Effect of Corporate Shareholding Structure on Dividend Policy of Firms Listed In Nairobi Securities Exchange

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Abstract : *Every business organization has its own way of building its corporate shareholding structure and it affects the decision of dividend payment. The general objectives of the study were to study the effect of corporate shareholding structure on dividend policy of listed firms in Nairobi securities exchange. The specific objectives of the study were; to examine the effect of foreign shareholding structure on dividend policy of listed firms in NSE; to evaluate the effect of local individual's shareholding structure on dividend policy of firms listed in NSE, to determine the effect of local institution shareholding structure on dividend policy of firms listed in NSE. The study adopted stratified research design. The target population of the study comprised of all the 67 firms which have been listed in the NSE as at December 2018. The data for the study was obtained from 40 firms that had been consistently listed in the NSE from 2012 to 2016. Data for the study was collected from annual published financial statements. Both descriptive and inferential analysis was conducted. Regression analysis was applied to test the effect of shareholding structure on dividend policy. The data analyzed was presented in form of tables. The results of the study showed that there is no statistical significant relationship between foreign shareholding structure and dividend payout ratio, p=0.0194.Additionally the findings of the study reveals that there was no statistical significant relationship between local individual shareholding structure and dividend payout ratio P=0.374,Therefore this study concludes that there is no statistical significant relationship between shareholding structure and dividend policy of firms listed in the Nairobi Securities Exchange. The research recommends that there should be a strike of balance between shareholding structures as they are useful to the firm management in deciding an appropriate dividend policy, and to the shareholders in making investment decisions. If manager considers that dividend policy is vital to their investors and has positive effect on share price, they should embrace managed dividend policy rather than the residual one. Appropriate firm disclosure with respect to dividend payout is needed to guard the investing public in making the right investment choices in listed firms in Nairobi securities exchange.*

I.   Introduction

1.1 Background of the study

The shareholder orientation is common in the Anglo-Saxon world led by the united state of America and the United Kingdom (USA &UK). Proponents of the Shareholder-Value Perspective assume that the firms should be run in the interest of the shareholders. They argue that corporate decisions should contribute to the increase in shareholder wealth, and that the interests of the other important stakeholders (employees, environment, suppliers, etc.) are to be protected by labour laws, or contracts [1]. The globalization process driven by stock market liberalization, foreign portfolio investments, mergers and acquisitions (M&A) across borders, and other factors has made it possible to sell or buy shares any where the issuing firms are listed and to take over foreign firms and control them partially or wholly. Foreign investments mainly in the form of M&A and foreign portfolio investments in corporations may have impacts in the changes of the ownership structures.

The UK has historically similar equity ownership which is mainly dispersed, with that in the US, and it has a large numbers of publicly traded firms, most of which are relatively widely held. A study by [2] stated that the US has substantially more dispersion in share ownership, and the largest shareholder often controls as little as 5% of voting rights. The recent studies on East Asian listed firms by [3] show that the concentration of ownership rights in Japan is 6.12%, which indicates that there is a diffused ownership in Japan and the corporations of Thailand, Indonesia, Hong Kong, Taiwan and Korea display the concentrated ownership of 35.86%, 29.73%, 28.05%, 19.19% and 19.1% on average respectively. In China,[4] document high ownership concentration, with 'ownership split relatively equally between the government, institutions, and domestic individuals.

The concept of corporate shareholding structures has become the policy agenda in the African continent. The importance of shareholding structures is evident in the fact that corporate governance and the shareholding structures of companies is currently characterized by change processes as the economies of the world become more and more globally integrated. Shareholding structures are also of major importance in corporate governance because they affect the incentives of managers, and thereby the efficiency of firms. The increased volatility of corporate ownership portfolios observed in recent years has led to renewed interest in shareholding structures, especially with respect to Multinational enterprises. Shareholding structures decisions also affect firm's capital base and the decision of either going for equity financing or debt financing [5]

Kenya being an emerging market economy, there are many widely dispersed corporate ownership, according to what is prevalent at the Nairobi securities exchange are many firms with concentrated ownership [6]. Despite the impressive performance at the Nairobi securities exchange (NSE), firm's are still dogged with challenges of shareholding structures with higher ownership concentration providing the controlling shareholders with the opportunity to use their power to undertake activities intended to obtain personal gains to the detriment of minority shareholders and other stakeholders while adversely affecting the firms' performance. Even the NSE as an entity has been demutualized with key players indicating this will increase competitiveness, diversifying shareholding structures and also allow it raise capital from the public for further development [7].

Management of companies are increasingly separated from the ownership of the company and is one of the characteristics of the modern firm, which is in line with agency theory which wants owners of the company to hand over management to professionals that have a better understanding of running a business [8]The main purpose of a company management is to maximize shareholders wealth and to realize this purpose, the shareholders of the firm delegates over its management to agents. [9]

Corporate dividend payout is not only the source of cash flow to the shareholders but it also provides information regarding firm current and future performance ([10] every single investment is done with the purpose of earning an expected return that will definitely exceed the outflow of the investors. The decision of investing in shares of a particular company relies to a large extent on the amount of dividend paid by the company. Dividend is usually distributed in cash form to stockholders of a corporation approved by the board of directors. Dividend policy is equally important for managers and investors, as investors have to plan return on their investment portfolio. Thus, selecting a suitable dividend policy for a company is one of the most important decisions for the management and investors [11]

1.2 Statement of the Problem

Dividend payment is one of the rewards to the shareholders for their contribution in raising fund for a company and for bearing the relevant risks. In this regard, management of a company formulates a dividend policy to divide and distribute earnings among the shareholders for their investments. Dividend policies have crucial influence on the value of firm. This is because a company has to maintain a state of equilibrium between the firm's growth policies and the dividend payout policies. A minor mistake can lead to shareholders dissatisfaction as well as can shake the firm's growth. Due to the extent of business relationships which led to agency problems, investors are skeptical that managers may take decisions for their self interest. So, the need for good governance is the necessity to restore investors' confidence in business operations through transparency and accountability. One of the main features of corporate governance system is the shareholders. They indirectly play a role in corporate decision-making especially when it comes to issues regarding dividend payment and capital gain and can be effective in reducing agency costs [12]

The recent studies on East Asian listed firms show that the concentration of ownership rights in Japan is 6.12%, which indicates that there is a diffused ownership in Japan and the corporations of Thailand, Indonesia, Hong Kong, Taiwan and Korea display the concentrated ownership of 35.86%, 29.73%, 28.05%, 19.19% and 19.1% on average respectively

