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THE RELATION BETWEEN SHAREHOLDERS PROFIT SHARING STRATEGIES AND FINANCIAL PERFORMANCE EVALUATION

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ABSTRACT

This study aims toward deliberation of the relation between Banks' financial function and the profit sharing policy in private banks accepted in the Tehran stock market. We considered the bank's financial function as the independent variable including Rate of return on assets; annual rate of return of the bank; economic value added; and market increase variables. Profit sharing policy was considered as the dependent variable. The statistical population was the private banks accepted in the Tehran's stock market consisting 22 banks. Study period was based from 2010 to 2015. Data collection method was library in the theoretical part. On the other hand, data of the hypothesis testing part was collected from financial statements and website of the Tehran stock market. Analysis method was consisted of correlation and multiple regression tests. Theories were tested by Flymer and Watson camera test and multiple regressions. Results implicate that there is a direct and significant relation between profit sharing policy and annual rate of return and bank return of equity. Also, there was a significant reverse relation between profit sharing policy and Market's added value and economical added value.

Keywords: Profit Sharing Policy, Assessment Criteria, Banks Financial Function

INTRODUCTION

When a company takes action for regular earnings announcement, the investors consider this continuity and stability showing the normal operation process of the company and reduced announced dividends can show the existence of a potential problem in the company to the investors (Askinear, 2014). Thus, management of the corporate seeks to use a stable dividend pay policy and, in case of reduction in company earnings, it tries to maintain or even increase dividend levels (Chen et.al, 2014). This accentuates the significance of dividend policy and the psychological effect of dividends on the value of the firm, stock prices, and shareholders' expectations (Ghosh et al, 2012; Gutierrez et al, 2008).

Dividend is a part of the firm's income paid to ordinary shareholders. Dividend is one of the most established and commonest methods of transferring returns from firms to shareholders (Jensen, 1992; Yafea, 2003; Sarmad et al, 2004). The firm management should always decide on holding or distribution of all or part of the dividends. The decision for dividing profits in today's competitive economy is very important. If the decisions are working, they are able to change firm value.

If there are not enough investment opportunities available to provide predicted returns beyond the expected returns, the resources unused have to be paid out as deadened. If these dividends affect the value of ordinary shares, dividend policy would be more than a passive variable

identified only by available investment opportunities, and thus the company can affect the stockholders' wealth by changing the rate of payment of the share of interest (Ahmadvand, 2014; Ahmed, 2007; Omran et al, 2008)

The implementation of the general policies of Article 44 of the Constitution along with the growth of privatization has made Iranian banks to move forward towards privatization. Here, investors seek criteria for selection of the best option for investment to allocate their resources and invest in banks optimally.

The present study tries to determine the most effective dividend policy for improving the performance of privately held private banks in Tehran Stock Exchange coupled with increased cash earnings. Accordingly, the question of the study can be stated as follows: Is there a relationship between the financial performance of private banks listed in the stock exchange and dividend policy?

RESEARCH HYPOTHESES

The main hypothesis: There is a significant relationship between financial performance of banks and dividend policy.

Sub-hypotheses:

1. There is a significant relationship between Return on assets of banks and dividend policy.
2. There is a significant relationship between Annual return rate of banks and dividend policy.
3. There is a significant relationship between Economic value added and dividend policy.
4. There is a significant relationship between Market value added and dividend policy.

Conceptual model:

The theoretical framework is a theoretical relationship model among a number of factors identified as important in the research area. This theoretical framework proceeds logically through checking the literature in the problem area. Given the definitions presented and the past studies, this study examined the following conceptual model to study the effect of financial performance indices, such as the rate of return on assets, annual rate of return, economic value added and market value added on dividend policies along with and control variables financial leverage and the size of the bank in non-governmental banks listed in Tehran Stock Exchange.

