IMPACT OF CORPORATE GOVERNANCE AND FIRM-LEVEL CONTROL VARIABLES ON DIVIDEND POLICY OF SERVICE TRADE SECTOR OF MALAYSIA

Agha Jahanzeb, Assistant Professor, Department of Business Administration, Sukkur Institute of Business Administration, Sukkur, Sindh, Pakistan, agha.jahanzeb@iba-suk.edu.pk

Pervaiz Ahmed Memon, Assistant Professor, Department of Business Administration, Sukkur Institute of Business Administration, Sukkur, Sindh, Pakistan. Email: pervaiz@iba-suk.edu.pk

Javed Ali Tunio Lecturer, Department of Business Administration, Sukkur Institute of Business Administration, Sukkur, Sindh, Pakistan. Email: javed.tunio@iba-suk.edu.pk

Syed Saeed Abbas Shah, Assistant Professor, Department of Business Administration, Sukkur Institute of Business Administration, Sukkur, Sindh, Pakistan. Email: s.abbas@iba-suk.edu.pk

ABSTRACT

This paper empirically investigates the impact of corporate governance factors (i.e. board size, board independence and CEO ownership) and firm-level control variables (i.e. firm size, firm growth and firm profitability) on the dividend payout policy among the service sector companies of Malaysia that are listed on Bursa Malaysia. Ordinary least square model was used to estimate the results. Sample consisted of 113 service sector firms from the period of 2009 to 2013. The results show that the profitable companies with large boards and less growth tend to pay higher dividends. Findings can be interpreted as that the profitable companies are sharing their profits with their shareholders in terms of dividends to give positive message to the market.

Keywords: Corporate governance, dividend payout policy, control variables, service sector

Agha Jahanzeb, Pervaiz Ahmed Memon, Javed Ali Tunio Syed Saeed Abbas Shah,