Analysis on Regional Guidance Mechanism for Promoting Prevention Based on Combination of Traditional Chinese Medicine and Western Medicine

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Abstract. This research empirically explores the aspects that define the dividend payout results among banks. The aim of this research is calculate the existence of relationship between dividends of banking sectors in Pakistan. This study considers the impact of four variables, namely, earning per share, capital ratio, size and cash flow per share on the dividend payout ratios by using unbalanced panel data set of fifteen listed banks. Secondary data was used under analysis and data was retrieved from the financial statement analysis banking sector listed in the Pakistan Stock Exchange (PSX) published by State bank of Pakistan. Secondary data was tested through E-views software version 9 with the descriptive analysis, unit root test, correlation, Hausman test and regression. Empirical results show that dividend payout policies are positively affected by the earning per share and cash flow but are negatively affected by the capital ratio and size of the banks. The results obtained also indicate that firms pay dividends with the intention of the reducing agency conflicts. Keywords: Supplier selection, Dividend policy, Finance, Payout policy, Agency problems, Ratios algorithm.

1 Introduction

Dividend payout strategy is unique and the unique issue and a vital idea of finance cooperate which fixed retains its status. Several researchers offered countless concepts and empirical signs, in what method-always the problem is still unclear and susceptible for additional issues. It is among the top liquid bugs in financial works and single that arranges not have a reasonable clarification for the practical dividend conduct of the firms (Brealey & Myers, 2005) [1]. In progressive monetary prudence the shareholders and group of the firms elect very deceitfully whether to remuneration dividends or have it as engaged income.

The role of dividend is still comparable a problematic in many particulars whether trade’s needs. Consume rose to produce strong of certain positive on this paradox then the complicated is immobile there, whether to assign amid investors or remembering for investment. The reserved income is an essential basis of enhancing, in what method-ever higher retained income foul less dividends and immorality (Black, 1976) [2].

Business dividends program indications to the outcomes on whether to keep share of the pays to capitalize them or allot them between stockholders. Dividend plan includes structures

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normal portion of rates to be financed out by the value of period and where the organization necessary withstand an incessant dividend progress ratio. In addition, dividend plan comprises assumptions depends on the high value of amount regularly gives bonuses determined by factors such as: obtain ability of income lucrative investment chances, obtain ability of liquidity, level of rise, share prices, structure of stockholders, company’s strategy to share constancy, votive limits compulsory by moneylenders, access to outside source of funds, and organization’s attitude and objective. Different theories give innovative information incorporate dividend policy.

Lintner’s (1956) [3] model, sometimes mentioned as the half-compensating t model, suppose that firm dividend payout compensates by the time period gradually give information. In Lintner’s model, a company forecast dividend that is created on its earnings. Where earning depends where they adjust according to new earnings relatively than responsibility so straight, a company determination to select to feast (or partially adjust) these variations in earnings over a number of time periods. Lintner’s employed was the major to examine the partial-adjustment model of div performance. Using this model, Lintner’s established how dividend policy results can be made by using the following two steps:

Step 1: Compare last period’s dividend with the desired level of dividends and adjust the deviation accordingly the next period.

Step 2: Assume the desirable dividend level is $D_t^r = P T$, where $P$ is the long-run payout ratio.

The key impartial of the research investigate the financial performance of banking sector in Pakistan. This study is empirically classifying the strength of the banking sector’s dividend paying behavior by means of the example of fifteen banks listed in the (PSX).

This study will focus on two research questions:

1. What are the determinants which influence to use effective dividend policy in banking sector of Pakistan?

2. What is the impact of determinants in dividend policy?

As stated earlier, banking sector is the bank bone of the Pakistan’s economy. Given the strength of Pakistan’s specific stockholders. For this purpose, bank’s need to maintain effective dividend policy. A sound dividend plan is key for depositors worthwhile of the bank. Huge and consistent business div strategies recognize the bank is going on well. Although, past study has tried to resolve the dividend strategy paradox, the issue of the Banks remain unsettled. But the researchers try to manage dividend policy to make according to the requirement for the periods, so considering this problem in this study, data from 2006 to 2017 is taken to analyze the problems of this period and also classify aspects disturbing procedures of div of all banks listed on PSX.

