. They found a positive relation between dividend pay-out and inflation. The stable earnings incorporating past dividend pattern and even expected future earnings play an important or essential role in case of Indian Dividend Policy.

Roy and Das (2019) evaluated various thoughts over dividend policy and its role on stakeholders' value. Subsequently they also tried to find the key determinants of dividend policy. They found that dividend policy and value of the firms are positively associated

Dabrowska et al. (2020) studied 'Determinants of Dividend Pay-out Decisions' with special references of some cases of food industry of emerging markets. They found that the cash flow, company growth, liquidity, profitability ratio etc. have a significant role in terms of providing dividend payments.

Mustafa Al-Sharif (2020) found that the debt ratio, net profits and the size or volume of the firm have a significant role in Islamic Banks.

Roy (2020) evaluated the views of Indian investors, company executives and stock market analysts towards dividend policy and its impact on the value of the shares and analyzed investors' opinion towards investment decision. He found that the investors are most curious about the Firm Specific Attributes of the firm at the time of taking investment decision.

Roy (2020) investigated the stock price over dividend decisions of Indian firms or companies and measured the association or correlation among the Dividend Per Share (DPS), Earning Per Share (EPS) and Value of the Share. He found a positive association among Dividend Per Share (DPS), Earning Per Share (EPS) and Value of the Share.

Roy and Das (2021) analyzed the views of Indian Investors, Company Executives and Stock Market Analysts towards Dividend Decisions. Subsequently evaluated dividend decisions and value of the firm. They found a positive relation between dividend decision and value of the firm through their empirical study of Indian investors.

Objectives of the Study

The views of Indian investors and company executives along with stock market analysts towards dividend and its key determinants factors have been evaluated in this endeavor. Thus, the endeavour started with dividend, various key

determinant factors and their characteristics or features and their role in dividend decision, backgrounds to the primary survey, sample selection, etc. The key objectives are to:

- Analyze dividend determinants and its role.
- Evaluate the views of Indian investors, company executives and stock market analysts towards dividend and its determinants.

Research Methodology

The proposed study is exploratory and empirical in nature. The study has examined various dividend determinants and their impact on stakeholders' value. For the theoretical and conceptual study, it is depended upon the available literatures on this field in the form of books, research publications, company annual reports, important journals, etc. A well-structured questionnaire was circulated among the Investors, Experts or Financial Analysts and Corporate Executives to get back their feedback on various issues like Dividend Policy and Stock Market Reactions, Investors' Opinions towards Investment Decision and Dividend Determinants of the firm during 2020. The feedbacks from the questionnaire were divided into four segments, namely General Information, Dividend Policy and Stock Market Reactions, Investors' Opinions towards Investment Decision and Dividend Determinants of the firm. Opinions of 630 respondents were considered in these respects. Their feedback on various issues is summarized as underneath discussions. 5-point Likert scaling method has been applied where the respondents may Strongly Disagree (1) / Disagree (2) / Neutral (3) Agree (4) or he may Strongly Agree (5) with the statements all together.

3. General Profile of the Respondents

(i) Gender

The gender is most essential in a research work because of its various manifestation of both the male and female investment ratio at the same time

Table 1: Gender Distribution of Respondents

Gender	Frequency	Percent
Male	467	74.1
Female	163	25.9
Total	630	100.0

According to the above Table 1 containing 630 responses, it is clear that majority of the respondents (74%) are male community which distinctly indicates the demographical segments of the respondents and it may also indicate that the men are more aware and curious about the stock market as well.

(ii) Age

The wealth allocation through age acts as an indispensable role in terms of creating a sound retirement skill of deposit or investment. In view of the fact, the investment on behalf of retirement is vital at any age but the same skill should not be brought into effective action by someone in their day-to-day life at the same time.

Table 2: Age Distribution of Respondents

Age (Years)	Frequency	Percent
Below 25	97	15.4
25 to below 35	176	27.9
35 to below 45	165	26.2
45 to below 55	163	25.9
55 and above	29	4.6
Total	630	100.0

Here, the above Table 2 depicts that most of the respondents (80%) are within the age bracket of 25 to below 55 years which distinctly recommends the gravity of the age and it may also recommend that the age group of 25 to below 35 years, 35 to below 45 years and 45 to below 55 years respondents are more aware and curious about the Stock Market.

Although, the respondents from above 55 years are the lowest (4.6%), from below 25 years are remarkably high (15.4%) which clearly recommend the respondent's demographical spirit.

