Impact of dividend policy on firm performance: A Case Study of India

Author’s Details:
(1) Ali Aziz Jutt (2) Zeeshan Rasool (3) Muhammad Aamir

Abstract
This study investigates the impact of dividend policy on firm performance. Yearly base data has been taken from twenty companies for one year. In order to find the results, a linear regression model is applied to the values of these variables. Results show the significant and insignificant relationships between dividend policy and profitability, while in some case return on asset has shown a negative relationship with dividend policy. Result also shows that selected dividend policy variables have explained a certain percentage of return while the remaining percentage will be shown by other dividend policy variables. Furthermore, due to the shortage of data of variables more work is needed to be done in future with certain implications.

Keywords: Firm performance, Dividend Policy

Introduction
Profit approach is associated with money-related arrangements and paying trade profit out the present or paying a gigantic measure of profit toward the end of the period. At the point when the profits are issued, and the sum which will be paid is resolved generally based on the organization's inadmissible benefit and is the reason by the organization's long-haul acquiring (Brickley, J. A. 1983). At the point when the expansive measure of money is available and isn't needed by the firm, at that point administration is unsurprising to pay out a few of those extra salaries as money profits or to repurchase the organization's stock through an offer buyback process. On the off chance that there is no NPV positive opportunity, at that point fund hypothesis propose administration should restore a few or the majority of the surplus money to financial specialists as profits Tricker, (1974). The profit payout proportion is intended to find the level to which gaining per share has been used for paying profit and to know the piece of pay has been held in the business (Epstein & Roy, 2004). It's extremely critical proportion to find the income and the organization raise and pay extra profit in future. The payout proportion gives a strategy for how well pay keeps up the profit installments. Top organizations are probably going to have a higher payout proportion.

For the most part financial specialists are the proprietors of an organization and they are associated with real, sense in the income appropriated and paid to them as profit. Profit yield proportion is intended to figure the relationship between profit per offer and market estimation of the offer (Kang & Zardkoohi, 2005). A monetary proportion that communicates how extraordinarily an organization pays out in profits every year against to its share cost. In the absence of any capital picks up, the profit yield is the arrival on the venture for a stock. The value profit proportion is the proportion relationship among showcase cost and income per share. The proportion is intended to make a gauge of thankfulness in the estimation of an offer of an organization and is generally utilized by the investors to pick regardless of whether to buy partakes in a particular organization. On the off chance that the P/E proportion is higher than the business normal this might be the organization is seen to have great increment prospects (Chen, Kao, Tsao, and Wu, 2007). It is conceivable to be seen to have great venture conceivable since investors are orchestrated to pay the present pay for the offer. It is fundamental that investors bring up principle trouble that emerges with the P/E figure, and to abstain from constructing a judgment in light of this compute alone (Jensen & Meckling, 1976). The denominator depends on bookkeeping evaluate of income that is arranged by type of misuse, making the nature of the P/E just on a par with the nature of the fundamental profit number. The profit approach of an association is a piece of money related procedure when the administration takes choice with respect to venture. The principle target of the association is a boost of investor riches. The primary focal point of the investor is to
acquire money profit. However, they additionally need to increment in income per shares which bring about winning converse into the business. Organizations which are in the development arranged as a rule report low profit and want to reinvest in the business. Institutional investors are not worried about these organizations. They generally support those organizations which are on blast level and greatest payout proportion.

The profit strategy result is estimated one of the three principle impact of money related administration. The aftereffect of the firm about how much income may be paid out as profit and what amount may be kept up is the trouble of profit strategy result. The administration should broaden such a profit strategy which isolates the net pay into profits and held income in an ideal manner to finish the motivation behind amplifying the abundance of investors. Profit Policy submits to an organization's approach which closes the whole of profit installments and the amount of held income for reinvesting in most recent activities. This arrangement is associated with separating the company's acquiring between installment to investors and reinvestment in the most recent prospect. Distinctive agents have inspected the connection between profit strategy and flimsiness of offer cost at various circumstances (Allen and Rachim, 1996; Baskin, 1989; Hussainey, Mgbame, and Chijoke-Mgbame, 2011; Kinder et al. 2002; Nazir, Nawaz, Anwar, and Ahmed, 2010; Nishat and Irfan, 2004; Suleman, Asghar, Ali Shah, and Hamid, 2011). Be that as it may, their discoveries are not solid.