In Kenya, a number of problems relating to the way companies are controlled have been identified. The origins of these problems range from concentrated ownership, weak incentives, and poor protection of minority shareholders to weak information standards [13], Studied on the effect of ownership concentration on financial performance of firms for the period 2007 to 2011.By using panel methodology comprising 53 firms listed at the Nairobi Securities Exchange.. The findings revealed that on average, firms listed at the Nairobi Securities Exchange enjoy a return on equity and return on assets of about 16.5 percent. The finding of the study show the highest ownership concentration is 96.310 %, while the lowest is 11.040%, with an average ownership concentration of 64.286 % and variability of 17.292 % implying that the percentage of shares held by those considered as large shareholders range between 96.310 % and 11.040 %, with a mean of 64.286 % and the results revealed non-significant relationship between ownership concentration and performance of firms at the Nairobi Securities Exchange. Despite impressive performance at the Nairobi Securities Exchange, firm's at the Nairobi Securities Exchange are still characterized by higher ownership concentration providing the controlling shareholders with the opportunity to use their power to undertake activities intended to obtain personal gains to the detriment of minority shareholders and other stakeholders while adversely affecting the firms' performance [14] who investigated the relationship between ownership, corporate governance structures and financial performance of forty one insurance companies in Kenya from 2005 to 2009, revealed a negative ROA when ownership was considered. Given to the above background, no studies have been done on corporate shareholding structure on dividend policy with specific reference to listed firms in Kenya. This study therefore will bridge this gap by evaluating the effect of corporate shareholding structure on dividend policy of listed firms in NSE.

1.3 General Objectives of the Study
To evaluate the effect of corporate shareholding structure on dividend policy of listed firms in the Nairobi securities exchange.

1.4 Specific Objectives of the Study
i. To examine the effect of foreign shareholding structure on dividend policy of listed firms in NSE, Kenya.
ii. To evaluate the effect of local individual shareholding structure on dividend policy of firms listed in NSE, Kenya.
iii. To determine the effect of local institution shareholding structure on dividend policy of firms listed in NSE, Kenya.

1.5 Research Hypotheses
H_{O1}: Foreign shareholding structure have no significant effect on dividend policy of firms listed in NSE
.H_{O2}: Local individual shareholding structure have no significant effect on dividend policy of firms listed in NSE.
H_{O3}: Local institution shareholding structure have no significant effect on dividend policy of firms listed in NSE

II. Literature Review

2.1 Nairobi Securities Exchanges.

The securities exchange may be defined as an organized market where stock and shares are issued, bought and sold through the services of stockbrokers or dealers[10]. The Capital Markets Authority approved the listing of the NSE stock through an initial public offer and subsequently self-list its shares on the main investment market segment in 2014.According to the Economic Survey, 2010, Kenya's equities market recorded marked improvement in activity in both primary and secondary markets Market capitalization rose by 40% in 2010, exceeding the Kshs 1 trillion, with average annual return of 36 % based on the NSE20 Share Index. As a result, NSE was among the best performing equity markets in Africa after the Uganda Securities Exchange, which recorded an index return of 53 %. Equity turnover and share volume recorded 190 % and 127 % respectively, as market capitalization rose by 40%compared to 2009. This impressive performance was attributed to improved business confidence in the market on account of economic recovery, adoption of best practice within capital markets, resumed participation by foreign and institutional investors. For instance, turnover attributed to foreign investors reached a historical high of Ksh 50 billion or 46 % of total annual turnover, with a Ksh 15 billion net foreign portfolio inflow [6]. The expansion of these companies is really boosting the Kenyan Economy [9]. The study therefore considers the NSE to be a good representative population to study because companies listed herein consists of many sectors of the Kenyan economy as well as the diversity in shareholding structures

2.2.1Bird in Hand Theory

[15] Developed this theory, stating dividends are relevant to firm value. The determinants of cost of equity according to the model developed by Gordon are future dividend, the growth rate and the current share price. Therefore, dividend yield and growth provide return to holders of equity. It purports dividend yield is more important in measuring return on equity than cost and that dividends are more relevant in determination of firm's value. Growth is not guaranteed thus capital gains cannot be estimated accurately and a stock could lose its entire market value and become bankrupt. A firm that does not pay dividends, its future market value is always clouded with uncertainty if investors will realize anticipated capital gains. This is based on a numbers of assumptions such as the company does not have access to external financing and therefore all financing has to come from retained earnings, there are constant returns which ignores the diminishing marginal efficiency and the cost of capital is constant

This theory proposes a relation between value of the firm and dividend policy. The core of this theory is that equity holders are risk averse and prefer current dividends. [15] argued that investors prefer current dividends compared to anticipated capital gains to their uncertainty. Dividend payment reduces uncertainty thus increasing share value. This is on the preference of the present than the future. A sure current dividend is desirable than a promised future dividend or capital gain despite it been larger. Hence, dividend policy is relevant

2.2.2 Agency Theory

The theoretical framework presents the agency theory to explain the expected effect of shareholding structures on dividend payout ratio. According to [16] Agency Theory stresses the potential conflicts of interest between insiders (managers, boards of directors, and majority shareholders) and outsiders (minority shareholders and creditors) of the company. One way to examine the link between a firm's ownership structure and firm performance is to consider the principal agent relationship, whereupon the agent acts on behalf of the principal. In this agency relationship, the shareholder and management are respectively the principal and agent. This separation between ownership and control creates different types of behaviour. The shareholders want to maximize profit for their company. If managers and shareholders are both utility maximizes, there is a good reason that managers are not always acting in the same interest as the shareholders. Under the Agent Principal theory, as argued by [17] there is trade-off between incentives and risk sharing where managers are motivated to work hard through "high powered" incentives while also protected from risk through "low powered" incentives such as compensation that is insensitive to a firm's performance. The shareholders need assurance that the management will run the company in a manner that serves and protects their interest, while management has

their own personal interest. [18] states that since the agency theory argue that people are motivated by their own self-interest, managers will aim to maximize the firm's performance only if it is in line with their own best interests. This can effectively lead to a conflict of interest which in turn leads to agency cost for the company. The agency costs are described as the sum of bonding costs, monitoring costs and a residual loss from decision making [19] Reducing agency costs increases a firm's performance, Should conflict of interest arise, ownership structures can facilitate decisions that were not included in the original principal agent contract through the allocation of residual rights of control over the firms' non-human assets [17]

[19] suggested that the firm's ownership structure is the primary determinant of the extent of agency problem between insider and outsider investors, which has important implications on the value of the firm. The insiders who control corporate assets can potentially expropriate outsider investor by diverting resources for their personal use or by committing funds to unprofitable projects that provide private benefits. By diverting resources for their private benefits, controlling managers have the opportunity to increase their current wealth or perquisite consumption without bearing the full cost of the actions. Recent studies have shown that company performance decline the most in firms where managers employ ownership structures that allow them to effectively control the firm while reducing the cash flow rights associated with their control rights.