This study can emphasizes on all banking industry not for limited sample size due to limited banking data availability and also includes other variables that give broader level studies so exactly find out the relevant variables that supposed to makeable good dividend policy. The time limitation also be concern and analysis parameters find so difficult to manage.

This study not sufficient for only banking it surely utilize every industry, sectors where those are affiliated with PSX will be valuable for creditors, investors and governing bodies etc. Dividend plan can be measured on the basis of its effects on banks and stockholders. Therefore, the policy of dividend determines the positive impact of investors that they can select those factors to depend on paying smooth dividends in relate to effective banking strategy. This will help out them to create well-organized, valuable, and rational dividend payout conclusion which will help out them to capitalize on profit and satisfying shareholders’ needs.
2 Literature Review

2.1 Literature Review

Shareholder’s decisions depend on the effective corporate dividend policy which is prefer to hold portion paychecks or to plow and distribute amongst investors. Firms should have to maintain stable earnings and growth rate of dividends. Further, investors consider an effective decision involves to better dividend policy that impact how much earnings and when compensated as div. In literatures, dividend policy is depending on those aspects such as: accessibility of returns, accessibility of cost-effective savings opportunity, ease of use of liquidity, constant policy of dividends risk through inflation, risk of increase or decrease of shares prices, restrict policy of lenders, right to use funds allocation, and administration’s approach and intention (Murtaza, Iqbal, Ullah, Rasheed & Basit, 2018; Pattiruhu & Paais, 2020) [4, 5]. Various highly developed in the works to give details. In overall, two institutes of opinions are present: significance and insignificance model. While the significance dividend philosophy ideas to an association and firm worth, insignificance model specify that such a comparative does not exist. The following segments provide thorough clarifications of these concepts.

Litner (1956)[3], financer depends on that return value of low chancy, the behind seen company redact the crick value of the firm’s share. After income remains value of outcomes in investment growths, asset improvements levies mediocre percentage dividends. Henceforth, assessment energetic care depositors. Thus why depositors may refer investment profit to dividends. The mentioned to as the Unnecessary asset profit based on not payable until financing is sellable. Depositors are whole supervisor based on levies on Wealth advances understood, due to not handle levies on dividend. Consequently, some depositors may kindness a short dividend pay-out.

This model recognized unacceptable indication when supervisors are good interaction, rather untouchables, private material related firm (Bhattacharya, 1979; Miller and Rock, 1985) [6, 7]. Employ by the information related depositors via dividend plan decline irregularities. Supervisors’ differences in dividend plan to intersect marketplace info the upcoming organization view. Growths in dividends yield indications hopeful infrastructures related current estimates of the business. The result surely the strengthening price of stock. While, nothing payable to return of dividends not able to recognized unfavorably through stockholder’s possible depositors and the outcomes shows week position of stocks.

Baker and Powell (1999)[8], manipulated the vision of administrator of corporations programmed on New York Stock Exchange about aspects that force dividend strategy. The analysis was assuming and shaped an origin for proportion with an early on perform. They situate positive standard for compact to be incorporated in the investigation and taken data from 1994 to 1995 and respondent firms 603 representatives. The result of the analysis identifies resent and expected future earnings.