The back analyst has involved, and large envisioned to portray the effect of Dividend strategies for investors. A few specialists have created, and Experimental tried distinctive models to portray it. A few agents have Commercial audit chiefs and institutional analyst to finish up their perspectives with respect to its Impact. In India, the industry doesn't take after an indistinguishable model from in different Countries for the reason that of psychological warfare and other political and financial issue make the scientist waver to contribute. Profit approach is one of the noteworthy components of firm arrangements. Profit payout result in effect of the firm evaluation. Additionally, money profit has a specific area among the financial specialists. Initially, the free-income trouble of a firm can be diminished all through profit strategy, stock repurchases, capital structure result, and interest in enduring task.

**Literature review**

Kumar et al. (2012) together assess the determinants of value profit of the Indian data innovation segment. They center the key element that value profits those a net benefit after assessment (PAT), income, devaluation charged, and change of the offer over the past 2 years. Profit payout is reliant variable and liquidity, Earning per share, Return on value is free factors. They picked 10 IT organizations recorded in (BSE) Bombay stock trade from 2007 to 2011. Information is assessed through relapse show. Toward the end, they inferred that the sum charged as devaluation, income, and the net benefit after the expense has a critical impact on the value profit and change in a deal over the 2 earlier years contrarily impact value profit.

Hashemijoo, (2012) by and large watch the relationship between share value instability and profit arrangement in Malaysia. Therefore, they utilize 84 organizations out of 142 recorded in Bursa Malaysia is picked. They apply various relapse models for a time of 6 years from 2005 to 2010. Market returns are needy variable and payout proportion; profit yield proportion is autonomous factors. Trial examines demonstrate the negative connection between share value instability with the two primary estimation of profit approach these are profit yield and profit payout. Toward the end ,it is presumed that offer value unpredictability has extensively inverse associated with the measure. Profit size and yield induce the most extreme impact on share value unpredictability among forecaster factors. Priya and Nimalathasan, (2013) all in all examine the profit arrangement proportions and firm execution amid 2008 to 2012 of chose lodgings and eateries in Sri Lanka. Thus of this examination, the information was taken out from the yearly reports of test organizations. Relationship and relapse investigation are utilized for the examination. Profit for Value, Procuring per share, Cost to book esteem, Value Income Proportion are fa ree fto actor. The impact uncovered that profit approach proportions hugely affects each firm execution proportions barring degree of profitability (return on initial
capital investment) and profit form value (ROE). Further EPS, P/E and Cost to book value (PB) are altogether connected ROA 5% level of importance. At the comparative time, P/E is impressively associated with ROE at the 5% level of hugeness. In conclusion EPS and PB is extensively associated with a 1% level of hugeness. Eldomiaty et al. (2013) mutually discover the conceivable focal points to firms and investors when money related executive direct profit per share utilizing rate change in the graphic influence of precise and unsystematic. The learning builds up the prerequisite of the two time frames (correspondent) relapse and restricted modification demonstrate. The example involves periodical information for firms recorded in the DJIA and NASDAQ for the period 31 December 1989 to 31 walks in 2011. The outcome demonstrates that the firm and additionally investor achieve focal points when the profits per share or alter utilizing rate change in the spellbinding control of orderly danger just and profit development rates are affected hopeful by adjusting in methodical dangers. Kanojia and Singh, (2013) on the whole considered the profit payout arrangement and conduct of chairman taking such outcome and acknowledge whether they are a preservationist to what sum in changing profit approach and to appear conceivable issue or portrayed in it. The learning, motivation to acknowledge whether the restricted adjustment display remain constant for NSE Clever constituent organizations for 2007 to 2012. Various Relapse examinations are utilized for investigation. Toward the End inferred that linger show does not hold useful for organizations in developing businesses, for example, IT part since profit quality is a remarkable all things considered.