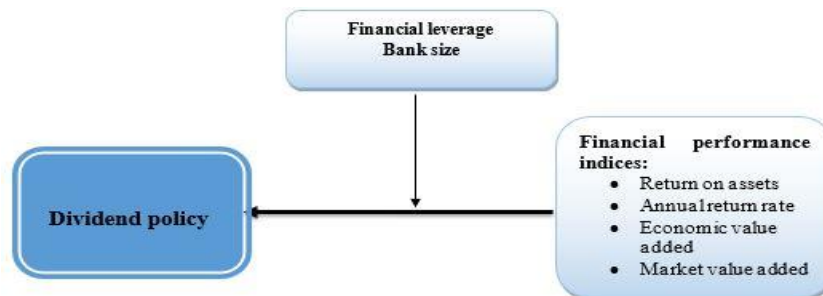


Figure 1: Conceptual Model

RESEARCH METHODOLOGY

Regarding the purpose, the present study was applied from activities aimed at the practical application of knowledge or practical theories. Hence, the results can also be used in other areas. In terms of data collection, it was descriptive-correlational expressing the cause-and-effect relationships among the variables. The population was all banks and the sample was private banks listed in Tehran Stock Exchange from 2010 to 2015. Since the sample size was limited, all members of the sample were selected as the sample, which were 22 banks. Needed research data and financial information were extracted from different resources, such as Rahavard-e Novin software, CDs published by the Securities Exchange Organization for obtaining financial statements and accompanying explanatory notes, the Stock Exchange website¹, the website of the Research Institute for Information and Documents of Iran², website of R & D management and Islamic studies³ and so on. After analyzing and editing in the EXCEL spreadsheet, they were analyzed using EVIEWS7 software.

RESULTS

First sub-hypothesis: There is a significant relationship between Return on assets of banks and dividend policy.

Table 1: Results of F Limer and Hausman tests for the first hypothesis

Model 1	F Limer	Degree of freedom	Prob.F	Result
	۲۲/۲۲۴	۹۴۱/۱۵۶	۰/۰۰۰	H ₀ is rejected
Model 2	Hausman	Degree of freedom	Prob.F	Result
	۶۷/۱۰	۲	۰/۰۰۰	H ₀ is rejected



As the significance level of F Limer test is less than 0.05 (Prob. F<0.05), H₀ denoting the similarity of y-intercept (pool data) is rejected and the estimation method is based on panel data. Moreover, given the rejection of H₀ in Hausman statistic (Prob. Chi-Square <0.05), we used model with constant effects is used.

This model was tested using Eviews7 software, whose results are shown in Table 2.

Table 2: Independent and dependent variables of the first hypothesis

Variables	Coefficient	SD	t-Statistic	Probability
DPS/EPS	۰/۰۴۵۵۷۷	۰/۰۰۳۰۷۴	۱۴/۸۲۶۲۰	۰/۰۰۰۰
LEV	۰/۰۱۵۶۶۶	۰/۰۰۴۳۸۹	۳/۵۶۹۰۰۰	۰/۰۰۰۴
ROA	-۰۰۵E۴/۷۲	۰/۰۰۰۱۱۱	۰/۴۲۳۸۲۹	۰/۶۷۱۸
R-squared: ۰/۰۱۲	Durbin-Watson /۹۵:۱ statistics	: ۶/۵۲۶۳۰۴F-statistic : ۰/۰۰۱۵Prob(statistic)	: ۲۲/۲۲۴F : ۰/۰۰ Prob:	: ۶۷/۱۰ Hausman n : ۰/۰۰ Prob:
			S.E. of egression: ۰/۰۳۴۹۰۹	Adjusted R-squared: ۰/۰۰۹۹۶۶

¹ www.irbourse.com

² www.rdis.ir

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In Table 2, the significance test of the effect of independent and dependent variables, regression coefficients, integration statistics and so on are presented. We will examine them below.

- ***Evaluation of grafting statistics (correlation)***

The coefficient of determination or (R-square) shows the percentage of changes due to the independent variables on the dependent variable (dividend policy). The value of this coefficient is only 0.122, i.e. 1.2% of the variations in the dependent variable are due to the independent variable examined. In this study, Durbin-Watson statistic is reported to be 1.956 (in the range 1.5 to 2.5), which rejects the existence of autocorrelation between observations.

