“Managerial remuneration and payout policy: evidence from Indian Regular payers”

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MANAGERIAL REMUNERATION AND PAYOUT POLICY: EVIDENCE FROM INDIAN REGULAR PAYERS

Abstract

This study attempts to examine the role of managers in the associated agency theory on dividend policy decisions for firms that do not skip dividend payments. This research sample considered the firms that are listed on the Bombay Stock Exchange (BSE) and pay regular dividends on an annual basis from the financial year 2011 to 2020. Panel data econometric tools and robustness tests were carried out for model validation.

The study results show that there is a higher positive relationship between change in payout ratio and managerial remuneration. Similarly, there is a large positive significance to increase manager incentive for regular payer firms with greater promoter control in higher dividend payout. Thus, this brings an agency theory perspective of rewarding well to managers to increase promoter wealth. Hence, policymakers can contemplate these findings to analyze the nexus between managers and promoters in the dividend policy of firms that never skip their dividend payments.

Keywords dividend, managers, promoters, panel data, managerial remuneration, agency theory, regular payer

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INTRODUCTION

The corporate dividend policy can be considered as a decision concerning the profit appropriation to shareholders. However, dividend decision is often considered ambiguous as there is no specific cause behind its payment. This ambiguity has always attracted researchers to identify the factors influencing dividend decisions.

Several theories have been developed to describe changes in the dividend policies of firms. The most widely discussed theories on the managerial decision for dividend payout are the signaling and agency theories. Agency problems pertain to conflict between the owner and managers whenever managers are inclined to identify their interests as distinct from shareholders (Agrawal & Knoeber, 1996; Dhanani, 2005).

The agency theory of dividends argues that payout decisions are a mechanism for mitigating the risk of agency conflict within a firm (Easterbrook,1984). While managers may initiate the dividend distribution to shareholders, the insider or a large stakeholder may choose a dividend policy and reduce agency conflict (La Porta et al., 2000). The firms in the emerging markets have a significant portion of shareholding by the founders and family members, thereby increasing the possibility of agency conflicts. Therefore, it is essential to understand the role of such a conflict in emerging markets such as India (Manos, 2003).

India is one of the largest emerging economies, with many firms having a high level of promoter contribution in their ownership structure;

thus, the Indian market is well suited for country-specific research. The considerable percentage of regular payers in India indicates the conservative behavior of Indian investors. The preference for maintaining uninterrupted dividends by firms as the managerial decision has been discussed in findings of survey research done in India (Baker & Kapoor, 2014).

There have been studies to explain the nexus between managerial compensation and payout policy (Wang, 2011; Gyimah & Gyapong, 2020). Managerial compensation integrated with the voting rights of shareholders impacts the level of payouts (Hu & Kumar, 2004).

However, the relationship between managerial remuneration and payout policy for regular payers is absent in available literature. Here, the study empirically examines the nexus between larger promoter base and managers in deciding dividends for regular payers. Further, the study identifies control variables from prior studies and examines its association with dividend policy for firms maintaining dividend payments.

1. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Different researchers have scrutinized the dividend policy from an agency theory perspective. The total cost, which includes the capital, taxation, and agency cost, may be higher in case the managers are imperfect agents (Easterbrook, 1984). However, the alignment of managers' and shareholders' interests is argued to reduce the agency costs (Jensen & Meckling, 1976).

The ownership structure also affects the dividend policy. A negative relationship between individual ownership and dividend policy is reported for the United Kingdom firms (Khan, 2006). A piece of contrary evidence is reported from the study of firms listed at the Tunisian Stock Exchange where there was no significant influence of ownership concentration on dividend policy (Ben Naceur et al., 2006). However, prior research supported the Agency hypothesis and found that insider holding affects payout policy (Al-Malkawi, 2007). The concentrated family ownership was positively associated with the dividend payout ratio (Ahmed & Javid, 2009). The following key determinants are identified according to the objective of the study:

1. Managerial remuneration: The agent's satisfaction increases with the amount of compensation (Fernando et al., 2014). Numerous studies have ascertained managers' ownership to control the firm's decisions (Holder et al., 1998; Jensen et al., 1992; Rozeff, 1982). The managerial incentive is considered the ratio of managers' remuneration to net earnings.