Sigo and selvem, (2013) considered the profit arrangements of data Innovation Organizations, recorded in the Bombay Stock Trade (BSE), all through this learning. The Numerous Relapse Demonstrate was utilized to inspect the determinants of profit strategy. The impact of this learning sets up that both the part of Corporate Administration (CG) and Firm uniqueness influenced the profit policies of corporate endeavors. Firm size and benefit are further two perspectives which encourage the organizations to report and give the profits. Nazir et al. (2010) practice 73 firms recorded in Karachi Stock Trade (KSE) as a test and took in the relationship among share value unpredictability and profit arrangement for the time of 2003 to 2008. They pragmatic settled outcome and easygoing outcome models on board measurements. They account that offer value unpredictability has an essential negative association with profit yield and profit payout. They additionally accounted that size and use have non-critical, negative outcome on share value instability. Asghar et al, (2011) contemplated the relationship of profit approach with share value instability in Pakistan. They take out the information from Karachi Stock Trade around five noteworthy divisions for the time of 2005 to 2009. They utilized numerous relapses display for their investigation. In opposition to (Baskin, 1989) comes about, their judgment clarifies that offer value instability has a noteworthy idealistic association with profit yield. They likewise account that offer value unpredictability has a huge negative connection with the development. Hussainey et al, (2011) inspected the relationship among share value unpredictability and profit strategy in UK. They chose 123 English organizations and the time of their taking in was from 1998 to 2007. Their work depended on (Baskin, 1989). Like Baskin, (1989), they utilized numerous relapse examinations for find the relationship of offer cost with profit yield and profit payout proportion. Measure, level of obligation, winning instability and level of development as control factors to their model. Dereeper and Turki, (2012) research the connection between the accomplish profits after the assertion and the pre-merger profit strategy. A multivariate examination will be directed to distinguish elements of takeover premium with the refinement in profit arrangement among combined firms. Relapse and Linter Model are utilized for examination. From the investigation of 663 M&As. There result clarifies a few verifications that higher acquirer profit is related with higher takeover premium in real money bargains, yet there is no noteworthy connected among distinction in profit strategies and takeover premium in stock arrangements. Jadiyappa, (2012) analyzed the effect of budgetary change on the profit strategy for firms. They arranged two theories which may be likely clarifying the detail in profit payout proportion of firms. Utilizing a board of 1243 firms with 14,320 firm year examination amid the time of 1988 to 2005. They contemplated the information through a relapse. They recognize firm size, firm productivity, firm development, firm substantial quality and past history of profit installment as the critical firm level variables.
which influence the profit approach (French et al., 2001). Their result gives the solid keep up proofs for the figure of the office speculation and the sign theory while giving feeble help for the development speculation.

Ghosh, (2011) analyzed the relationship among profits and development with an example of U.S. Value REITs. All traded on an open market, U.S. Joined value REITs in the SNL REIT database for the period 1999 to 2009 are contained in our first example. They have 794 examinations. They relate connection for investigation. Their result uncover that an impressively positive relationship among remotely financed development and profit installments and furthermore take this verification as dependable with the conviction that by diminishing office costs and encourage capital raise, profits enhance development. Abdel-Halim and Bino, (2013) examine the connected among firm profit approach and the corporate administration instrument figured by firm possession structure, in a developing business sector recognize by frail corporate administration framework and unsuccessful law authorization. Confirmations are drawn from non-budgetary enterprise for the period 2004 to 2008. Utilize some econometric models with surprising necessity that record for firm correct imperceptible factors. Presumed that a critical, negative relationship among firm profit payout proportion and its level of capital possessed by square holders and furthermore find the negative effect of vast financial specialists capital stake on profit installments is solid and unaffected when firm deals development is confined. Ucar, (2016) analyzed the part of the nearby culture on investor demand for profits and pay out approach. Test period incorporates the years in the vicinity of 1990 and 2010 and incorporated the U.S. Firms which have reachable information on profits and other bookkeeping and stock value data on COMPUSTAT and CRSP databases. Utilize a 90,010 firm year examination for my observational tests. Their result proposes a social support demographic outcome and they are solid with earlier aftereffects of various levels of hazard avoidance between various social gatherings. Fairchild et al. (2014) analyzed the profit changes in a developing business sector Thailand. They built up an academic display that trusts the connected among the energy of investor control and profits in an organization's cost/free income structure. Utilize the experimental investigation. Utilize an immense example of organizations that changed profits in Thailand from the time from 1996 to 2009. General discovering give bolster for the free income and life cycle theory, before the sign speculation.