(iii) Marital Status

The marital status is a type of authentic choices which represent an individual's affinity with another crucial one. Concurrently, the term is utilized in terms of the compositions or shapes, important records and diverse reports to particularize a human being who is married or unmarried. Generally, this kind of status of status of an individual always demonstrates that how much responsible he or she is or not.

Table 3: Marital Status of Respondents

Marital Status	Frequency	Percent
Married	418	66.3
Unmarried	212	33.7
Total	630	100.0

From the above Table 3 it is quite clear that majority of the respondents (66%) are married which clearly recommends the societal status of the respondents and it may also recommend that the married people are more aware and mysterious about the stock market as usually.

(iv) Educational Qualifications

The education is the process of simplifying and learning the achievement of awareness, techniques, standards, faiths and practices gradually in which the qualification is the only process of modification on behalf of fulfilment or a certificate demonstrating towards the accomplishment or execution. Over and above, both the quality assists to an inventor to choose the exact profit-making company in which their capital or fund is being invested.

Table 4: Educational Qualifications of Respondents

Educational Qualification	Frequency	Percent
Graduate	162	25.7
Post-Graduate	457	72.5
Other Qualifications	11	1.8
Total	630	100.0

From the above Table 4.4 it is clear that a great chunk of the respondents (72.5%) is Post Graduates which clearly recommends the gravity of the qualification having Post Graduate of the respondents and it may also recommend that the qualification with Post Graduate respondents is more aware and curious about the Stock Market. Although, the respondents from the Graduations are remarkably high (25.7%) which clearly recommend the respondent's quality of education.

(v) Financial Expert

The respondent is an individual having experience in finance who is summoned to expose a response towards contact made with one another. In addition, the respondent's feedback is required to a firm due to grow their consumer support as well as the capital improvement together.

Table 5: Financial Expert from Different Field

Financial Expert	Frequency	Percent
Investor	285	45.2
Stock Market Analyst	240	38.1
Corporate Executive	105	16.7
Total	630	100.0

The above Table 5 reveals that a great part of the respondents (45%) are investors which clearly recommend the type of the respondents and it may also recommend that the investors are more aware and curious about the Stock Market. Although, the respondents from the Corporate Executive are the lowest (17%), the Stock Market Analyst are remarkably high (38%) which clearly recommends the gravity of the respondents over the Financial Expert from Different Field.

(vi) Occupation

The occupation is best mentioned as the type of activities carried out by one which may act an indispensable or essential role in terms of the investment decision.

Table 6: Occupation of Respondents

Occupation	Frequency	Percent
Service	431	68.5
Professionals	145	23.0
Business	11	1.7
Others	43	6.8
Total	630	100.0

Here, from the above Table 6 it is also clear that most of the respondents (68.5%) the respondents from Services which clearly recommends the gravity of their occupation and it may also recommend that respondents from Services are more aware and curious about the Stock Market. Although, the respondents from the Business community are the lowest (1.7%), the Professionals are remarkably high (23%) which clearly recommends the respondent's needs, knowledge or the curiosity over the occupations.

(vii) Working Experience

The working experience is a type of experience which is an individual achievement at the time of working in particular work or employment. However, the exposure is extensively utilized to illustrate a kind of participant's work which is naturally desired on behalf of young generation as well as frequent students to receive an emotion for the professional working circumstances. Except this, the job experience of an employee assists to the investor throughout providing a good conduct about the investment risks, advantages and so on.

Table 7: Working Experience of Respondents

Experience (Years)	Frequency	Percent
Below 10	274	43.5
10 to below 15	116	18.4
15 to below 20	82	13.0
20 to below 25	133	21.1
25 and above	25	4.0
Total	630	100.0

The above Table 7 manifests that a great chunk of the respondents (43.5%) are below 10 years which clearly indicates the investment decisions in the stock markets usually are being taken within the prime life of services and it may also recommend that the junior or having a lower experienced employee are more aware and curious about the Stock Market. Although, the respondents from with an experience of 25 years and above are the lowest (4%), 20 to below 25 years are remarkably high (21.1%) which clearly recommends the respondent's demographical curiosities, vigour and spirits respectively.

(viii) Preferred Stock Exchange

There are miscellaneous options and one should choose the most indispensable one. In spite of that, the investors have to aware about the aggregate variations of investment preferences and how these can be chosen for the motive of

attaining the overall objectives. Whether the investor obtains the proper way or preferred area of interest then the maximum number of investors will invest their capital or fund on behalf of the better return according to their preference wherever they intend to invest their amount as well.