2.2.3 Signaling Theory

This theory was suggested by Fama [20] Signaling hypothesis assumes that the firm's managers know a lot about their firm's value as such the firm's managers use dividend payout as a mean to convey favorable information to investors [21] According to this hypothesis, a firm may opt to pay more dividends to convey to market that the firm is successful; this aims at improving the firm's prospects.This theory anticipates that with dividends, the firm is likely to receive positive or abnormal returns on announcement thus a more dividend payout sends out a signal that can affect investor's opinion. According to the hypothesis, as a firm's action, dividend payout influences stock price and has an effect on the firm's returns from the stocks [22] This theory implies that any decrease or elimination of dividends is likely to be viewed with an extreme disfavor by financial markets [23]

2.3 Dividend policies of the firms

Dividend is defined as distribution of earnings in corporation to shareholders as a reward for investing [24] when company makes a profit, management team should decide whether to payout the dividend or retain the earnings for capital expenditure or other investment opportunities. In the case of expanding and developing companies, it is advisable to retain the earnings to conduct research and development for expansion purposes. On the other hand, for the companies with consistent growth, management team mostly will distribute the profits to shareholders as dividends, Dividend policy is a guideline followed by the management in declaring of dividend. A dividend policy decides proportion of dividend and retains earnings. Retained earnings are an important source of internal finance for long term growth of the company while dividend reduces the available cash funds of company[25]

Dividend policy decision is one of the four decisions of financial management because it affects the financial structure, the flow of funds, corporate liquidity and investors' attitudes [26].dividend decisions are important because they determine what funds flow to investors and what funds are retained by the firm for investment. In this regard, Managers have to decide whether to pay dividend or not and if they decide to pay dividend, they will face a further question of how much they should pay. Therefore, dividend policy is intended to regulate and guide a firm's management when issuing dividends to shareholders [27]

Dividends are the returns that accrue to shareholders as a result of the money invested in acquiring stocks of a given company. Thus, in maximizing shareholders wealth, both investment decisions and dividend decisions should be given serious attentions simultaneously [28]As a consequence, dividend paid has an effect on the liquidity and profitability position of a firm. Additionally, when a firm issues dividends it reduces the amount of liquid cash that can be used to meet the demands of short time creditors and lenders. As a result, it can have an impact on the survival of a firm forcing the firm to an insolvency situation [29]

2.4 Empirical Literature Review
2.4.1 Foreign investors and Dividend policy of the firm

The proportion of foreign institutional investors has gradually grown in the stock markets of developing countries as a result of financial globalization. This trend has led to an increasing concern as to whether these investors can influence the management decisions of the local firms in developing countries [30] Foreign ownership refers to the percentage of stock of the whole company which consist of foreign partners, foreign financial entities and foreign nationalities

[31] Examines whether foreign institutional investment influences firms' dividend policies. Using data from all domestically listed nonfinancial firms in China during the period of 2003–2013, the results found out that foreign shareholding influences dividend decisions

A study by [32] on the relationship between foreign investors and dividend policy have shown that foreign institutional investors with more than five per cent of company's share, rather than whole foreign shareholders can exert a positive impact on corporate dividends. This implies that, one foreign shareholder who holds five per cent ownership has more influence on dividends than do five foreign shareholders who hold one per cent each. Also, it partially confirmed that the more shares that foreign institutional investors have in relation to major domestic shareholders and the more shares that foreign institutional investors have against the previous year, the stronger the impact of the foreign institutional investors on the firm's dividend increases.

[33] examine the relationship between foreign ownership and the decisions on payout policy in the Korean stock market. The results indicate that foreign investors show a preference for firms that pay high dividends. The results are driven by the fact that most of the foreign investors in the Korean market are institutional investors and thus have both dividend clienteles and monitoring incentives.

[34] examined the relationship between institutional shareholdings and firm value in a sample of 1,451 observations from 323 non-financial firms listed on the Stock Exchange of Thailand over the period 2007 to 2011. The institutional ownership data were obtained from the database of the Stock Exchange of Thailand and the financial data were drawn from the database of Euro money Investor. regression analysis and descriptive statistics was used to analyzes the data, the results indicates that equity ownership by domestic institutional investors has a positive impact on firm value while higher foreign institutional ownership is associated with lower corporate value.

[35] studied on the effects of ownership structure on bank profitability in Kenya. Primary data was obtained through questionnaires that were structured to meet the objectives of the study. The study used annual reports that were available from their websites and in the Central bank of Kenya website. The study found that ownership concentration and state ownership had negative and significant effects on bank profitability while foreign ownership and domestic ownership had positive and significant effects on bank profitability. The study concludes that higher ownership concentration and state ownership lead to lower profitability in commercial banks while higher foreign and domestic ownership lead to higher profitability in commercial banks

[36] studied on the relationship between dividend payout and firm profitability of listed hotels and restaurant companies in Sri Lanka. The sample of this study consisted of 16 hotels and restaurant companies listed in the Colombo stock exchange. The dependent variable was net profit, independent variable was dividend payout and control variables were revenue, total assets. Regression and correlation analysis were carried out to establish the relationship between dividend payout and firm profitability. The findings indicated that dividend payout was a crucial factor affecting firm performance. Their relationship was also strong and positive. This therefore showed that dividend policy was relevant.

[37] conducted a study on the impact of ownership structure on dividend policy evidence from emerging markets kse-100 index Pakistan. Stepwise multiple regressions was used to check the different between variables of ownership structure with relation to the dividend payout policy. The study reveals that there is negative relationship between the managerial ownership and the dividend payout policy that cause the agency problem.

[38] Studied on the effect of ownership concentration on financial performance of firms for the period 2007 to 2011.By using panel methodology comprising 53 firms listed at the Nairobi Securities Exchange. Empirical estimations were conducted. The findings revealed that on average, firms listed at the Nairobi

Securities Exchange enjoy a return on equity and return on assets of about 16.5 percent. The sectors that registered the highest return on equity included insurance, commerce and construction at 20.8 percent, 19.3 percent and 20.1 percent, respectively. On the other hand, the sectors that registered relatively higher return on assets include commerce, telecommunications and manufacturing with average ROA of 23.0 percent, 20.0 percent and 25.4 percent; respectively. The study also found that the highest ownership concentration is 96.310 %, while the lowest is 11.040%, with an average ownership concentration of 64.286 % and variability of 17.292 % implying that the percentage of shares held by those considered as large shareholders range between 96.310 % and 11.040 %, with a mean of 64.286 % and finally the results of correlation analysis revealed non-significant relationship between ownership concentration and performance of firms at the Nairobi Securities Exchange. On the other hand, from the panel regression analysis results, ownership concentration was found to be negatively related to all the three measures of performance in firms listed at the Nairobi Securities Exchange namely ROE, ROA and Tobin's Q with coefficients of -0.0005, -0.0002 and 0.0057 respectively. The adjusted R squared for the return on equity, return on assets and Tobin's Q models were 77.32%, 88.52% and 85.94% respectively..