Pal and Goyal (2007)[9] analyzed the aspects that manipulate dividend policies taking data from Indian banks from (NSE) for the period 1996-1997 to 2005-2006. Financial institution provide exact information based on prior and previous cash dividend based on survey and sample size. This concluded 39 banks and employed reversion examination using factors with: revenue afterward duty, preceding time’s div, and reduction, variations in immovable possessions, present ratio, they identified that that the earlier year’s dividend, profit after tax and interest it is value able reason that impose to making effective dividend policies. Financial researchers of firm’s index. He established 1,207 concluded survey. This survey finalized financial institutions including brokerage, classified currency administration grouping, joint finance, stock confidence sector, speculation executive confer with, investment banking, retirement fund and others. The affiliate in the sampling confirmed prior aspects that showed
their dividend policies. Additional 70% of the candidate identified worthwhile decision for the aspects of dividends. Showed the value of money and tax values of stockholders (Pinto & Rastogi, 2019)[10].

Anil and Kapoor (2008)[11], investigated to verify the aspects of dividend policies in IT firms index (DSE). They sampling all 20 firms that situated the IT sector was taking data from 2000-06. They investigated factors from processes, businesses annual sales development, they go those factors employed from theories give details dividend policies for the accepted by the IT firms on listed DSE. They concluded only current ratios and changes of in earnings from pre and post result of dividend strategy.

Sawicki (2009)[12], described the association amongst dividends and corporate governance in five East Asian states from 1994-03, pre and post the financial predicament. The subject matter state enclosed in the research was the survey included 20 listed firms from every state. In this study focused on simple sampling for choosing states. Selected and listed firms for available and collecting convenient data through financial reports.

Imran, Usman and Nishat (2013)[13] examine the features that establish the dividend payout assessments among banks. For experimental investigate the data of sixteen banks listed in the Karachi Stock Exchange (PSE) are used. The outcome points out that earning per share, last year’s dividend payouts, capital ratio and size of assets are essential aspects in the purpose of dividend payouts, whereas cash flow unenthusiastically related with dividend payouts (Wahjudi, 2020)[14]. The consequences bear the Lintner model (1956) [3] and also pursue the operation cost theory.

2.2 Theoretical Framework

Dividend policy have been attempted many studies and models to observe the determinants of the effective dividend strategy, the pillar of the empirical researcher to John Lintner (1956)[3], who performed his study on USA companies in the central of 1950s. He analyzed profitability and previous dividends depend on the efficient dividend decision. Afterward, dividend policy is remaining puzzle no convincing result yet Many studies examine the Lintner’s model identify the capability to determine the dividends Shirvani and Wilbratte, 1997)[15]. American firms proved that lintner’s model good structured to formulate o make policy.

![Figure 1. Framework](https://doi.org/10.1051/e3sconf/202340905010)
3 Methodology

3.1 Methodology

In this study the quantitative research methodology, Panel Least Square is used on the 12 years secondary data of 15 listed banks in Pakistan Stock Exchange (PSX). The econometric views (E-views 9) is used to apply all the statistical tests primarily the data analyzed via descriptive (Mean, Median, Standard Deviation, Kurtosis, Skewness and Jarque-Bera) to check the normality of the data. Further analysis is made by the Unit Root test for stationarity, Hausman test to identify fixed and random effects, Correlation for variables relationship and multi collinearity followed by the regression analysis to estimate the model.

In this study twelve years secondary and numerical data of financial banking sector under analysis has been taken from the Financial Statement Analysis of listed financial banks in PSE published by the State Bank of Pakistan from 2006-2017. To measure the main purpose of this research the relation between dividends using dependent variable and all independent variables showing determinants of dividends policy in the context of Pakistan. Population of this study is the commercial banks of Pakistan. The sample for this study was select in top fifteen commercial banks in Pakistan. The banking sector is one of the major service sectors in Pakistan there are different categories of banks in Pakistan but we have selected commercial banks for this research. In this research we use five financial variables such like dividend payout ratio as dependent variable and four independent variables like Earning per share (EPS), Capital Ratio (CR), Cash flow per share (CF), and the size of total assets (SIZE) use for the financial performance of banks and also helping out the effective dividend policy in financial banking sectors of Pakistan.