Table 8: Preferred Stock Exchange of Respondents

Preference	Frequency	Percent
Calcutta Stock Exchange	141	22.4
Bombay Stock Exchange	219	34.8
National Stock Exchange	230	36.5
Others	40	6.3
Total	630	100.0

Here, from the above Table 8 it is also clear that National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) are preferred by a great chunk of the respondents (71.3%) which clearly recommends the gravity of both the exchanges and it may also recommend that the NSE and BSE preferred respondents are more aware as well as curious about the Stock Market. Although, the respondents preferring other than NSE, BSE and CSE are the lowest (6.3%), the Calcutta Stock Exchange (CSE) is remarkably high (22.4%) which clearly recommend the respondent's preferences of CSE.

Dividend Determinants

The dividend policy of a firm is influenced through a number of incidents. But many of them influence on the dividend amount whereas the other factors influence the genre of dividend. Additionally, some major factors which are affecting a firm's dividend policy have been represented as usually. Concurrently, there are not much considered obsessions on the portion of a company to contribute the dividend. Still, there is a demand of particular circumstances by law in terms of the dividend sharing. Despite that, it bestows an indication of probable considerable areas or Key Determinants or the Factors that influencing Dividend Decision of the firm and managers or higher executives want to consider before taking any dividend decision. Again, to simplify the dividend determinant data, factor analysis has been applied and by the way the number of attributes or variables got reduced.

Table 9: Descriptive Statistics of Attributes Related to Dividend Determinants

Dividend determinants	Frequency of the Respondents (%)					Mean	SD	Skewness	Kurtosis
	1	2	3	4	5				
1. Amount of earnings of the firm.	5 (0.8)	2 (0.3)	27 (4.3)	237 (37.6)	359 (57)	4.50	.671	-1.680	4.874
2. Cash Flows of the firm.	4 (0.6)	4 (0.6)	45 (7.1)	233 (37)	344 (54.6)	4.44	.710	-1.412	2.919
3. Financial Needs of the firm.	1 (0.2)	10 (1.6)	38 (6)	235 (37.3)	346 (54.9)	4.45	.695	-1.281	1.888
4. Debt Policy of the firm.	3 (0.5)	11 (1.7)	39 (6.2)	247 (39.2)	330 (52.4)	4.41	.727	-1.386	2.616
5. Liquidity position of the firm.	3 (0.5)	9 (1.4)	32 (5.1)	237 (37.6)	349 (55.4)	4.46	.703	-1.500	3.214
6. Attitude of the management.	6 (1)	9 (1.4)	47 (7.5)	225 (35.7)	343 (54.4)	4.41	.770	-1.552	3.173
7. Investment Opportunity of the firm.	3 (0.5)	4 (0.6)	26 (4.1)	234 (37.1)	363 (57.6)	4.51	.655	-1.531	3.841
8. Age and Size of the firm.	4 (0.6)	12 (1.9)	50 (7.9)	230 (36.5)	334 (53)	4.39	.767	-1.397	2.373
9. Contractual and Legal Constraints of the firm.	3 (0.5)	14 (2.2)	65 (10.3)	214 (34)	334 (53)	4.37	.794	-1.254	1.474
10. Risk take-over bids of the	6	12	57	230	325	4.36	.800	-1.408	2.415

firm.	(1)	(1.9)	(9)	(36.5)	(51.6)				
11. Ownership position of the firm.	8 (1.3)	15 (2.4)	49 (7.8)	215 (34.1)	343 (54.4)	4.38	.829	-1.597	2.960
12. Lifecycle stage of the firm.	1 (0.2)	13 (2.1)	60 (9.5)	232 (36.8)	324 (51.4)	4.37	.754	-1.116	1.011
13. Demand supply equilibrium prevails in the firms' product.	3 (0.5)	11 (1.7)	59 (9.4)	281 (44.6)	276 (43.8)	4.30	.747	-1.068	1.598
14. Taxation Policy of the country.	5 (0.8)	13 (2.1)	33 (5.5)	255 (40.5)	324 (51.4)	4.40	.751	-1.543	3.390
15. Unemployment rate prevail in the country.	6 (1)	37 (5.9)	83 (31.3)	313 (49.7)	191 (30.3)	4.03	.870	-.937	.886
16. Inflation rate prevail in the country.	3 (0.5)	21 (3.3)	68 (10.8)	320 (50.8)	218 (34.6)	4.16	.779	-.950	1.284
17. Technological changes occur in the market.	5 (0.8)	12 (1.9)	67 (10.6)	315 (50)	231 (36.7)	4.20	.763	-1.041	1.899
18. Market share of the firm.	2 (0.3)	10 (1.6)	46 (7.3)	231 (36.7)	341 (54.1)	4.43	.724	-1.304	1.985
19. Economic condition of the country.	3 (0.5)	10 (1.6)	48 (7.6)	314 (49.8)	255 (40.5)	4.28	.713	-1.053	2.075
20. Fiscal position of the country.	5 (0.8)	18 (2.9)	66 (10.5)	208 (33)	333 (52.9)	4.34	.838	-1.332	1.688
21. Trade environment in the country.	3 (0.5)	10 (1.6)	50 (7.9)	233 (37)	334 (53)	4.40	.744	-1.323	2.133
22. Appreciation or devaluation of currency.	4 (0.6)	15 (2.4)	61 (9.7)	430 (68.3)	120	4.03	.663	-1.047	3.333