[39] studied on the relationship between ownership concentration and performance of Italian firms over the period 1980-2009. The results show a positive effect of ownership concentration, and therefore the relevance of the influence of block holders on firm performance.

[40] studied on the effect of ownership structures on financial performance of companies listed in the NSE. The study was conducted based on a sample of sixty two companies listed on the Nairobi Securities Exchange during the period 2008-2013. Empirical analysis was conducted using the linear regression analysis method. The study found a positive relationship between ownership concentration and financial performance.

[41] examine the relationship between ownership structure and dividend policy of firms listed in Chittagong stock exchange using a set of cross-sectional time series data of companies listed on the cse-30 index over the period 2006-2010. The dividend per share of the firms for the various years was studied in relation to board ownership and institutional ownership, while controlling for leverage, return on equity and firm size. A hierarchical multiple regression and correlation analysis were conducted to arrive at the results. It was found that board ownership has a significant positive effect whereas, institutional ownership showed a significant negative effect on the dividend per share. Furthermore, return on equity showed a significant positive effect and leverage had a significant negative effect on the dividend policy of a firm.

[42] Examined the relationship between institutional investor ownership and firm performance between the years 1988 and 1999, he identified that institutional investor ownership has a positive and significant effect on business performance.

[43] studied on the relationship between dividend policy and ownership structure on industrial companies in Amman Stock Exchange (ASE). the study sample consisted of sixty two industrial firms listed in ASE from (2000-2006), Tobit model was used to test the study hypotheses for the level of dividend. The independent variable used in the study was leverage ratio, profitability, firm size. Family, stock, insider, and foreigner as dependent variables. The fraction held by insiders has negative impact on the level of dividends paid. The other ownership, family is negatively but not significantly, and institution is positively and significant influence on the dividend policy. Foreigners have positive and insignificant relationship.

[44] examined the effect of ownership structures on dividend payout policy. The study period covers a period of 2005-2007.the main objectives were to determine the value of ownership structure on dividend payout policy. The dependant variable was dividend payout ratio while independent variable was private ownership, government ownership, foreign ownership and family ownership structure. The result of the study reveals that there is positive relationship between ownership structure and dividend payout policy.

III. Research Methodology
3.1 Research Design and Target Population
This study adopted the stratified research design since it provided a basis to determine the relationship between the various variables under study. This is because stratified study is the joint variation of two or more variables for determining the amount of correlation between the variables.. The target population for this study comprised all the 67 companies which were listed at the Nairobi securities exchange .

3.2 Sample procedure and data collection

The study adopted a purposive sampling design. Purposive sampling enables a researcher to select units that will best achieve the objectives and aims of a study. The sample constituted 40 firms which have been consistently listed in the Nairobi Securities Exchange from 2012 to 2016.The study used secondary data to draw research findings and conclusions. By this, data on shareholding structure and dividend policy was collected from secondary sources which majorly comprised of annual published financial statements covering the five year (2012-2016) period. Data on dividend policy comprised of dividend payout ratio, dividend yield ratio. Conversely, data on shareholding structure comprised the percentage of foreign shareholding structures, local individual shareholding structure and local institution shareholding structure. This method of data collection was considered appropriate as it provided readily available and accurate data.

3.7 Data analysis

The statistical method for this study was both descriptive and inferential statistics. Data analysis was done using Statistical Package for Social Sciences computer software (SPSS) version 20. Inferential statistics, that is, Karl Pearson Correlation was used to apply a one-on-one relationship between the independent variables and the dependent variable, while holding all other factors constant. This formed the basis for rejecting or accepting the null hypothesis. Correlation co-efficient (r) value that is greater than 0.5 indicated a strong relationship between the variables while r value below 0.5 indicated a weak relationship between the variables. Two tail t-test and analysis of variance (ANOVA) test were used to determine the degree of significance of the relationship. The following time series model adopted from [55] and modified will be employed;

DP i,t = β_0 + β_{1x1}+ β_{2x2}+ β_{3x3}+ ε_i

Where

DP-   -dividend payout ratio

       -Dividend yield ratio

X_1-: foreign shareholding structure

X_2-: local individual's shareholding structure

 X_3-: local institution shareholding structure

B_0- Coefficient of Intercept (Constant)

β_1- β_3   regression Coefficients

ε_i=Stochastic Error Term assumed to be normally distributed.

t=Represents time periods of the observations i.e. 2012 - 2016

i=Represents observations of each listed firm at the point in time.

IV. Data Analysis, Results And Discussion

4.2 Descriptive Statistics

The study sought to determine the effect of shareholding structure on dividend policy of firms listed in the NSE..The variables are described in details in terms of mean, minimum, maximum and standard deviations of recorded values. Tables are used to represent the description of each variable. The descriptive statistics findings are presented in tables.

Table 4.1 displays the descriptive statistics of the variables of foreign shareholding structure which have a mean of 35.97 and a standard deviation of 32.942 its minimum value was 0.00 and maximum value was 94.00, This implies that companies listed in the NSE have ownership of about 35.97 percent that is foreign ownership. Local individual shareholding structure had a mean of 19.9406 and a standard deviation of 11.57198 its minimum value was 3.00 and maximum value was 56.00 This Implies that companies listed in the NSE have ownership of about 19.9406 percent that is local individuals shareholding structure. Local institution shareholding structure had a mean of 43.5513 and a standard deviation of 29.16607 its minimum value was 1.00 and maximum value was 83.000.Shareholding structure changes from year to year due to sale of shares in a firm especially if the firm

wants to increase the number of foreign held share or local institution and local individuals ownership structure Dividend payout ratio had a mean of 33.07and a standard deviation of 28.881 its minimum value was 0.0000 and maximum value was 115.000.This implies that on average, companies listed at the NSE enjoy a return on equity of about 33.07 percent. Dividend yield ratio had a mean of 13.37690 and a standard deviation of 23.863486 its minimum value was 0.0000and maximum value was 108.000 this implies that on average, companies listed at the NSE enjoy a return on dividend yield of about 13.36190 percent

	N	Minimum	Maximum	Mean	Std. Deviation
foreign shareholding structure	200	.00	94.00	35.9714	32.94210
local individual shareholding structure	200	3.000	56.000	19.94057	11.571985
local institutional shareholding structure	200	1.00	83.00	43.5513	29.16607
dividend payout ratio	200	.0	115.0	33.067	28.8811
dividend yield ratio	200	.0000	108.0000	13.376667	23.8639786

Table 4.1: Descriptive Statistics of shareholding structure

4.3 Trend Analysis
The study established the trends of shareholding structure of firms listed in NSE for the study period (2012-2016). Average means of shareholding percentages of the 40 firms listed on NSE for the period 2012 to 2016 were used to show the trends. As shown in Figure 4.1   the results for the trends of shareholding structure indicated unsteady fluctuation in this measure of shareholding structure firms. This implies that firms listed on NSE recorded fluctuating shareholding in terms of shareholding structure.