- ***Examining the severity of the effect of independent and dependent variables:***

In regression model, using F (Fisher test), the significance of the model is examined.

The hypothesis of this test is:

$H_0: \beta_i = 0$: There is no correlation between any of the independent variables with the dependent variable

$H_1: \beta_i \neq 0, i=1, 2, 3, 4, 5, 6, 7$: There is a correlation between at least one of the independent and dependent variables.

Fisher statistic is 6.52 with a degree of freedom 2. The rejection of H_0 ($\text{sig} < 0.05$) considering this test shows that the regression model was considerably incapable of detecting the variations of the dependent variable (the level of correlation). More precisely, the effect of at least one of the variables studied (financial leverage, return on asset of the banks) on the dependent variable (dividend policy) is confirmed at a significance level of 0.05.

In the output obtained by T test, the significance of the effect of each independent variable on the dependent variable was examined, where the results are:

- ***LEVERAGE:***

The level of t statistic is 3.56. The rejection of H_0 ($|t| > 1.96$ or $\text{Sig} < 0.05$) at the significance level of 0.05 shows a significant relationship between the financial leverage and the dividend policy. As the regression coefficient of this variable is (0.16) positive, there is a direct relation between leverage and dependent variable (DPS / EPS). This means that with the increase (decrease) in the financial leverage, dividend policy increases (decreases).

- ***Bank's Return on Assets (ROA):***

The level of t statistic was 0.424. The confirmation of hypothesis H_0 ($|t| > 1.96$ or $\text{Sig} < 0.05$) at the significance level of 0.05 indicates no significant relationship between the rate of return on assets of the bank and dividend policy.

The fitted regression equation given is:

$$\hat{y} = \beta_0 + \beta_1 X \Rightarrow \text{DPS} / \text{EPS} = 0/046 + 4/72E - 0/005\text{ROA} + 0/016\text{lev}$$

The second hypothesis: There is a significant relationship between Annual return rate of banks and dividend policy.

Table 3: Results of F Limer and Hausman tests for the second hypothesis

Model 1	F Limer	Degree of freedom	Prob.F	Result
	36/124	941/156	0/000	H_0 is rejected

Model 2	Hausman	Degree of freedom	Prob.F	Result
	۲۷/۹۶۱	۲	۰/۰۰۰	H ₀ is rejected

As the significance level of F Limer test is less than 0.05 (Prob. F<0.05), H₀ denoting the similarity of y-intercept (pool data) is rejected and the estimation method is based on panel data.

Moreover, given the rejection of H₀ in Hausman statistic (Prob. Chi-Square <0.05), we used model with constant effects is used.

This model was tested using Eviews7 software, whose results are shown in Table 4.

Table 4: Independent and dependent variables of the second hypothesis

Variables	Coefficient	SD	t-Statistic	Probability
DPS/EPS	۰/۰۶۷۱۸۴	۰/۰۱۰۰۹۲	۶/۶۵۷۳۹۶	۰/۰۰۰۰
ROA	-۰.۵E۸/۱۵	۰/۰۰۰۱۱۲	۰/۷۳۰۲۸۴	۰/۴۶۵۴
APR	-۰/۰۰۵۶۰۳	۰/۰۰۱۷۶۲	-۳/۱۷۹۹۱۰	۰/۰۰۱۵
R-squared: ۰/۰۰۹۴۲۳	Durbin-Watson : ۱/۹۶۶ statistic s	: ۵/۱۲۹۶ F- statistic : ۰/۰ Prob(statistic)	: ۳۶/۱۲۴F : ۰/۰ Prob:	: ۲۷/۹۶ Hausman : ۰/۰ Prob:
			S.E. of egression: ۰/۰۳۴۹۵۰	Adjusted R-squared: ۰/۰۰۷۶۱۵

In Table 4, the significance test of the effect of independent and dependent variables, regression coefficients, integration statistics and so on are presented. We will examine them below.