Secondary data was collected from the annual reports of banks by using the consolidated balance sheet of the banks for the period twelve years (2006-2017). Data is secondary in nature and source is State Bank of Pakistan, collected from the financial statement analysis of banks listed at Pakistan Stock Exchange (PSX) published by DWH department of SBP. This study refers to the descriptive analysis and while second part of the analysis in this study refers to inferential analysis. Below is given further details with the detail of software employed.

Data collected of different variables tested through descriptive statistics which shows the minimum value, maximum value, mean value, standard deviation, kurtosis, skewness and jarque-bera. Microsoft Excel has been used for the arrangement of data about each variable and Eviews 9 version has been used for the further analysis of all independent variables and dependent variable.

For further analysis, correlation and regression have been used as statistical tool to measure the association between factors in the context of banking sector of Pakistan. Correlation is the measurement of the degree of association between all variables which may be between +1 to -1. In which positive association correlation results shows will result to increase in other variable and the quantity of increase in second variable will be decided by the degree of association whereas negative association will result in increase in first while degree of association will decide the quantity and result of zero association between variables means there is no any relation between variables.

As stated earlier, the core aim of the present study is to find out variables that impact dividend policies of banking sector in Pakistan. To attain this goal, the following hypotheses are established.

3.2 Hypotheses:

H1: EPS has a positive impact on dividend payouts of banks.
H2: CAPITAL ratio has a positive impact on dividend payouts of banks.
H3: total assets have a positive impact on dividend payouts of banks.
H4: CASH FLOW has a positive impact on dividend payouts of banks.

3.3 Research Model

Hypotheses advancement recognize that a number of factors have been highly developed in the literature to clarify corporate dividend policy. A major proportion of the past theories that investigated variables describe different in corporate dividend policy that employed a normal dividend pay-out ratio.

Table 1 below summarizes the variables definition and their formulas.

<table>
<thead>
<tr>
<th>Variable</th>
<th>FORMULAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend per share(DPS)</td>
<td>Cash + stock dividend x net income/no of shares</td>
</tr>
<tr>
<td>Size</td>
<td>Log of Total assets</td>
</tr>
<tr>
<td>Capital Ratio(CR)</td>
<td>Total equity/ total asset</td>
</tr>
<tr>
<td>Earnings per share(EPS)</td>
<td>Net income /no of shares</td>
</tr>
<tr>
<td>Cash flow per share(CF)</td>
<td>Cash generated from operating activity x net income/no of shares</td>
</tr>
</tbody>
</table>

The above explained variables are modeled as follows:

\[
DIV_{it} = \beta_0 + (SIZE_{it})\beta_1 + (CR_{it})\beta_2 + (EPS_{it})\beta_3 + (CF_{it})\beta_4 + \varepsilon_{it}
\]

DIV stands for Dividend dependent variable used to represent determinants of dividend policy of banking sector in Pakistan.

Capital Ratio stands for Capital Ratio which is the representative of assets and equity of the banking sector of Pakistan and used as one of the independent variable.

CF stands of cash flow per share which shows the Cash inflow and outflow by the banks and used as independent variable.

EPS stands for earning per share which shows how banks earn per share on behalf of dividends and it is used as Independent variable.

SIZE stands for Size of the Firm which is representative of natural log of Assets and it is used as control variable.

\(\beta_0\) represents the constant of the regression model.

\(\beta_1\) to \(\beta_5\) Stands for the per unit change for every variable in the regression model as a coefficient of Independent variables.

\(\varepsilon\) stands for the error term present in the model.

4 Research Findings and Analysis

The main purpose of this chapter is to represent findings in result of analysis of data used under the present study. This chapter consists on descriptive analysis of the dependent and independent variables of the study, regression analysis results by using Dividend as dependent variable and other independent variables to show the significance of relations and it also contains correlation matrix representing relation between all selected variables.

Descriptive statistics is used to analyze the data collected and presented in tabular form. In this research mean, standard deviation (SD), skewness and kurtosis are examined normality of the items are following.