Figure 4.1: Trend Analysis of shareholding structure of firms listed in Nairobi securities exchange
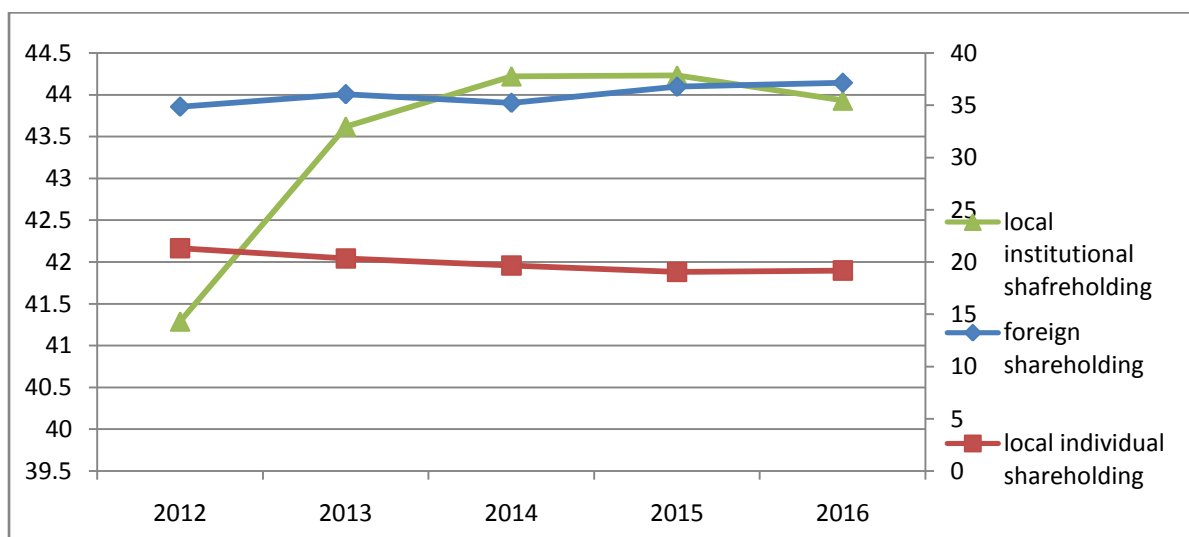
The study established the trends of the dividend payout ratio of firms listed in NSE for the study period (2012-2016.Average means of payout ratio of the firms listed on NSE for the period 2012 to 2016 were used to show the trends. As shown in Figure 4.2 below, the results for the trends of dividend payout ratio indicated unsteady

fluctuation for the period 2012-2016. This implies that firms listed on NSE recorded fluctuating dividend payout ratio over the years

Figure 4. 2: Trend Analysis of dividend payout ratio
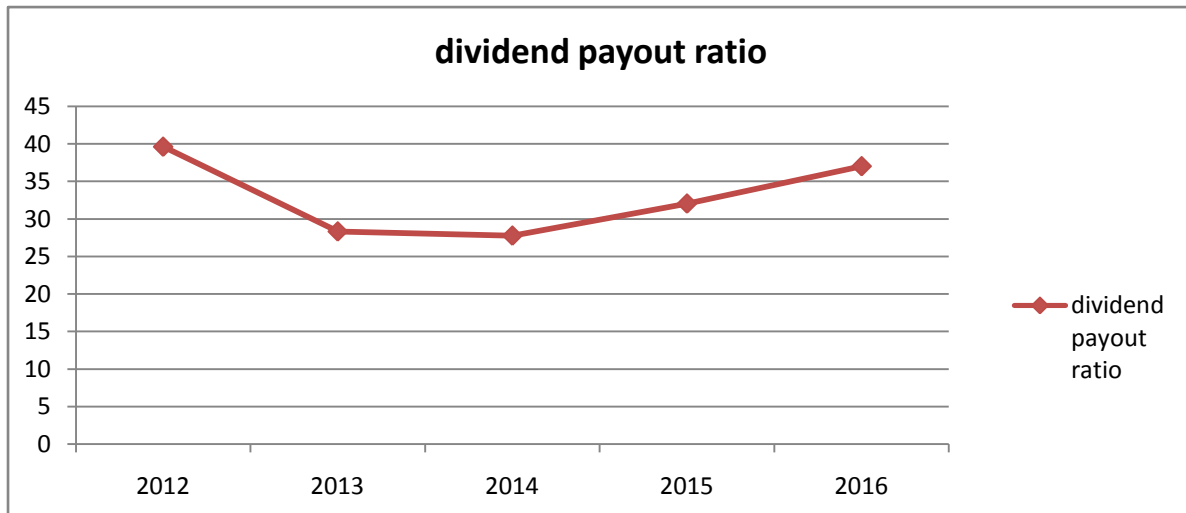
The study established the trends of the dividend yield ratio of firms listed in NSE for the 43study period (2012-2016).Average means of dividend yield ratio of the firms listed on NSE for the period 2012 to 2016 were used to show the trends. As shown in Figure 4.3 below, the resul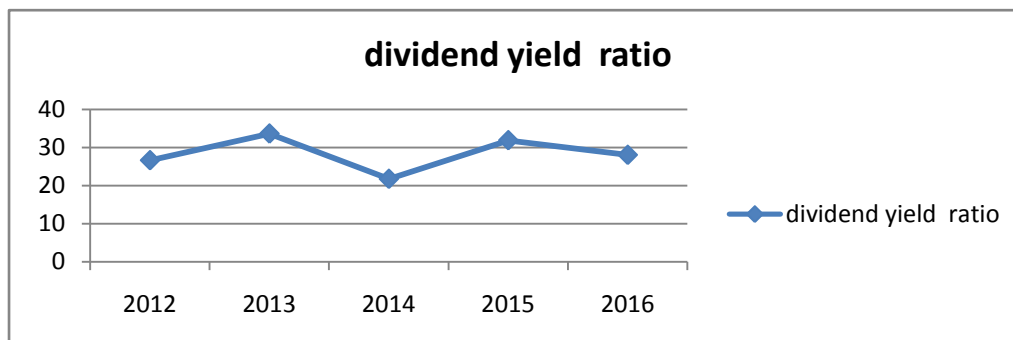ts for the trends of dividend yield ratio indicated unsteady fluctuation for the period 2012-2016. This implies that firms listed on NSE recorded fluctuating dividend yield ratio over the years.