2. Promoter contribution: Prior research indicated a significant effect of insider ownership on the payout ratio (Al-Malkawi, 2007). Promoter ownership in India has also been linked to financial performance (Shingade & Rastogi, 2019). Promoter contribution is estimated by the ratio of the number of shares held by the promoters to the total number of outstanding shares of the firm.

The study is based on the assumption that managers are rewarded for paying dividends and reducing agency conflicts. This is the first hypothesis of the study. Since promoters and promoter groups characterize most Indian firms, the study attempts to explore the role of promoters in regular payers' dividend decisions. This is the basis of the second hypothesis.

Further, the study examines whether larger promoter ownership at a managerial remuneration level influences the payout policy of regular payers. This is the third hypothesis for the study.

Therefore, the following hypotheses are tested in this study:

H1: A higher managerial remuneration is linked to a higher payout for regular payers.

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H2: A higher promoter contribution level influences higher payout for regular payers.

H3: A large promoter holding at a given level of managerial remuneration decreases the scope of agency conflict by an increase in payout for regular payers.

The control variables identified from prior studies are analyzed in the context of dividend payer firms in India. Many studies have examined the effect of these variables in the case of both dividend payers and non-payers. Since this study has focused on dividend payer firms, an attempt has been made to examine the control variables' relationship with dividend policy for these firms.

3. Firm size: Size is documented as the most important dividend policy predictor (Brawn & Šević, 2018; Jin, 2000). Consistent with previous literature, the logarithm of total assets is a proxy for the size of the firm. A higher payout for larger firms implies managerial trust and lower levels of agency conflicts (Lloyd et al., 1985). Smaller firms often face financing constraints for payout (Behr & Güttler, 2007).

4. Profitability: Studies in the Indian market discuss the importance of current earnings on dividend policy (Acharya et al., 2012; Mishra & Narender, 1996; Rizvi & Khare, 2011). The current period earning is a major determinant of dividend policy (Lintner, 1956). Prior research has considered Return on Equity (ROE) a proxy for current earnings (Grullon et al., 2002; Jabbouri, 2016; Kar & Jena, 2019). Hence, the study considers ROE to understand the association between current profitability and change in the payout ratio.

5. Liquidity: Since the dividend is paid in cash, a firm's cash position can be assessed through liquidity. Hence, liquidity has been associated with dividend policy (Anil & Kapoor, 2008; Deshmukh, 2003; Kato et al., 2002). The quick ratio is considered a proxy for liquidity. Understanding that inventory is less liquid, we considered the quick ratio a more conservative estimate of liquidity.

6. Growth: Dividend policy depends on available investment opportunities (Walter, 1963). It is argued that a consistent payout by firms occurs due to declining investment potential by managers (Allen & Michaely, 2003). The reduced investment opportunities release cash for uninterrupted dividend payments. Therefore, it may be well argued that a firm propensity to pay dividends depends on its growth potential (Baker et al., 2012). Consistent with previous studies, annual growth in assets is considered a proxy for growth opportunities.

