

## **EFFECT OF CORPORATE GOVERNANCE INDEX ON DIVIDEND POLICY: AN INVESTIGATION OF TEXTILE INDUSTRY OF PAKISTAN**

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### **ABSTRACT**

This study observed empirically the impact of corporate governance index on dividend payout policy by using the data of seventeen textile firms listed in Karachi Stock Exchange. The data covered the five years period from 2009 to 2013. The data were gathered from financial statements of all the sample firms. Multiple regression models were used to check the impact of corporate governance on dividend policy. No effect of corporate governance index on firm dividend policy was found, and the largest shareholders also had no impact on dividend pay-out policy. The association between payout policy and stock value was found to be significant positive. Gross profit margin and operating profit margin had significant positive impact on firm's dividend payout policy. There is a significant correlation between firm performance and payout policy.

*Keywords: Corporate Governance index, Dividend Policy, Textile Industry, Largest Shareholders, Multiple Regression Model*