Figure 4.3: Trend Analysis of dividend yield ratio

4.4 Pearson Correlation Analysis

Each variable is perfectly correlated with itself as indicated by the coefficient of -1 and +1. Foreign shareholding structure and dividend payout ratio are positively correlated as shown in table 4.2 by 0.128 Furthermore, the study indicates that there is no statistical significant relationship between foreign shareholding structure and dividend payout ratio P=0.194 (P>0.05). From the table 4.2 below, local individual shareholding structure and dividend payout ratio are negatively correlated by -0.178 the table also shows that there is no statistical significant relationship between local individual shareholding structure and dividend payout ratio P=0.069 (P>0.05).local institutional shareholding structure and dividend payout ratio are positively correlated by 0.027 and there is no statistical significance relationship between local institution shareholding structure and dividend payout ratio p=0.783 (p>0.05 foreign shareholding structure and dividend yield ratio are positively correlated as shown in table 4.3 by 0.150.Furthermore, the study indicates that there is no statistical significant relationship between foreign shareholding structure and dividend yield ratio P=0.128 (P>0.05). From the table,

local individual shareholding structure and dividend yield ratio are positively correlated by 0.088 The table also shows that there is no statistical significant relationship between local individual shareholding structure and dividend yield ratio P=0.374 (P>0.05).local institutional shareholding structure and dividend yield ratio are negatively correlated by -0.050 .it also show that there is no statistical significance relationship between local institution shareholding structure and dividend yield ratio p=0.616 (p>0.05)

		dividend payout ratio	dividend yield ratio	foreign shareholding structure	local individual shareholding structure	local institutional shareholding structure
dividend payout ratio	Pearson Correlation	1				
	Sig. (2-tailed)					
dividend yield ratio	Pearson Correlation	.284**	1			
	Sig. (2-tailed)	.000				
foreign shareholding structure	Pearson Correlation	.262**	.213**	1		
	Sig. (2-tailed)	.000	.002			
local individual shareholding structure	Pearson Correlation	-.309**	.049	-.443**	1	
	Sig. (2-tailed)	.000	.486	.000		
local institutional shareholding structure	Pearson Correlation	-.177*	-.244**	-.915**	.100	1
	Sig. (2-tailed)	.012	.000	.000	.159	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

4.5 Multiple regressions

From table 4.3, coefficient correlation (R) was 0.291 (r<0.5) which means there is a weak positive relationship between shareholding structure and dividend policy of firms listed in the Nairobi Securities Exchange. The significance value was 0.030 (P<0.05) which shows that there is statistical significant relationship between shareholding structure and dividend policy. In addition, the coefficient of determination (R^2) was 0.084 implying that dividend policy is explained by 8.4% of the variations in shareholding structure.

Table 4. 3: Multiple regression analysis of the relationship between shareholding structure and dividend payout ratio

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.291[a]	.084	.057	.58173	.084	3.107	3	101	.030

a. Predictors: (Constant), local institutional shareholding structure , local individual shareholding structure , local foreign shareholding structure

From table 4.4, the level of significance was 0.030 with an F value of 3.107.This indicates that there is statistical significant relationship between shareholding structure and dividend policy because P value is < 0.05.

Table 4.4: Anova test of the relationship shareholding structure and dividend payout ratio

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	3.154	3	1.051	3.107	.030[b]
1	Residual	34.179	101	.338		
	Total	37.333	104			

a. Dependent Variable: dividend payout ratio

b. Predictors: (Constant), local institution shareholding structure , local individual shareholding structure , foreign shareholding structure.

From the regression result from table 4.5 below, the estimated model is given below:

Dp=1.174+0.185-0.464LOCIND+0.341LOCINST

At 5% level of significance all the variables are statistically significant in explaining the
Variation in dividend policy of the companies listed in the NSE.

Table 4.5: Regression coefficients of the relationship between shareholding structure and dividend payout ratio

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.174	.381		3.084	.003	.419	1.929
	foreign investors	.185	.091	.285	2.036	.044	.005	.366
	Local individual investors	-.464	.229	-.219	-2.026	.045	-.918	-.010
	Local institution investors	.341	.147	.336	2.325	.022	.050	.632

a. Dependent Variable: dividend payout ratio

4.6 Simple Regressions Models

From table 4.6, coefficient correlation (R) was 0.242 (r<0.5) which means there is a weak positive relationship between foreign shareholding structure and dividend payout ratio of firms listed in the Nairobi Securities Exchange. The significance value was 0.013 (P<0.05) which shows that there is statistical significant relationship between shareholding structure and dividend policy. In addition, the coefficient of determination (R^2) was 0.050 implying that dividend policy is explained by 5% of the variations in shareholding structure.

Table 4.6: Simple regression analysis of the relationship between foreign shareholding structure and dividend payout ratio.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
					Change Statistics				
1	.225[a]	.051	.023	.56214	.051	1.799	3	101	.152

a. Predictors: (Constant), local institution shareholding structure , local individual shareholding structure , foreign shareholding structure

From table 4.7, the level of significance was 0.152 with an F value of 1.799.This indicates that there is no statistical significant relationship between ownership structure and dividend policy because P value is > 0.05.

Table 4. 7 : Anova test of the relationship shareholding structure and dividend yield ratio

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.705	3	.568	1.799	.152[b]
	Residual	31.916	101	.316		
	Total	33.621	104			

a. Dependent Variable: dividend yield ratio

b. Predictors: (Constant), local institution investors, local individual investors, foreign investors

From the regression result, table 4.8, the estimated model is given below:

Dp= -0.011+0.164FI+0.327LOCIND+0.067LOCINST

At 5% level of significance, the variables are statistically significance in explaining the variation in dividend policy of the companies listed in NSE since p>0.05

Table 4. 8: Regression coefficients of the relationship between shareholding structure and dividend yield ratio

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-.011	.368		-.030	.977	-.740	.719
	foreign investors	.164	.088	.266	1.867	.065	-.010	.339
	Local individual investors	.327	.221	.162	1.477	.143	-.112	.765
	Local institution investors	.067	.142	.069	.473	.638	-.214	.348

a. Dependent Variable: dividend yield ratio

From table 4.9 below, coefficient correlation (R) was 0.242 (r<0.5) which means there is a weak positive relationship between foreign investors and dividend payout ratio of firms listed in the Nairobi Securities Exchange. The significance value was 0.013 (P<0.05) which shows that there is statistical significant relationship between shareholding structure and dividend policy. In addition, the coefficient of determination (R2) was 0.050 implying that dividend policy is explained by 5% of the variations in shareholding structure.

