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The Impact of Corporate Governance Attributes on Dividends Payouts Policy: Evidence from the Emerging Capital Market of Jordan

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Abstract : Purpose: The primary objective of the present paper is to examine the impact of CG attributes, including the board size, independency, separation and managerial ownership) on firm dividend payouts policy; using a sample of 72 Jordanian listed companies for the period of 2007-2013. Methodology: The study does manually review the sample firm's annual reports for data collection and use OLS regression to carry out this investigation. Findings: The findings indicate that CG attributes have a strong impact on dividend payouts policy. In particular, board size, independency and separation have had significant associations with dividends payouts indicating that such variables matter when determining on dividends which may mitigate the conflicts between stakeholders' and managers' interests. The results also indicate that managerial ownership has had no significant impact on the dividends policy suggesting that managers do not use the strength of their position to influence the dividends policy. Finally, the results show that firm size and profitability have had statistically positive associations with dividend payouts, while this was not the case for firm leverage and growth where significant and positive relationships were documented. Originality/implication: The current paper extends the extant literature in this field by investigating the impact of the board composition on dividends and provides some insights for policy makers in emerging markets.

Keywords : corporate governance, dividends payouts policy, jordan, accounting
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