Table 2 shows the descriptive analysis of all the variables is taken in this section. Dividend per share measure by determinants of dividend which shows after the calculation over 180
observations (DPS) JBp -value <0.05 (0.00). The skewness and kurtosis are normal on the data (DPS) (sk=2.76 and Krt =9.7). The earning per share has JB p-value<0.05 (0.00). Further the skewness and kurtosis are improved on the data (EPS) (sk=0.37 and Krt=3.8). To analyze the series of capital ratio (CR) JB p-value <0.05 (0.00) sk=1.42 and Krt=5.8. In the same way to check the Cash flow per share (CF) JB p-value <0.05 (0.00) (sk=9.90 and Krt =116). The size of the bank and its relationship with dividends natural logarithm of assets is used as a control variable. The bank size has JB p-value<0.05 (0.00). Further the skewness and kurtosis are improved on the data (SIZE) (sk=-0.58 and Krt=3.23).

To analysis the correlation among the variables in the data refers to the situation in which the independent variable is highly correlated, resulting in inconsistent effect where by the regression models fits the data well, but none of the independent variables has a significant impact in predicting the dependent variable (Gujarati, 2009)[16].

Table 3. Correlation Matrix

<table>
<thead>
<tr>
<th>Variables</th>
<th>DPS</th>
<th>EPS</th>
<th>CR</th>
<th>SIZE</th>
<th>CF_SHR</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPS</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS</td>
<td>0.644</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CR</td>
<td>-0.0546</td>
<td>0.1013</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIZE</td>
<td>0.4395</td>
<td>0.6086</td>
<td>-0.2179</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>CF_SHR</td>
<td>0.4925</td>
<td>0.376</td>
<td>-0.0936</td>
<td>0.2375</td>
<td>1</td>
</tr>
</tbody>
</table>

Note:Correlation is significant at the 0.05 level (1-tailed).

Table 3 correlation table shows the matrix of correlation co-efficient in between dividend, capital ratio, cash flow per share, earning per share, banks size.

Correlation matrix shows the earning per share of the banking sectors is strongly significant among the variables (capital ratio, size cash flow per share, this shows the earning per share will increase so increase the capital for investing in assets and leading more cash for making effective dividend policy .correlation results shows that capital ratio is negative related to cash flow per share and size the negative relation of cash flow and size is consistent
with the view that the more capital consume in making dividend policy with flow of cash and generate amount to invest in assets size and get capital gain.

Though the correlation table shows a partial values of correlation due to small data availability for the current study in this study based on analyzing co linearity which is not exactly fulfill according to the restriction of the data shows co linearity for the bases of data.

In this study stationary of the data is tested using augmented dickey filler-unit root test for panel data where value greater than 0.5% indicate that the data has a unit root test or not and is stationary and non-stationary.

Table 4. Unit Root Test (ADF)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Level</th>
<th>1st Difference</th>
<th>2nd Difference</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPS</td>
<td></td>
<td>46.3423 (0.0084)</td>
<td>62.7568 (0.0000)</td>
<td>I(0)</td>
</tr>
<tr>
<td>EPS</td>
<td></td>
<td>53.6785 (0.0050)</td>
<td>54.3237 (0.0042)</td>
<td>I(0)</td>
</tr>
<tr>
<td>CR</td>
<td></td>
<td>16.5447 (0.9776)</td>
<td>38.8957 (0.1281)</td>
<td>I(2)</td>
</tr>
<tr>
<td>CF</td>
<td></td>
<td>34.7385 (0.2523)</td>
<td>47.5181 (0.0221)</td>
<td>I(1)</td>
</tr>
<tr>
<td>SIZE</td>
<td></td>
<td>35.0971 (0.2391)</td>
<td>55.8323 (0.0029)</td>
<td>I(1)</td>
</tr>
</tbody>
</table>

Table 4 shows the result of ADF at level p value of all majority test is less than 0.5, I(0) except CR, CF and SIZE so data is non stationary so null hypothesis is accepted at level, but turns stationery at first and second difference where p value is significant among the variables so data is stationary and alternate hypothesis is accepted.