Table 4.9: Simple regression analysis of the relationship between foreign shareholding structure and dividend payout ratio.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.242^a	.059	.050	28.15545	.059	6.430	1	103	.013

a. Predictors: (Constant), foreign shareholding structure

From table 4.10 below, the level of significance was 0.013 with an F value of 6.430.This indicates that there is statistical significant relationship between ownership structure and dividend policy because P value is <0.05.

Table 4. 10: Anova test of the relationship foreign shareholding structure and dividend payout ratio

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	5.097425	1	5097.425	6.430	.013^b
1	Residual	81.651109	103	792.729		
	Total	86.748.533	104			

a. Dependent Variable: dividend payout ratio

b. Predictors: (Constant), foreign shareholding structure

From the regression result from able 4.11 below, the estimated model is given below:

Dp=25.422+0.213fi

At 5% level of significance all the variable is statistically significant in explaining the variation in dividend policy of the companies listed in the NSE.

Table 4. 11: Regression coefficients of the relationship between foreign shareholding structure and dividend payout ratio

Coefficients^a

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	Upper Bound
	(Constant)	25.422	4.079		6.232	.000	17.332	33.512
1	foreign investors	.213	.084	.242	2.536	.013	.046	.379

a. Dependent Variable: dividend payout ratio

From table 4.12 below, coefficient correlation (R) was 0.178 (r<0.5) which means there is a weak positive relationship between shareholding structure and dividend policy of firms listed in the Nairobi Securities Exchange. The significance value was 0.069(P>0.05) which shows that there is no statistical significant relationship between shareholding structure and dividend policy. In addition, the coefficient of determination (R2) was 0.032 implying that dividend policy is explained by 3.2 % of the variations in shareholding structure.

Table 4.12: Simple regression analysis of the relationship between local individual shareholding structure and dividend payout ratio

					Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.178[a]	.032	.022	.592418	.032	3.375	1	103	.069

a. Predictors: (Constant), local individual shareholding structure

From table 4.13 below, the level of significance was 0.069 with an F value of 3.375.This indicates that there is no statistical significant relationship between ownership structure and dividend policy because P value is > 0.05.

Table 4. 13: Anova test of the relationship local individual shareholding structure and dividend payout ratio

				ANOVA[a]		
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.185	1	1.185	3.375	.069[b]
	Residual	36.149	103	.351		
	Total	37.333	104			

a. Dependent Variable: dividend payout ratio

b. Predictors: (Constant), local individual shareholding structure

From the regression result from table 4.14, the estimated model is given below:

Dp=1.795-0.378ind

At 5% level of significance all the variables are statistically significant in explaining the variation in dividend policy of the companies listed in the NSE.

Table 4. 14: Regression coefficients of the relationship between local individual shareholding structure and dividend payout ratio

		Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.795	.258		6.962	.000	1.284	2.306		
	Local individual shareholding structure	-.378	.206	-.178	-1.837	.069	-.785	.030	1.000	1.000

a. Dependent Variable: dividend payout ratio

From table 4.15 below, coefficient correlation (R) was 0.027 (r<0.5) which means there is a weak positive relationship between shareholding structure and dividend policy of firms listed in the Nairobi Securities Exchange. The significance value was 0.783(P>0.05) which shows that there is no statistical significant relationship between shareholding structure and dividend policy. In addition, the coefficient of determination (R2) was 0.001 implying that dividend policy is explained by 0.1 % of the variations in shareholding structure

Table 4. 15: Simple regression analysis of the relationship between local institution shareholding structure and dividend payout ratio

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
				Model Summary		**Change Statistics**			
1	.027[a]	.001	-.009	.601824	.001	.076	1	103	.783

a. Predictors: (Constant), local institutional shareholding structure

From table 4.16 below, the level of significance was 0.783 with an F value of 0.076.This indicates that there is no statistical significant relationship between ownership structure and dividend policy because P value is > 0.05.

Table 4. 16: Anova test of the relationship local institution shareholding structure and dividend payout ratio

Model		Sum of Squares	df	Mean Square	F	Sig.
			ANOVA[a]			
1	Regression	.028	1	.028	.076	.783[b]
	Residual	37.306	103	.362		
	Total	37.333	104			

a. Dependent Variable: dividend payout ratio

b. Predictors: (Constant), local institutional shareholding structure

From the regression result from table 4.17, the estimated model is given below:

Dp=1.292+0.028

At 5% level of significance all the variables are statistically significant in explaining the variation in dividend policy of the companies listed in the NSE.

Table 4.17: Regression coefficients of the relationship between local institution shareholding structure and dividend payout ratio

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	95.0% Confidence Interval for B Upper Bound	Collinearity Statistics Tolerance	Collinearity Statistics VIF
			Coefficients						
(Constant)	1.292	.162		7.953	.000	.969	1.614		
Local institution shareholding structure	.028	.100	.027	.276	.783	-.171	.226	1.000	1.000

a. Dependent Variable: dividend payout ratio

From table 4.18, the level of significance was 0.206 with an F value of 1.620.This indicates that there is no statistical significant relationship between ownership structure and dividend policy because P value is > 0.05.

Table 4. 18: Simple regression analysis of the relationship between foreign shareholding structure   and dividend yield ratio

				Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.124[a]	.015	.006	.56689	.015	1.620	1	103	.206

a. Predictors: (Constant), foreign shareholding structure

From the regression result from table 4.19, the estimated model is given below:

Dp= 0.599+0.002fi

At 5% level of significance, foreign investors is statistically significant in explaining the variation in dividend policy of the companies listed in the NSE since p=0.206 (p>0.05).

Table 4. 19: Regression coefficients of the relationship between foreign shareholding structure and dividend yield ratio

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.599	.082		7.290	.000	.436	.762
	foreign shareholding structure	.002	.002	.124	1.273	.206	-.001	.005

a.   Dependent Variable: dividend yield ratio

From table 4.20 below, coefficient correlation (R) was 0.088 (r<0.5) which means there is a weak positive relationship between shareholding structure and dividend policy of firms listed in the Nairobi Securities Exchange. The significance value was 0.374(P>0.05) which shows that there is no statistical significant relationship between shareholding structure and dividend policy. In addition, the coefficient of determination (R^2) was 0.008 implying that dividend policy is explained by 0.8% of the variations in shareholding structure.

Table 4.20: Simple regression analysis of the relationship between local individual shareholding structure and dividend yield ratio.