The above descriptive statistics Table 9 depicts that the mean values of all the attributes are greater than 3 (lies 4.03 to 4.51); SD is 0.655 to 0.870 which indicates the acceptable value. However, all the Skewness values are negative which recommends that the data skewed left. As the Kurtosis values of most of the variables (16 out of 22) are less than 3, the dataset is normally distributed. But the study concludes that the above attributes/variables play an essential role in the dividend decision and the analysis may be continued.

Table 10: Frequency Distribution of Respondents Pertaining to Dividend Determinants

Average Score	Opinion	Frequency	Percent
1 to below 2	Strongly Disagree	1	0.2
2 to below 3	Disagree	11	1.7
3 to below 4	Agree	47	7.5
4 to 5	Strongly Agree	571	90.6
Total		630	100

The above Table 10 indicates the Summary statistics of respondents pertaining to Dividend Determinants. It summarizes that the majority of the respondents (98%) are agreed with the dividend determinants and supports the attributes.

Table 11: Correlation among the Attributes of Dividend Determinants

		Correlation																			
		V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16	V17	V18	V19	V20
V1	1	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65
V2	.65	1	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65
V3	.65	.65	1	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65
V4	.65	.65	.65	1	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65
V5	.65	.65	.65	.65	1	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65
V6	.65	.65	.65	.65	.65	1	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65
V7	.65	.65	.65	.65	.65	.65	1	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65
V8	.65	.65	.65	.65	.65	.65	.65	1	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65
V9	.65	.65	.65	.65	.65	.65	.65	.65	1	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65
V10	.65	.65	.65	.65	.65	.65	.65	.65	.65	1	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65
V11	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	1	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65
V12	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	1	.65	.65	.65	.65	.65	.65	.65	.65	.65
V13	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	1	.65	.65	.65	.65	.65	.65	.65	.65
V14	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	1	.65	.65	.65	.65	.65	.65	.65
V15	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	1	.65	.65	.65	.65	.65	.65
V16	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	1	.65	.65	.65	.65	.65
V17	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	1	.65	.65	.65	.65
V18	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	1	.65	.65	.65
V19	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	1	.65	.65
V20	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	.65	1	

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

The correlation is a popular statistical technique applied to whether and how strongly the pairs of variables are related. The value represented the correlation matrix of the question asked. As all the attributes exhibit a positive value there is a positive correlation among them which implies the data set is in the same direction.

Table 12: Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Dividend Determinants

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.974
Bartlett's Test of Sphericity	Approx. Chi-Square	10855.804
	df	231
	Sig.	0

The above Table 4 indicates that the sampling is sufficient as the KMO Value is 0.974 (adequate if it lies in between 0.8 to 1) and subsequently the attributes are accepted for further analysis. But the Bartlett's Test of Sphericity which is a Chi-Square test indicates the degree of relationship between the attributes.