- **Evaluation of grafting statistics (correlation)**

The coefficient of determination or (R-square) shows the percentage of changes due to the independent variables on the dependent variable (dividend policy). The value of this coefficient is only 0.009, i.e. 0.9% of the variations in the dependent variable are due to the independent variable examined. In this study, Durbin-Watson statistic is reported to be 1.956 (in the range 1.5 to 2.5), which rejects the existence of autocorrelation between observations.

- **Examining the severity of the effect of independent and dependent variables:**

In regression model, using F (Fisher test), the significance of the model is examined.

The hypothesis of this test is:

H₀: $\beta_i = 0$: There is no correlation between any of the independent variables with the dependent variable

H₁: $\beta_i \neq 0$ i=1, 2, 3, 4, 5, 6, 7: There is a correlation between at least one of the independent and dependent variables.

Fisher statistic is 5.12 with a degree of freedom 2. The rejection of H₀ (sig<0.05) considering this test shows that the regression model was considerably incapable of detecting the variations of the dependent variable (the level of correlation). More precisely, the effect of at least one of the variables studied (financial leverage, Annual return rate of the banks) on the dependent variable (dividend policy) is confirmed at a significance level of 0.05.

In the output obtained by T test, the significance of the effect of each independent variable on the dependent variable was examined, where the results are:

- **Annual percentage rate of the bank (APR):**



The rate of t-test was -3.180. The rejection of hypothesis H_0 ($|t| > 1.96$ or $Sig < 0.05$) at the significance level of 0.05 indicates a significant relationship between APR of the bank and dividend policy. As the regression coefficient corresponding to this variable (-0.006) is negative, there is an inverse relation between this variable and the dependent variable (DPS / EPS). That is, with the increase (decrease) in APR of banks, the dividend policy decreases (increases).

• **The rate of return on assets of banks (ROA):**

The rate of t statistic is 0.730. The confirmation of hypothesis H_0 ($|t| > 1.96$ or $Sig < 0.05$) at the significance level of 0.05 indicates no significant relationship between APR of the bank and dividend policy.

The fitted regression equation is:

$$\hat{y} = \beta_0 + \beta_1 X \Rightarrow DPS / EPS = 0/067 + 8/15E - 0/005ROA - 0/006APA$$

The third hypothesis: There is a significant relationship between Economic value added and dividend policy.

In this model, the relationship between dividend policy variable (DPS / EPS) as a dependent variable with independent variables:

- Return on Assets (ROA)
- Economic Value Added (EVA)

Table 5: Results of F Limer and Hausman tests for the third hypothesis

	F Limer	Degree of freedom	Prob.F	Result
Model 1	23/511	941/156	./...	H_0 is rejected
	Hausman	Degree of freedom	Prob.F	Result
Model 2	31/75	2	./...	H_0 is rejected

As the significance level of F Limer test is less than 0.05 (Prob. $F < 0.05$), H_0 denoting the similarity of y-intercept (pool data) is rejected and the estimation method is based on panel data. Moreover, given the rejection of H_0 in Hausman statistic (Prob. Chi-Square < 0.05), we used model with constant effects is used.

This model was tested using Eviews7 software, whose results are shown in Table 6.

Table 6: Independent and dependent variables of the third hypothesis

Variables	Coefficient	SD	t-Statistic	Probability
DPS/EPS	./0.32900	./0.01163	28/27736	./.....
ROA	./0.08437	./0.01761	4/79.0163	./.....
EVA	-4/887768	1/0.25962	-4/764.84	./.....
R-squared : ./0.20586	Durbin-Watson : 1/967 statistic s	: 11/5.75 Fstatistic : ./. Prob(statistic)	: 23/511 F ./... Prob:	: 31/75 Hausman ./... Prob:
			S.E. of regression: ./0.34755	Adjusted R-squared: ./0.18997

In Table 6, the significance test of the effect of independent and dependent variables, regression coefficients, integration statistics and so on are presented. We will examine them below.