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.088[a]	.008	-.002	.569139	.008	.796	1	103	.374

a. Predictors: (Constant), local individual shareholding structure

From table 4.21 below, the level of significance was 0.374 with an F value of 0.796.This indicates that there is no statistical significant relationship between ownership structure and dividend policy because P value is > 0.05.

Table 4.21: Anova test of the relationship local individual shareholding structure and dividend yield ratio

Model		Sum of Squares	df	Mean Square	F	Sig.
		ANOVA[a]				
1	Regression	.258	1	.258	.796	.374[b]
	Residual	33.364	103	.324		
	Total	33.621	104			

a. Dependent Variable: dividend yield ratio

b. Predictors: (Constant), local individual shareholding structure.

From the regression result from table 4.22 below, the estimated model is given below:

Dp=0.461+0.176 lind

At 5% level of significance all the variables are statistically significant in explaining the variation in dividend policy of the companies listed in the NSE.

Table 4.22: Regression coefficients of the relationship between local individual shareholding structure and dividend yield ratio

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	.461	.248		1.860	.066	-.031	.952		
Local individual shareholding structure	.176	.198	.088	.892	.374	-.216	.568	1.000	1.000

a. Dependent Variable: dividend yield ratio

From table 4.23, coefficient correlation (R) was 0.050 (r<0.5) which means there is a weak positive relationship between shareholding structure and dividend policy of firms listed in the Nairobi Securities Exchange. The significance value was 0.616(P>0.05) which shows that there is no statistical significant relationship between shareholding structure and dividend policy. In addition, the coefficient of determination (R^2) was 0.002 implying that dividend policy is explained by 0.2% of the variations in shareholding structure.

Table 4.23: Simple regression analysis of the relationship between local institution shareholding structure and dividend yield ratio

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.050[a]	.002	-.007	.570632	.002	.254	1	103	.616

Model Summary

a. Predictors: (Constant), local institutional shareholding structure

From table 4.24, the level of significance was 0.616 with an F value of 0.254.This indicates that there is no statistical significant relationship between ownership structure and dividend policy because P value is > 0.05.

Table 4. 24: Anova test of the relationship local institution shareholding structure and dividend yield ratio

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.083	1	.083	.254	.616[b]
	Residual	33.539	103	.326		
	Total	33.621	104			

a. Dependent Variable: dividend yield ratio

b. Predictors: (Constant), institutional shareholding structure

From the regression result from table 4.25 below, the estimated model is given below:

   Dp=0.748-0.048

At 5% level of significance all the variables are statistically significant in explaining the variation in dividend policy of the companies listed in the NSE.

Table 4. 25: Regression coefficients of the relationship between institution shareholding structure and dividend yield ratio

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.748	.154		4.859	.000	.443	1.054		
	Local institution shareholding structure	-.048	.095	-.050	-.504	.616	-.236	.140	1.000	1.000

a.   Dependent Variable: dividend yield ratio

4.8 Hypotheses Testing.

According to [45] Hypothesis testing is a process by which the researcher infers the result of sample data on the larger population based on a presupposition made prior to commencement of research. The study performed hypothesis testing by determining statistical significance of the coefficients of explanatory variables. Test-of-significance method is meant to verify the truth or falsity of a null hypothesis by using the sample results, showing that the means of two normally distributed populations are equal. This was done by using the two-tailed t-test statistic and the corresponding *p*-values at 5% levels. The decision to use a two-tailed test was based on the fact that the alternative hypothesis of the study is composite rather than directional.

According to the decision rule: if the *p*-value observed is less than the set significance level),(p<0.05),this indicate a strong evidence against the null hypotheses, then reject the null hypothesis and if the observed *p*-value is (p>0.05), this indicates a weak evidence against the null hypotheses, then do not reject the null hypothesis.

H01: There is no significant relationship between foreign shareholding structure and dividend policy of firms listed at the Nairobi Securities Exchange (NSE)

The analysis revealed foreign investors has a significant positive relationship with dividend policy of listed firms at 5% significance level. This was evidenced by the *p*-value of p<0.05. The decision was to reject the null hypothesis with 95% confidence and conclude that foreign investors had a significant relationship with dividend policy of listed firms in Kenya. (r=-0.242, p<.0.013).

H02: There is no significant relationship between local individual shareholding structure and dividend policy of firms listed at the Nairobi Securities Exchange (NSE)

The analysis revealed local individual investors has a significant positive relationship with dividend policy of listed firms at 5% significance level. This was evidenced by the *p*-value of p>0.05. The decision was to fail to reject the null hypothesis with 95% confidence and conclude that local individual investors had no significant relationship with dividend policy of listed firms in Kenya. (r=-0.178, p<.0.069).

H03: There is no significant relationship between local institution shareholding structure and dividend policy of firms listed at the Nairobi Securities Exchange (NSE)

The analysis revealed local institution investors has a significant positive relationship with dividend policy of listed firms at 5% significance level. This was evidenced by the *p*-value of p>0.05. The decision was to fail to reject the null hypothesis with 95% confidence and conclude that local institution investors had no significant relationship with dividend policy of listed firms in Kenya. (r= 0.027, p<.0.783).

V. Summary and Conclusions

The aim of the study was to study on the effect of corporate shareholding structure on dividend policy of listed firms in Nairobi securities exchange. The study intended to enhance understanding on the issue by finding out how the dividend policy is affected by the shareholding structure. To achieve this objective, all the sixty seven (67) companies listed in the NSE as at Dec 2018 for the period 2012-2016 were sampled. Only 21 companies were able to meet the selection criteria as they have the figures for all the variables in the study. Data was analyzed using inferential statistics ranging from 2012 to 2016.Foreign investors and dividend payout ratio are positively correlated as shown in table 4.10 by 0.128 The study indicates that there is no statistical significant relationship between foreign investors and dividend yield ratio P=0.126 (P>0.05). Local individual investors and dividend payout ratio are negatively correlated by -0.178 it also shows that there is no statistical significant relationship between local individual investors and dividend payout ratio P=0.069 (P>0.05). From the table, local individuals investors and dividend yield ratio are positively correlated by 0.088 .local institutional investors and dividend payout ratio are positively correlated by 0.027 and there is no statistical significance relationship between local institution investors and dividend payout ratio p=0.783 (p>0.05. local institution investors and dividend yield ratio are negatively correlated by -0.050 .it also show that there is no statistical significance relationship between local institution investors and dividend yield ratio p=0.616 (p>0.05).The study therefore concludes that there is a weak positive statistical significant relationship between shareholding structure and dividend policy.

VI. Suggestions for Further Research

The study focused only on the dividend policy of firms and ignored the nonfinancial goals which can be of critical importance to shareholding structure. Therefore, the study recommends future study to take into account both financial and non-financial goals and assess them in firms having different shareholding structure.

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