Table 13: Communalities of Dividend Determinants

Attributes	Extraction	Attributes	Extraction
4.1 Amount of earnings of the firm.	0.634	4.12 Lifecycle stage of the firm.	0.712
4.2 Cash Flows of the firm.	0.675	4.13 Demand supply equilibrium prevails in the firms' product.	0.566
4.3 Financial Needs of the firm.	0.700	4.14 Taxation Policy of the country.	0.681
4.4 Debt Policy of the firm.	0.715	4.15 Unemployment rate prevail in the country.	0.639
4.5 Liquidity position of the firm.	0.616	4.16 Inflation rate prevail in the country.	0.649
4.6 Attitude of the management.	0.621	4.17 Technological changes occur in the market.	0.645
4.7 Investment Opportunity of the firm.	0.647	4.18 Market share of the firm.	0.634
4.8 Age and Size of the firm.	0.628	4.19 Economic condition of the country.	0.617
4.9 Contractual and Legal Constraints of the firm.	0.664	4.20 Fiscal position of the country.	0.707
4.10 Risk take-over bids of the firm.	0.650	4.21 Trade environment in the country.	0.646
4.11 Ownership position of the firm.	0.676	4.22 Appreciation or devaluation of currency.	0.519

The Table 13 above portrays the Communalities of Dividend Determinants. While the factors explain 'proportion of each variable's variance' is simply known as communalities. Also, the extraction recommends the proportion of each variable's variance that can be explained by the principal components. Variables with high values are well represented in the common factor space, while variables with low values are not well represented. As all the attributes in the above Table possess a community value > 0.5, the deciding factors are ideal and the analysis may be continued.

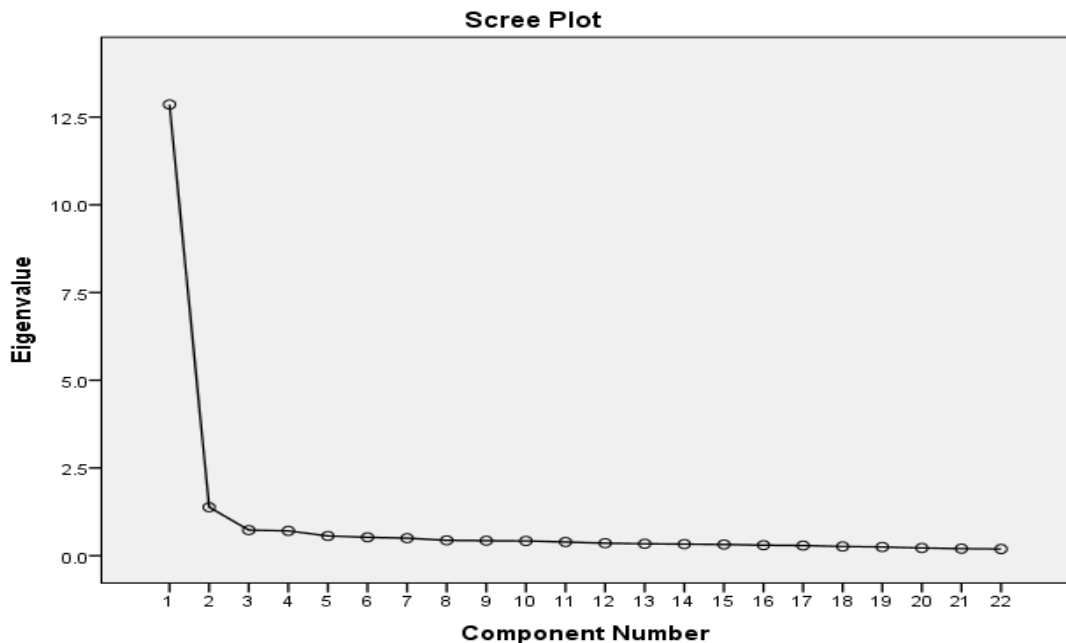
Table 14: Total Variance Explained by the Attributes of Dividend Determinants

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Total	% of Variance	Cumulative %
1	12.858	58.446	58.446	12.858	58.446	8.583	39.012	39.012
2	1.382	6.282	64.728	1.382	6.282	5.658	25.716	64.728
3	0.729	3.313	68.041					
4	0.709	3.221	71.262					
5	0.562	2.556	73.818					
6	0.525	2.387	76.205					
7	0.499	2.269	78.474					
8	0.439	1.994	80.468					
9	0.427	1.940	82.408					
10	0.421	1.912	84.320					
11	0.391	1.776	86.096					
12	0.358	1.626	87.722					
13	0.339	1.542	89.264					
14	0.330	1.501	90.765					
15	0.319	1.451	92.216					
16	0.300	1.365	93.581					
17	0.289	1.315	94.895					
18	0.263	1.194	96.089					

19	0.249	1.132	97.221					
20	0.220	0.999	98.220					
21	0.201	0.913	99.132					
22	0.191	0.868	100					

The Total Variance Explained the Attributes of Dividend Determinants is shown in the Table 14 above. Here, the cumulative percentage column provides the weightage of variance (in percentage) accounted for by the first two components which is 64.728% variance. Also, the amount of variance or the eigenvalue value is noticed in the total column. But, the % column depicts the ratio of the variance of each component to the total variance expressed as a percentage.