• **Evaluation of grafting statistics (correlation)**

The coefficient of determination or (R-square) shows the percentage of changes due to the independent variables on the dependent variable (dividend policy). The value of this coefficient is only 0.205, i.e. 2.05% of the variations in the dependent variable are due to the independent variable examined. In this study, Durbin-Watson statistic is reported to be 1.96 (in the range 1.5 to 2.5), which rejects the existence of autocorrelation between observations.

• **Examining the severity of the effect of independent and dependent variables:**

In regression model, using F (Fisher test), the significance of the model is examined.

The hypothesis of this test is:

H₀: $\beta_i = 0$: There is no correlation between any of the independent variables with the dependent variable

H₁: $\beta_i \neq 0$ i=1, 2, 3, 4, 5, 6, 7: There is a correlation between at least one of the independent and dependent variables.

Fisher statistic is 11.50 with a degree of freedom 2. The rejection of H₀ (sig<0.05) considering this test shows that the regression model was considerably incapable of detecting the variations of the dependent variable (the level of correlation). More precisely, the effect of at least one of the variables studied (financial leverage, Economic value added) on the dependent variable (dividend policy) is confirmed at a significance level of 0.05.

In the output obtained by T test, the significance of the effect of each independent variable on the dependent variable was examined, where the results are:

• **EVA:**

The level of t statistic is -4.764. The rejection of H₀ ($|t| > 1.96$ or Sig<0.05) at the significance level of 0.05 shows a significant relationship between EVA and the dividend policy. As the regression coefficient of this variable is (-4.888) negative, there is an indirect relationship between the variable and dependent variable (DPS / EPS). This means that with the increase (decrease) in EVA, dividend policy increases (decreases).

• **ROA of the banks:**

The rate of t is 4.790. The confirmation of hypothesis H₀ ($|t| > 1.96$ or Sig<0.05) at the significance level of 0.05 indicates no significant relationship between EVA of the bank and dividend policy.

The fitted regression equation given is:

$$\hat{y} = \beta_0 + \beta_1 X \Rightarrow DPS / EPS = 0/033 + 0/008ROA - 4/888EVA$$

The fourth hypothesis: There is a significant relationship between Market value added and dividend policy.

In this model, we examined the relationship between the dividend policy variable (DPS / EPS) as a dependent variable with independent variables:

- Return on Asset of the banks (ROA)
- Market Value Added Rate (MVA)

Table 7: Results of F Limer and Hausman tests for the forth hypothesis

Model 1	F Limer	Degree of freedom	Prob.F	Result
	۴۵/۲۴۱	۹۴۱/۱۵۶	۰/۰۰۰	H ₀ is rejected



Model 2	Hausman	Degree of freedom	Prob.F	Result
	1/215	2	./000	H ₀ is rejected

As the significance level of F Limer test is less than 0.05 (Prob. F<0.05), H₀ denoting the similarity of y-intercept (pool data) is rejected and the estimation method is based on panel data.

Moreover, given the rejection of H₀ in Hausman statistic (Prob. Chi-Square <0.05), we used model with constant effects is used.

This model was tested using Eviews7 software, whose results are shown in Table 8.

Table 8: Independent and dependent variables of the forth hypothesis

Variables	Coefficient	SD	t-Statistic	Probability
DPS/EPS	./017545	./000859	20/43094	./0000
ROA	-0.5E2/0.4	-0.5E7/50	0/272158	0/7856
MVA	0/235221	0/006415	36/66853	0/0000
R-squared: ./551054	Durbin-Watson : 1/864 statistic s	: 672/637 Fstatistic : 0/0 Prob(statistic)	: 45/241 F : 0/00 Prob	: 1/215 Hausman : 0/00 Prob:
			S.E. of egression: 0/023529	Adjusted R-squared: 0/550235

In Table 8, the significance test of the effect of independent and dependent variables, regression coefficients, integration statistics and so on are presented. We will examine them below.