Table 1. Summary of empirical studies on payout policy

Determinants used in the study	Findings from prior studies	Authors
Firm Size (SIZ)	Large companies have better access to capital markets for fundraising and pay higher dividends.	Ho (2003), Ahmed and Javid (2009)
Return on Equity (RE)	Under the pecking order theory, profitable firms can utilize earnings as a capital source, resultingg in a lower payout ratio.	Booth et al. (2015), Kazmierska-Jozwiak (2015).
Debt to Equity ratio (DE)	Higher debt causes low dividend payout as a rationale for agency cost theory.	Al-Malkawi (2007), Kazmierska-Jozwiak (2015)
Firm growth (GR)	Firm growth is a related agency cost factor. Prior studies find a negative influence of growth and investment opportunities on dividend payout.	Ahmed and Javid (2009), Al-Kuwari (2010)
Quick ratio (QR)	Since dividend has to be paid in cash, the firm must have a better liquidity position. The quick ratio has been used as a proxy for liquidity.	Kapoor et al. (2010), Lin et al. (2018)
Promoter holding (PO)	A major part of shareholding is by promoter group in India. Promoters have a positive influence on dividend payout. The ability to control financing decisions explains the promoter's influence on dividend payout. The dividend payment is the indirect benefit of promoter control.	Arora and Srivastava (2019), Sharma and Wadhwa (2013)
Managerial Remuneration (MR)	Managerial compensation is a primary agency problem. Better managers are rewarded well for productive projects and reducing payouts. Hence managerial compensation or managerial ownership has a negative influence on dividend payment.	Bhattacharyya et al. (2008), Fenn and Liang (2001)

7. Leverage: Agency problems in levered firms are reduced since management may suffer in the event of bankruptcy (Jensen, 1986; Williams,1987). Debt can replace dividends to mitigate agency problems. Low dividend payout may increase the equity amount on the balance sheet and improve the debt to equity ratio (Jabbouri, 2016). Therefore, the debt to equity ratio is employed as a measure of financial leverage in the study.

The determinants of dividend policy mentioned above have been tested in broader markets by various researchers, and the findings are summarized in Table 1, with the dependent variable being the dividend payout ratio.

2. DATA AND METHODS

Annual financial data are collected from the Prowess database maintained by the Center for Monitoring Indian Economy (CMIE) for ten years from 2011 to 2020. The start year is 2011 as information for all firms year wise is available from 2011. The data sample includes firms listed in the Bombay stock exchange with the following criteria:

a) firms must be listed and remain listed during the period of research;

b) financial companies, banks, and insurance companies are excluded from the sample due to their different business models and accounting policies;

c) firms maintaining an uninterrupted record of dividend payment during these six years were considered;

d) for a firm having missing data in any single year, that particular firm-year observation was dropped from the study to obtain balanced panel data.

The final sample consists of data for 109 firms who are regular dividend payers within the specified period. Thus, there is a balanced panel of 1,090 firm-year observations.

2.1. Variable selection

This subsection describes the dependent variable and identifies all explanatory variables from the literature review section for analysis. Table 1 summarizes all the variables used in the model.

Dependent variable: Dividend payout is a commonly used proxy for dividend policy (Papadopoulos & Charalambidis, 2007; Reddy & Rath, 2005). A survey report on firms tested in New York Stock Exchange (NYSE) and NASDAQ considers the importance of past dividend patterns and managers' inclination to smooth dividend growth (Baker & Powell, 2012). There has also been strong evidence of Indian firms deciding the current dividend payment based on the past two years of dividend amount (Bhat & Pandey, 1994). For this purpose, the past dividend payout is considered as the mean of the last three periods' payout ratio (Jabbouri, 2016). A change from the past pattern of payout is measured as the ratio of the difference between the present payout and past average payout to the past average payout, i.e.:

$$Change\ in\ Payout\left(CD_{i,t}\right) = \\ = \frac{POUT_{i,t} - APOUT_{i,t-1,t-2,t-3}}{APOUT_{i,t-1,t-2,t-3}}, \quad (1)$$

where $POUT_{i,t}$ is the dividend payout of the firm i for the current year t, $APOUT_{i,t-1,t-2,t-3}$ is the average dividend payout of the firm i for three lagged periods, the first lagged year is $t-1$, the second lagged year is $t-2$, and the third lagged year is $t-3$, $CD_{i,t}$ is a proxy for propensity to change the payout policy by regular payer firms.

2.2. Independent variables

The key determinants and their symbolic notations for the research model are mentioned as follows:

a) Managerial Incentive (MR) is a proxy for the manager's inclination to change the dividend policy;

b) Promoter contribution (PO) is a proxy for promoter interest in the firm.