Table 5. Hausman Test

<table>
<thead>
<tr>
<th>Correlated Random Effects - Hausman Test</th>
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<tbody>
<tr>
<td>Equation: Untitled</td>
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<tr>
<td>Test cross-section and period random effects</td>
</tr>
<tr>
<td>Test Summary</td>
</tr>
<tr>
<td>Cross-section random</td>
</tr>
</tbody>
</table>

** WARNING: estimated cross-section random effects variance is zero.**

Hausman test applying the random effect on the panel data as shown in table 5 Hausmen test shows that Random effects (Random Effect) is preferred under the null hypothesis due to higher efficiency null hypothesis is rejected, where p-value is less than 0.5%, while under the alternative Fixed effects (Fix Effect) is at least as consistent and thus preferred-value is insignificant hence random effects will be applied on the estimation therefore random effect is not appropriate so fixed effect is appropriate.

Panel Least Square test is employed to measure the impact among the dep and inside factors with the regression model. Hence, a multiple regression technique will be used. These techniques generally employed to investigate the impact between independent and dependent
variables. The regression analyses will approximation the above model that relevant the dep
(dividend pay-out Divx) and the in deep aspects derived from the hypotheses (Earning per
share (EPS), Capital Ratio (CR), Size of total assets (Size) & Cash flow per share (CF).

To achieve this objective researcher gathered twelve years’ data of banking sector listed
companies in PSX and get the result of Panel Least Square analysis showed following find-
ings.

<table>
<thead>
<tr>
<th>Table 6. Panel Regression</th>
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<tbody>
<tr>
<td>Model</td>
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The Panel regression table 6 presented that the descriptive variables employed to mea-
sure the regression model clarify the differences of the dividend policy. There are two results
shown: One from the fixed effects model; and the last from the random effects model. The
results specify that the earning per share, cash flow per share of the bank play an optimistic
part to determine dividend payouts of banks and t-statistics values shows the greater value of
1.96 so can reject the null hypothesis. Whereas capital ratio and the size and verse associ-
ation with dividend payouts where t-statistics value is less than 1.96 so can accept the null
hypothesis. so dividend per share is a significant system in the existing study. Besides, their
dividend pattern appears even and tracked a steady dividend payout policy. These findings
are powerfully in sustenance to Lintner (1956)[3]. The dividend per share is a negative func-
tion of capital ratio and size. It can be understood that banks have extra cash flow so they
have some choices to use it and promote back in its place of allocating among share-holders
as dividend, and thus cash flow has a negative association with dividend payouts. Further the
overall significance of the model is also high with p-value of 0. 000. Adjusted R-squared
shows values reveals that the existing modal explain 55.8% variation of the dividend payout
patterns in Pakistan listed banks. This certainty has been reflected through the reported f-stat
p-value < 0.05 so the model is significant at 0.05. Durbin-Watson value is (1.6) shows the
autocorrelation among the variables.

Hypothesis assessment is depending on the (R-value) and determine the significance and
non-significance of the p-value which is 0.5 level. In this study R-value calculation is per-
formed through the following steps:

<table>
<thead>
<tr>
<th>Table 7. Hypothesis Assessment Summery</th>
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</thead>
<tbody>
<tr>
<td>S#</td>
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<tr>
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</tr>
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<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
</tbody>
</table>

The result shown in table 7 are discussed in the following sections hypothesis H1, that
earning per share has a positive effect on the dividend payout is supported (r=0.36, p<0.000)
that means if a firm’s The higher and consistent dividend payments lead to a greater demand
of its shares, and as a result the share price earning also moves upward earning per share is positive growing and retaining the firms growth.

The results shows a lack of support for hypothesis H2 that capital ratio has a negative effect on the dividend payout since the data is \( r=-0.06, p>0.652 \) that conclude that this contradiction the findings from prior studies forming a capital structure in firms dividend determination is very important.