- **Evaluation of grafting statistics (correlation)**

The coefficient of determination or (R-square) shows the percentage of changes due to the independent variables on the dependent variable (dividend policy). The value of this coefficient is only 0.551, i.e. 55.1% of the variations in the dependent variable are due to the independent variable examined. In this study, Durbin-Watson statistic is reported to be 1.86 (in the range 1.5 to 2.5), which rejects the existence of autocorrelation between observations.

- **Examining the severity of the effect of independent and dependent variables:**

In regression model, using F (Fisher test), the significance of the model is examined.

The hypothesis of this test is:

H₀: $\beta_i = 0$: There is no correlation between any of the independent variables with the dependent variable

H₁: $\beta_i \neq 0$ i=1, 2, 3, 4, 5, 6, 7: There is a correlation between at least one of the independent and dependent variables.

Fisher statistic is 672.63 with a degree of freedom 2. The rejection of H₀ (sig<0.05) considering this test shows that the regression model was considerably incapable of detecting the variations of the dependent variable (the level of correlation). More precisely, the effect of at least one of the variables studied (financial leverage, Market value added) on the dependent variable (dividend policy) is confirmed at a significance level of 0.05.

In the output obtained by T test, the significance of the effect of each independent variable on the dependent variable was examined, where the results are:

- **MVA**

The level of t statistic is 36.669. The rejection of H_0 ($|t| > 1.96$ or $Sig < 0.05$) at the significance level of 0.05 shows a significant relationship between MVA and the dividend policy. As the regression coefficient of this variable is (0.235) positive, there is a direct relation between MVA and dependent variable (DPS / EPS). This means that with the increase (decrease) in MVA, dividend policy increases (decreases).

• **Return on assets of banks (ROA):**

The t-statistic t is 0.272. The acceptance of the hypothesis H_0 (SIG = 0.05, or $96/1 | | t |$) at the significant level of 0.05 indicates no significant relationship between the rate of increase in MVA and dividend policy.

The fitted regression equation is:

$$\hat{y} = \beta_0 + \beta_1 X \Rightarrow DPS / EPS = 0/018 + 2/04E - 0/005ROA + 0/235MVA$$

Processing comprehensive model of the study

The main hypothesis: There is a significant relationship between bank performance and dividend policy.

In this model, we examined the relationship between the dividend policy (DPS / EPS) as a dependent variable with independent variables:

- Financial leverage (LEV)
- Return on asset (ROA) of the banks
- Annual percentage rate (APR)
- Economic Value Added (EVA)
- Market Value Added (MVA)

In the model

Model 5: $DPS / EPS = f(ROA, APR, EVA, MVA, LEV)$



Table 9: Results of F Limer and Hausman tests for the main hypothesis

Model 1	F Limer	Degree of freedom	Prob.F	Result
	118/22	938/156	0/000	H_0 is rejected
Model 2	Hausman	Degree of freedom	Prob.F	Result
	89/42	5	0/000	H_0 is rejected

As the significance level of F Limer test is less than 0.05 (Prob. $F < 0.05$), H_0 denoting the similarity of y-intercept (pool data) is rejected and the estimation method is based on panel data.

Moreover, given the rejection of H_0 in Hausman statistic (Prob. Chi-Square < 0.05), we used model with constant effects is used.

This model was tested using Eviews7 software, whose results are shown in Table 10.

Table 10: Independent and dependent variables of the main hypothesis

Probability	t-Statistic	SD	Coefficient	Variables
0/000	3/665	0/007	0/026	DPS/EPS
0/000	7/116	0/003	0/022	LEV
0/000	4/837	0/001	0/006	ROA
0/000	37/547	0/007	0/246	APR

·/···	-·/···	·/···	-·/···	EVA
·/···	-·/···	·/···	-·/···	MVA
: 19/42 Hausman ·/·· Prob:	: 118/32F ·/·· Prob:	: 303/690 Fstatistic : ·/· Prob(statistic)	Durbin-Watson : 1/178 statistic s	R-squared: ·/581757
Adjusted R-squared: ·/579457	S.E. of regression: ·/022753			