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Control variables: The control variables and their symbolic notations for the research model are mentioned as follows:

3. The logarithm of total assets represented by $SIZ_{i,t}$ is a proxy for the size of the firm i in year t.

4. Return on equity represented by $RE_{i,t}$ is a proxy for the current profitability of the firm i in year t.

5. Quick ratio represented by $QR_{i,t}$ is a proxy for liquidity position of the firm i in year t.

6. Annual asset growth represented by $GR_{i,t}$ is a proxy for firm growth of the firm i in year t.

7. Debt to equity ratio represented by $DE_{i,t}$ is a proxy for the leverage of the firm i in year t.

2.3. Research model

To test the relationship between dividend policy and explanatory variables, the base case model is set up as follows:

$$CD_{i,t} = \alpha_0 + \alpha_1 MR_{i,t} + \alpha_2 PO_{i,t} + \\ + \alpha_3 SIZ_{i,t} + \alpha_4 RE_{i,t} + \alpha_5 QR_{i,t} + \\ + \alpha_6 GR_{i,t} + \alpha_7 DE_{i,t} + \varepsilon_{i,t}, \quad (2)$$

where α_0 is the intercept, $\alpha_1 \ldots \alpha_7$ are the coefficients, $\varepsilon_{i,t}$ is the error term.

The second estimation model examines large promoters' role in managerial remuneration to increase the payout for regular payers. Large promoter holding is measured in terms of shareholding of more than fifty percent, meaning the promoter has significant voting right in board decisions. $PD_{i,t}$ is a dummy variable that categorizes the promoter dominance in terms of shareholding. The model introduces an interaction variable $\left(PD_{i,t} \cdot MR_{i,t}\right)$, which will gauge the relevance of promoter dominance aligned to manager incentive in the current dividend policy for regular payers. The second model is constructed as follows:

$$CD_{i,t} = \alpha_0 + \alpha_1 SIZ_{i,t} + \alpha_2 \left(PD_{i,t} \cdot MR_{i,t}\right) + \\ + \alpha_3 RE_{i,t} + \alpha_4 QR_{i,t} + \alpha_5 GR_{i,t} + \alpha_6 DE_{i,t} + \varepsilon_{i,t}, \quad (3)$$

where $CD_{i,t}$ is a dummy variable that represents promoter dominance for firm i in year t. It takes a value of 1 if the promoter shareholding is more than fifty percent, otherwise 0, $\left(PD_{i,t} \cdot MR_{i,t}\right)$ is a proxy for understanding the role of a large promoter role in managerial remuneration to payout level for regular payers.

2.4. Research methodology

Since the data set consists of firm information available over different years, panel data regression methodology is applied to understand the relationship between change in payout and managerial remuneration. The following assumptions are to be met for the regression methodology:

1. The relationship between change in payout policy and managerial remuneration must be linear.

2. The relationship between change in payout policy and managerial remuneration interaction with large promoter holding is linear.

3. There should not be any multicollinearity between the variables under study.

4. The following validation tests have to be done for utilizing panel data regression:

5. Hausman test to identify between fixed effect and random effect regression.

6. Panel homoskedasticity, serial correlation, and cross-sectional dependence tests are to be done. Any such errors are to be rectified by applying panel corrected standard error methodology (Blackwell III, 2005).

3. RESULTS

3.1. Multicollinearity test

Table 2 reports the correlation coefficients, enabling us to find the strength of the relationship between dependent and explanatory variables. A five percent level of significance is used, and the asterisk mark denotes statistical significance. The association between variables is not as strong as

Table 2. Correlation matrix

Source: Authors' computation using STATA 14.0.

