

Effects of Dividend Policy on Firm Profitability and Growth in Light of Present Economic Conditions

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Abstract : This study aims to shed light on the impact of dividend policy on corporate profitability and its relationship to growth, considering the economic developments taking place. The study was conducted on a sample of seven companies for the period from 2014 to 2020, based on a set of determinants to select variables affecting dividend distribution, where the descriptive analytical approach relied upon using graphical data models. The study concluded that companies that follow a well-studied dividend distribution policy enjoy higher profitability rates, which contributes to enhancing their growth in light of the economic developments taking place. There is also no statistically significant relationship between the variables of total asset growth and fixed asset growth and profitability. The study also concluded that there is statistical significance for the relationship between the sales volume growth variable, the self-financing ratio variable, and dividend distribution at a significance level of 0.05, as the random effects model was able to explain 68% of the changes in dividend distribution policy.

Keywords : dividend distribution policy, profitability, growth, self-financing ratio

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