Table 10 presents the significance test of the effect of independent and dependent variables, regression coefficients, graft statistics, and so on are presented below, we examine these issues:

- **Evaluation of grafting statistics (correlation)**

The coefficient of determination or (R-square) shows the percentage of changes due to the independent variables on the dependent variable (dividend policy). The value of this coefficient is only 0.582, i.e. 58.2% of the variations in the dependent variable are due to the independent variable examined. In this study, Durbin-Watson statistic is reported to be 1.875 (in the range 1.5 to 2.5), which rejects the existence of autocorrelation between observations.

- **Examining the severity of the effect of independent and dependent variables:**

In regression model, using F (Fisher test), the significance of the model is examined.

The hypothesis of this test is:

$H_0: \beta_i = 0$: There is no correlation between any of the independent variables with the dependent variable

$H_1: \beta_i \neq 0$ $i=1, 2, 3, 4, 5, 6, 7$: There is a correlation between at least one of the independent and dependent variables.

Fisher statistic is 303.69 with a degree of freedom 5. The rejection of H_0 ($\text{sig} < 0.05$) considering this test shows that the regression model was considerably capable of detecting the variations of the dependent variable (the level of correlation). More precisely, the effect of at least one of the variables studied (financial leverage, ROA of the banks, EVA, MVA) on the dependent variable (dividend policy) is confirmed at a significance level of 0.05.

- **LEVERAGE:**

The level of t statistic is 7.116. The rejection of H_0 ($|t| > 1.96$ or $\text{Sig} < 0.05$) at the significance level of 0.05 shows a significant relationship between the financial leverage and the dividend policy. As the regression coefficient of this variable is (0.022) positive, there is a direct relation between the mentioned variable and dependent variable (DPS / EPS). This means that with the increase (decrease) in the financial leverage, dividend policy increases (decreases).

- **Bank's Return on Assets (ROA):**

The level of t statistic was 4.873. The rejection of hypothesis H_0 ($|t| > 1.96$ or $\text{Sig} < 0.05$) at the significance level of 0.05 indicates no significant relationship between ROA of the bank and dividend policy. As the regression coefficient of this variable is (0.006) positive, there is a direct relation between the mentioned variable and dependent variable (DPS / EPS). This means that with the increase (decrease) in ROA, dividend policy increases (decreases).

- **Annual percentage rate of the bank (APR):**

The rate of t-test was 37.547. The rejection of hypothesis H_0 ($|t| > 1.96$ or $\text{Sig} < 0.05$) at the significance level of 0.05 indicates a significant relationship between APR of the bank and dividend policy. As the regression coefficient corresponding to this variable (0.246) is negative,

there is an inverse relation between this variable and the dependent variable (DPS / EPS). That is, with the increase (decrease) in APR of banks, the dividend policy decreases (increases).

- **EVA:**

The level of t statistic is 4.803. The rejection of H_0 ($|t| > 1.96$ or $\text{Sig} < 0.05$) at the significance level of 0.05 shows a significant relationship between EVA and the dividend policy. As the regression coefficient of this variable is (-3.264) negative, there is an indirect relationship between the variable and dependent variable (DPS / EPS). This means that with the increase (decrease) in EVA, dividend policy increases (decreases).

- **MVA**

The level of t statistic is -3.739. The rejection of H_0 ($|t| > 1.96$ or $\text{Sig} < 0.05$) at the significance level of 0.05 shows a significant relationship between MVA and the dividend policy. As the regression coefficient of this variable is (-0.004) positive, there is an inverse relation between MVA and dependent variable (DPS / EPS). This means that with the increase (decrease) in MVA, dividend policy increases (decreases).

The fitted regression equation given is:

$$\hat{y} = \beta_0 + \beta_1 X + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 \Rightarrow$$

$$DPS/ EPS = 0/026 + 0/006ROA + 0/022lev - 3/264APR - 0/004EVA + 0/264 MVA$$

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