	CD	GR	MR	QR	RE	SIZ	PO	DE
CD	1							
GR	–0.146*	1						
MR	0.108*	–0.014	1					
QR	0.097*	–0.001	–0.026	1				
RE	–0.159*	0.256*	–0.039	–0.006	1			
SIZ	0.054	–0.051	–0.031	–0.062*	–0.097*	1		
PO	0.008	0.003	0.009	–0.004	0.132*	–0.220*	1	
DE	–0.032	0.098*	0.018	–0.341*	–0.087*	0.081*	–0.050	1

Note: * denotes significance at the 5% level.

indicated by low correlation coefficients of different variables. However, managerial remuneration has the highest coefficient (0.108) and has positive significance with a change in the payout. This indicates that managers decide on firms' payout policy. Growth has a negative significance (–0.146), which means firms in their growth phase reduce their payout levels. Promoter contribution has no significance with the change in the payout, suggesting the inadequate role of promoter in payout decisions.

The relatively small values of correlation coefficients suggest that there is no multicollinearity between the variables under study (Sixpence et al., 2020). However, a tolerance level and Variance Inflation Factor (VIF) test are done to detect multicollinearity.

Table 3 presents the VIF and tolerance values for the explanatory variables.

From the VIF and tolerance values, it is observed that there is no multicollinearity between the explanatory variables.

3.2. Empirical findings

Table 4 reports the results of various model validation tests done on the sample to arrive at a suitable methodology for analysis.

The linearity test *p*-value is greater than 0.05, suggesting a linear relationship between variables that implies the regression method is suitable for analysis. The *p*-value of less than 0.05 indicates the preference for fixed effect regression. The auto-

Table 3. Multicollinearity tests

Variable	VIF	Tolerance
GR	1.09	0.915
MR	1.00	0.996
QR	1.14	0.878
RE	1.11	0.899
SIZ	1.07	0.937
PO	1.07	0.936
DE	1.17	0.856

Table 4. Model tests

Source: Authors' computation using STATA 14.0.

Type of test	Name of test	Test value	*p*-value	Outcome
Linearity test	Ramsay	1.61	0.185	Linear
Fixed or random model preference	Hausman	26.02	0.000	Fixed effect
Autocorrelation	Woolridge	16.23	0.000	Presence of auto-correlation
Cross-sectional dependence	Pesaran	0.327	0.000	Dependence exists
Heteroskedasticity	Wald	10459.28	0.000	Presence of heteroskedasticity

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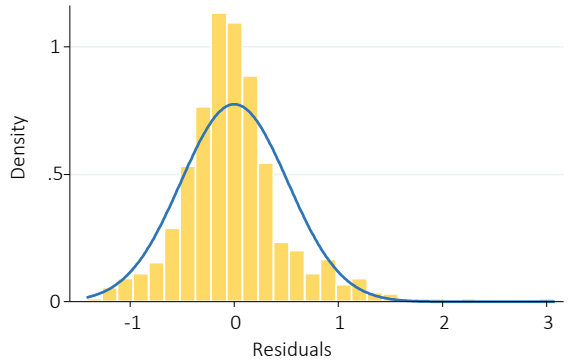

Figure 1. Residual plot for equation (1)

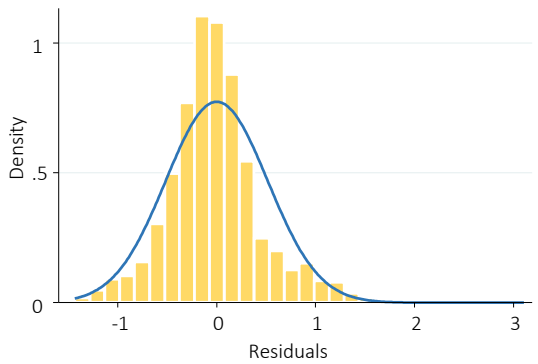

Figure 2. Residual plot for equation (2)

correlation, cross-sectional dependence, and heteroskedasticity tests have *p*-values of less than 0.05, which identifies the presence of serial correlation, cross-sectional dependence, and heteroskedasticity. Therefore, panel corrected standard error regression is suitable for analysis.