Figure 1: Scree Plot of Dividend Determinants



Scree Plot is the graphical representation of variance explained in the above Figure 1. At this place, the component is plotted as per their respective eigenvalues. But the Component(s) with an eigenvalue of more than 1 is /are accounted for higher variance. Therefore, it is considered. In spite of that, the Component(s) with eigenvalue less than 1 is/are not accounted for as they exhibit less amount of variance and hence they need to be excluded.

Table 15: Rotated Component Matrix with Factors of Dividend Determinants

Attributes	Component and Factors	
	1	2
4.1 Amount of earnings of the firm.	0.791	Micro Level Attributes
4.2 Cash Flows of the firm.	0.786	
4.3 Financial Needs of the firm.	0.795	
4.4 Debt Policy of the firm.	0.775	
4.5 Liquidity position of the firm.	0.725	
4.6 Attitude of the management.	0.693	
4.7 Investment Opportunity of the firm.	0.724	
4.8 Age and Size of the firm.	0.668	
4.9 Contractual and Legal Constraints of the firm.	0.692	
4.10 Risk take-over bids of the firm.	0.659	

4.11 Ownership position of the firm.	0.666	
4.12 Lifecycle stage of the firm.	0.746	
4.13 Demand supply equilibrium prevails in the firms' product.	0.610	
4.14 Taxation Policy of the country.	Macro Level Attributes	0.517
4.15 Unemployment rate prevail in the country.		0.739
4.16 Inflation rate prevail in the country.		0.749
4.17 Technological changes occur in the market.		0.734
4.18 Market share of the firm.		0.469
4.19 Economic condition of the country.		0.728
4.20 Fiscal position of the country.		0.636
4.21 Trade environment in the country.		0.574
4.22 Appreciation or devaluation of currency.		0.704

The two factors are being found from the Table 15 above. Concurrently, the suitable names were given as (1) Micro Level Attributes (2) Macro Level Attributes. But the Micro Level Attributes are formed with variables 1-13 and the Macro Level Attributes are formed with variables 14-22.

CONCLUDING REMARKS

In the study 74% respondents are male; 80% are within the age bracket of 25 to 55 years; 66% are married; 72.5% are post graduates; 45% are investors in stock market; 68.5% are in services by occupation; 71.3% preferred Bombay Stock Exchange which distinctly indicates the demographical segments, vigour and spirit as well. It may also be noted that the married people are more aware and enigmatic about the stock market as usually. In the same time the respondents who are doing services are more aware and curious about the stock market. The mean values of all the attributes are greater than 3 (lies 4.03 to 4.51); SD is 0.655 to 0.870 which indicates the respondents are strongly agreed with the attributes. And all the Skewness values are negative and Kurtosis values of all the attributes are positive indicating leptokurtic data. The summary statistics of respondents in the Table 10 pertaining to Dividend Determinants summarizes that the majority of the respondents (98%) are agreed with the attributes are dividend determinants. Thus, it may be concluded that the above attributes play an essential role in the dividend decision.

From the above discussion (graphs, tables, charts and figures) two Dividend Determinant factors have been found. Suitable names were given as (1) Micro Level Attributes (2) Macro Level Attributes. The Micro Level Attributes are formed with variables 1-13 as amount of earnings of the firm, cash flows of the firm, financial needs of the firm, debt policy of the firm, liquidity position of the firm, attitude of the management, investment opportunity of the firm, age and size of the firm, contractual and legal constraints of the firm, risk take-over bids of the firm, ownership position of the firm, lifecycle stage of the firm and demand supply equilibrium prevails in the firms' product and the macro level attributes are formed with variables 14-22. such as taxation policy of the country, unemployment rate prevails in the country, inflation rate prevails in the country, technological changes occur in the market, market share of the firm, economic condition of the country, fiscal position of the country, trade environment in the country and appreciation or devaluation of currency. These are the considerable areas to take any dividend decision by the corporate executives. From the responses of various respondents' categories as- Investors, Stock Market analyst and Corporate Executives, it may be concluded that the Micro and Macro level attributes are important for dividend decision. Thus, before taking any dividend decision above key factors or both the Dividend Determinant factors may be considered by the corporate executives who are involved in Dividend Decisions.

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