

The Relationship Between Cultural Factors and Dividend Payouts of the Banks in Some Middle East Countries

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Abstract : This study investigates the relationship between some cultural factors and the level of dividend payouts of banks in a number of Muslim countries. We examine whether cultural factors play any role in determining dividend payout policy in banks. The results suggest that banks in high masculinity countries tend to pay higher dividends than low masculinity countries. The results also show that banks in high uncertainty avoidance (UA) countries tend to pay lower dividends than high UA countries. Additionally, the results of this study indicate that banks in high long-term orientation (LTO) countries tend to pay lower dividends than low LTO countries. However, two other cultural factors of power distance (PD) and individualism do not have any incremental explanatory power on the dividend payouts. Overall, this research adds to our understanding of the bank's dividend payout policies. First, evidence on the relationship between the cultural factors and bank's level of dividend payouts should be useful to investors. Second, the findings of this study provide financial statement users with useful information about the bank's dividend payout levels. Third, in general, it also adds to the accounting and finance literature on dividends.

Keywords : cultural factor, dividend payout, Hofstede index, bank industry

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