The models for equations (2) and (3) are regressed to extract the residuals and plot the histogram for the residual normality test. Figures 1 and 2 represent the distribution of residuals for equations (1) and (2). Visualization of plots indicates that the residuals almost approximate a normal distribution.

Table 5 reports the results for equation (1).

The results from linear, fixed effects and panel corrected standard errors regression are presented for comparison purposes. The findings are almost consistent for different types of regression. The highest coefficient (0.373) of managerial remuneration suggests that managers' decisions influence the change in payout for regular payer firms. This implies a one percent increase in managerial remuneration will increase the dividend payout from the past pattern by 37 percent. The findings reveal the importance of managers in dividend policy decisions. Promoter contribution is insignificant, which indicates overall promoter holdings do not decide payout policy. Similarly, the debt to equity ratio has insignificance with the change in the payout, which suggests that payer firms do not rely on external funds to change their dividend decisions. However, the quick ratio positively influences the payout, where a one-point increase in the quick ratio will increase the payout ratio by 8.3 percent. This suggests that cash and receivables influence the payout policy for regular payers. An increase in the size of a firm can increase payout level, as seen from its coefficient of 0.019. Therefore, larger firms have a propensity to pay more dividends.

The firm growth has a significant and highly negative relationship with the change in the payout ratio, as seen by its coefficient (–0.329). This

Table 5. Results for equation (1)

Source: Authors' computation using STATA 14.0

Variable	Ordinary least squares		Fixed effects		Panel corrected	
	Coefficient	*p*-value	Coefficient	*p*-value	Coefficient	*p*-value
GR	–0.329***	0.000	–0.314***	0.002	–0.329***	0.002
MR	0.373***	0.000	0.406***	0.001	0.373***	0.003
QR	0.083***	0.001	0.118***	0.004	0.083***	0.003
RE	–0.006***	0.000	–0.012***	0.000	–0.006***	0.009
SIZ	0.019*	0.073	0.035	0.477	0.019*	0.093
PO	0.001	0.223	0.007*	0.077	0.001	0.262
DE	–0.002	0.935	–0.103**	0.043	0.002	0.950
R-squared	0.05		0.04		0.06	
Observations	1,090					
Firms	109					

Note: * denotes significance at the 10% level; ** denotes significance at the 5% level; *** denotes significance at the 1% level.

Table 6. Results for equation (2)

Source: Authors' computation using STATA 14.0.

Variable	Ordinary least squares		Fixed effects		Panel corrected	
	Coefficient	*p*-value	Coefficient	*p*-value	Coefficient	*p*-value
GR	–0.331***	0.000	–0.307***	0.002	–0.330***	0.002
QR	0.083***	0.002	0.122***	0.003	0.082***	0.004
RE	–0.006***	0.000	–0.012***	0.000	–0.006*	0.010
SIZ	0.017	0.106	0.011	0.804	0.018	0.112
MR*PD	0.204***	0.001	0.218***	0.001	0.205***	0.006
DE	– 0.002	0.922	–0.113**	0.027	–0.003	0.940
R-squared	0.06		0.07		0.05	
Observations	1,090					
Firms	109					

Note: * denotes significance at 10% level; ** denotes significance at 5% level; *** denotes significance at 1% level.

means a one percent increase in growth can decrease the payout ratio by 33 percent. The results indicate the retention of earnings by regular payers when there are growth opportunities. One interesting observation is a significant negative association between the change in payout ratio and profitability. However, the coefficient is very low (–0.006).

The results of Table 5 confirm that managerial remuneration has a significant positive association with a change in the payout ratio. Hence, the hypothesis that managerial remuneration is linked to higher payout for regular payers is accepted. However, promoter contribution is insignificant with a change in the payout ratio. This confirms that the second hypothesis of promoter holding influence on payout policy is rejected.

Table 6 reports the results of equation (2).