Management normally does not like to reduce the dividend payments. In this result conclude that due to lack of capital structure firm’s nota well performed to make an effective dividend policy. Hypothesis H3, that cash flow per share has a positive effect on the dividend payout is supported \( r=6.68, p<0.000 \) that means prior studies conclude that cash flow issue full for getting more shares, for improve business strategies and reduce debt funding to utilize on un profitable projects (Amidu and Abor, 2006; Jensen, 1986)[17, 18].

The results show a lack of support for hypothesis H4 that size has a negative effect on the dividend payout since the data is \( r=-2.67, p>0.376 \) that conclude that this contradiction the findings from prior studies dividend plays a key role in a firm’s capital structure.

5 Conclusion

5.1 Conclusion

In Pakistan way a steady dividend model and do not lack to change the dividend payout ratio than the prior. The most important reason of the study to observe the association among the DPS Panel data employed regression pooled, fixed and random effect models were run on a sample of 15 listed Pakistan’s banks on Pakistan stock exchange. The bank selected factors included in the study were banks size, earning per share, capital ratio and cash flow per share. When applying Lintner’s model (1956)[3] on our sample which is clearly supported effective dividend decision. While testing the impact of the four variables o the dividend payout ratio, We concluded that only two variables can explain the dividend policy .The banks earning per share and cash flow per share are significant and positive .In this scenario banks suggest that have large cash flow per share so banks pay higher dividend and also reduce agency conflict between manger and shareholders and other factor is earning per share increase divide payment is effectively distributed on behalf of increase income .On the other side two variables are insignificant size of the bank and capital ratio, these two variables do not have a direct influence on the dividend payments.

The consequences also care that the role of dividend payouts has diminished the intervention difficulties and also the outlook that the organization usages it as a gesturing trick. The forthcoming exploration can be led by containing certain aspects of banking as well as non-banking macroeconomic variables. Such as non-performing loans, political instability, law and order situation in the country, corruption and internal management effect furthermore it may be compare between foreign and local bank in Pakistan. In this criteria companies maintain share holder for improving dividends ratio it’s making for creating more shareholders and for smoothly making for policy. In this study not only define dividend policy also define variables which is directly or indirectly associated between the variables. Also focus our customer because mainly working on dividend policy based on shareholders. In so doing, the organization of a firm can generate value for their stockholders by falling the number of receivables. A development of the firms the firm’s presentation will subsidize vastly to the growth in firm’s value and accordingly was of excessive worth to the stockholders. The organization maintain value for sustaining customer satisfaction also employee because organizing have two assets first customer and second employee for sustain both factors you will achieve your targets.
The organization can’t succeed without reducing liabilities and also maintain financial performance better for creditors the measure of maintain dividend policy efficiently so should satisfy customers, employees, creditors and investors. It is no doubt that the efficacy in dividend policy management practices as measured by effectively in businesses’ sales growth, market share, profits and total assets and consequently making an enormous role in the profitability of a company (Sondakh, 2019)[19].

5.2 Recommendation

1. The further research may employ by different aspects of banking system, national and international banking system and some other banking related investment factors.
2. Employ some economical factor where may analyze our weakness to make cash flow and investment criteria
3. Law and order situation very crucial scenario for investment and also make fair divide policy should maintain law & order situation.
4. Corruption also main factor to maintain so all system of banking done well
5. Tax is the biggest hurdles for investment it is also required as a variable for further research.

This study defines that banks should ensure that share is enough proper fulfill customer needs and also satisfied customer demands and ignore unnecessary expenditure. Share can rise holding cost for this purpose maintain dividend policy, cash management where utilizing efficiency of dividend policy.

5.3 Suggestions for Further Research

This study not sufficient for only banking it surely utilize every industry, sectors where those are affiliated with PSX, will be valuable for creditors, investors etc. This study utilizes for dividend making policy maintain earnings, cash manage studies and increasing no of shares that will be benefit for the organization’s profit.

References