The findings are similar to the previous table for all other explanatory variables, except firm size. The managerial remuneration for firms with larger promoter contribution (*PD*MR*) is significant and positively associated with propensity for an increase in dividend payment. The coefficient is the highest (0.205) among all other explanatory variables. This indicates that for a large promoter base, a one percent increase in managerial remuneration increases the payout ratio by 20 percent. However, where the large promoter holding and manager's salary influence dividend policy but size has no influence on the change in payout policy. This is evident from the insignificance of firm size even though the coefficient is positive. The results confirm that large promoter holding interaction with manager remuneration has a higher positive significance with a change in the payout policy. This supports our third hypothesis that larger promoter holding at a level of managerial remuneration increases the payout for payer firms.

4. DISCUSSION

The higher coefficient and statistical significance of managerial remuneration suggest that managers of firms are rewarded for dividend decisions. However, the role of the promoter is not clear, except that a large promoter base with higher managerial remuneration is associated with an increase in the payout ratio.

This study reveals that the current profitability negatively impacts the change in the payout ratio for regular payer firms. Such a relationship possibly indicates the firm expectation to retain profits for the future by decreasing the payout levels at times of higher profits. Here it may be inferred that recurrence in dividend may not necessitate a dividend increase, and companies may tend to retain earnings for maintaining dividend payments for signaling better firm prospects (Bajaj & Vijh, 1990; Denis et al., 1994; Poornima et al., 2019). This is evident from the model results, where it is seen that profitability is negatively associated with the propensity to increase the payout ratio. Previous studies suggest that debt allows creditors to exercise more control over management for servicing debt ob-

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ligations (Agrawal & Knoeber, 1996; Fleming et al., 2005). Therefore, the insignificance of debt to change in payout ratio suggests that to maintain dividend recurrence, managers do not rely on debt for reducing the creditors' control over dividend payments than debt obligations. Since the dividend is paid in cash, the propensity to increase payout is dependent on the liquidity position of the firm (Anil & Kapoor, 2008; Kato et al., 2002). Finally, this study asserts that firms with an established track record of dividend payments can decrease their investments to initiate higher dividend payments. Several studies have suggested larger firms' positive influence on payout ratio (DeAngelo et al., 2004; Fama & French, 2001; Manos, 2003). High transaction costs in external financing deter small firms' propensity to increase dividend payments (Holder et al., 1998). However, the study argues that being a small or large firm for regular payers does not matter wherein the larger promoter holding with managers influences the dividend policy.

CONCLUSION

This study focuses on the factors affecting payout policy for firms maintaining a track record of dividend payments. The study results confirm the hypothesis that managers receive better remuneration for higher payout than regular payers. However, the hypothesis that the promoter has a decision in payout policy is rejected in the case of regular payers. The study also confirms the hypothesis that a large promoter at a particular managerial remuneration positively impacts the payout policy.

Thus, from an agency theory perspective, dividend decision possibly involves rewarding managers for promoter wealth maximization. The regular dividend-paying companies are more likely to utilize internal funds for dividend payout without influencing the borrowing. Hence, it may indicate a positive signal of creditworthiness.

This research has essential implications for investors, bankers, and academicians. The investors seeking regular dividend payout can have safe bets for higher promoter contribution in a company. Bankers may lend to regular payers due to better solvency. This study also augments the extant literature on dividend policy.

The findings need to be tested in broader market contexts and different sectors. The study conceptualized and tested the role of managers and promoters in deciding the dividend payout. The interplay of multiple shareholders and managers in deciding the dividend payout may be explored in future studies. The sample consisted of the listed companies. Small and medium enterprises' behavior needs to be evaluated for any difference in their behavior towards dividend payout.

AUTHOR CONTRIBUTIONS

Conceptualization: Brajaballav Kar.
Formal analysis: Chandrabhanu Das.
Investigation: Chandrabhanu Das, Manoj Kumar Jena.
Methodology: Chandrabhanu Das, Manoj Kumar Jena.
Software: Manoj Kumar Jena.
Supervision: Brajaballav Kar.
Validation: Brajaballav Kar.
Visualization: Manoj Kumar Jena.
Writing – original draft: Chandrabhanu Das.
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