Asif et al. (2011) Contemplated the connected among profit strategy and money related use of recorded organizations of Pakistan for the time of 2002-2008 by utilizing complete Lintners (1956) display. The discoveries clarify the negative connection among profit payout and monetary use while profit yield clarified the positive relationship between profit yield and profit per share. Bose and Husain, (2011) researched the determinants of the Indian profit Policy if there should be an occurrence of five areas i.e. Programming, Finance, Steel, Electrical apparatus and Pharmaceutical. The discoveries uncovered the greater part of firms improve their profit installment because an upgrade in benefits and reduction their profit installment because of abatement in benefits. The Lintners model neglected to demonstrate the deviated profit strategy execution of Indian firms. Musa, (2009) examined the profit execution by utilizing Parsimonious different relapse demonstrate extended by (Musa, 2005). The experimental finding uncovered that the five metric factors have impressive effect and non-metric factors have an inconsequential effect on the profit strategy of Nigerian firms. Then again, three of the factors current income, earlier year profit and income have been built up to be huge in the model. Huang et al. (2015) inspected the effect of political vulnerability on firm payout strategy. Utilize an extensive global example crosswise over 35 nations amid the time of year 1990 to 2008 which contain 98 political fiascos. Profit end and profit start are needy factors. Relapse show is utilized for the examination. Closed past profit payers are for the most part prone to end profit and that non payers are more averse to start profiting amid times of high political vulnerability. Eldomiaty, (2012) look at the connection between anticipated that cost would book esteem, profit per share, profit payout proportion, deliberate and unsystematic dangers. The example incorporates the non-budgetary firms in the DJIA covering the time of 1997 to 2006. Information is analyzed through a relapse. The outcome demonstrates that the anticipated cost to book proportion are decidedly connected with the plausible profit payout proportions and adversely connected with the present profit payout proportions. Javakhadze, (2013) explore the sum to which office based models and
Filter kilter data, speculations demonstrate profit smoothing the world over. Test on a cross segment of in excess of 3271 firms which are conveyed crosswise over 27 nations. The example time frame for this investigation extends from 1987 to 2011. Relapse demonstrates are utilized for the examination. Locate that legitimate charge and estimation of national culture have elucidated power for profit smoothing notwithstanding firm highlights and other nation level impacts. The discoveries are essentially more solid with a relationship among office distinction and profit smoothing.

Research Methodology

3.1. Description on Variables

In the dividend policy, the dividend payout ratio, Dividend yield ratio, price to earnings ratio are independent variables. While in the firm performance Return on asset (ROA) is dependent variable. These variables play a very significant role in this learning.

3.2. Independent Variable:

3.2.1. Dividend policy:

Dividend policy is connected with financial policies and paying cash dividend in the present or paying a huge amount of dividend at the end of period. When the dividends is issue and the amount which will be paid, is determined mostly on the basis of the company's unsuitable profit and is reason by the company's long-term earning (Brickley and James, 1977). When large amount of cash is present and is not wanted by the firm, then management is predictable to pay out several or all of those additional incomes in the form of cash dividends or to repurchase the company's stock through a share buyback process. If there are no NPV (net present value) positive opportunity, then finance theory propose management should return several or all of the surplus cash to investors as dividends (Tricker, 1974).

3.2.2. Dividend Payout Ratio:

Dividend payout ratio is designed to discover the level to which earning per share has been use for paying dividend and to know the part of income has been retained in the business (Epstein and Roy 2004). It’s very significant ratio to discover the revenue and the company raise and pay additional dividend in future. The payout ratio gives a method of how well income maintains the dividend payments. Top companies be likely to have a higher payout ratio.

\[
\text{Dividend payout ratio} = \frac{\text{dividend per equity share}}{\text{earnings per share}}
\]

Dividend yield ratio:

Generally, investors are the owners of a company, and they are involved in actual, sense in the earnings distributed and paid to them as a dividend. Dividend yield ratio is designed to calculate the association between dividend per share and market value of the share (Kang and Zardkoohi, 2005). A financial ratio that expresses how greatly a company pays out in dividends each year against to its share price. In the lack of any capital gains, the dividend yield is the return on investment for a stock.

Price Earnings Ratio:

Price-earnings ratio is the ratio association among market price and earnings per share. The ratio is planned to create an estimate of appreciation in the value of a share of a company and is commonly used by the shareholders to choose whether or not to purchase shares in a specific company. If the P/E ratio is higher than the industry average this may be the company is perceived to have good increase prospects (Chen et al., 2007).
It is possible to be seen as having good investment possible since shareholders are arranged to pay over the current income for the share. It is essential that shareholders point out the main difficulty that arises with the P/E compute, and to avoid basing a judgment on this calculate alone (Jensen and Meckling, 1976). The denominator is based on an accounting assess of earnings that are disposed to form of exploitation, making the quality of the P/E only as good as the quality of the underlying earnings number.

\[ \text{P/E Ratio} = \frac{\text{Market price per equity share}}{\text{Earning per share}} \]

Earnings per share: It means how greatly we purchased the shares and how greatly we have returned on it

\[ \text{Earnings per share} = \frac{\text{earnings}}{\text{no of shares}} \]

### 3.3.3. Dependent Variable:

Return on asset:

Return on asset (ROA) present an idea as to board that how efficient management is at exploiting its asset to make earning. Return on asset (ROA) is a dependent variable which measures firm performance which can be influenced due to dividend policy. The performance of firms it can be considered by means of the data of financial statements of different companies. Profitability of a company is linked to its total assets. The performance of the management that it uses its assets to create higher profits can find out through return on asset (ROA). It designed by dividing a company's net earnings by its total assets and return on asset (ROA) is presented as a percentage. Occasionally this is confirmed to as "return on investment." Return on asset (ROA) tells that how much earning is made from initial capital (assets). Return on asset (ROA) is used as a relative calculate. It is used against a company's previous ROA statistics or the return on asset (ROA) of an interrelated company. The assets of the company are included in collectively debt and equity. The return on asset (ROA) number provides to stakeholders and awareness of how professionally the corporation is transforming the cash it has to invest in net income. If the return on asset (ROA) number is larger, then this is improved since the firm is making extra cash on less investment (Fama& Jensen, 1983).

\[ \text{ROA} = \frac{\text{Net income}}{\text{total assets}} \times 100 \]

### 3.4. Theoretical Framework
3.5. Research design

The research objective is to investigate the impact of dividend policy on firm performance. The main reason for this learning is to investigate that what is the impact of dividend policy on firm performance.

3.6. Significance study

Dividend policy measures the competence of a company’s process. It measures how rapidly company changes its result into the dividend. The general public can study the performance of the company, and if the company has well supposed in the market, then additional shareholders invest in the company which automatically reflects to increase in the wealth of the investors and increase firms size and profitability. The finding of the learning will be helpful for other people who desire to be involved in this finance area.

3.7. Hypothesis

\[ H_0 = \text{There is no significance impact of dividend policy on firm performance} \]
\[ H_1 = \text{There is a significance impact of dividend policy on firm performance.} \]

3.8. Data Collection

Data obtain from the stock exchange of manufacturing firms of India, and 20 firm’s data is taken from the financial statement and websites of stock exchange for the period of 1 year from 2017. The sample of 20 manufacturing firms is taken for analysis.

3.9. Research Analysis:

Regression analysis is used for the impact of dividend policy on firm performance and data of 20 firms is used for the year 2017.

Research Equation

\[ R.O.A = \alpha + \beta_1 (DPR) + \beta_2 (DYR) + 3\beta (P/E) + \mu \]

Where:

\( \alpha = \text{Constant Term} \)
\( \beta = \text{Coefficient Term} \)
\( R.O.A = \text{Return on Asset} \)
\( DPR = \text{Dividend payout ratio} \)
\( DYR = \text{Dividend yield ratio} \)
\( P/E = \text{Price earnings ratio} \)
\( \mu = \text{Error Term} \)

Discussion and Analysis

In this examination, I research the connection between profit arrangement and execution firm For this I utilized Regression Model, and there is an in-critical connection between profit arrangement and execution firm.
Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.065</td>
<td>.004</td>
<td>-.051</td>
<td>3.87183</td>
<td>.004</td>
<td>.076</td>
<td>1</td>
<td>18</td>
<td>.787</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), dividend payout ratio

R square

In this table, R square shows that how much free factor changes the reliant variable. In this Dividend strategy stamp as autonomous variable and profit for the resource as a reliant variable. What's more, here the outcomes demonstrate that corporate administration changes 0.4% consequently to the resource.

Significance F change

In this table, the term hugeness of change demonstrates the how many reliant, and autonomous factors are huge. What's more, for this the SPSS alludes the important test'. What's more, in this model the essentialness esteem is 787 more noteworthy than 05 which demonstrate that the model isn't critical.

Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.595</td>
<td>.867</td>
</tr>
<tr>
<td>dividend payout ratio</td>
<td>-.009</td>
<td>.032</td>
</tr>
</tbody>
</table>

a. Dependent Variable: return on asset

Regression Equation

This regression equation of this model is

\[ \text{ROA} = \beta_0 + \beta_1 (\text{DPR}) \]

Where:

ROA: dependent variable

\( \beta_0 \): beta of constant

\( \beta_1 \): beta of dividend payout ratio

According to values of analysis

\[ \text{ROA} = 0.595 + (-0.009) \text{ DPR} \]
This condition speaks to that on the off chance that one unit change in real money profit payout Ratio it result that 0.009 units will diminish in ROA.

In this examination, I explore the connection between profit strategy and execution firm. For this, I utilized Regression Model, and there is a noteworthy connection between profit approach and execution firm.

Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.636a</td>
<td>.404</td>
<td>.369</td>
<td>2.04743</td>
<td>.404</td>
<td>11.522</td>
<td>1</td>
<td>17</td>
<td>.003</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), dividend yield ratio

R square

In this table, R square shows that how much autonomous variable changes the needy variable. In this profit arrangement stamp as autonomous variable and profit for the resource as a reliant variable. Furthermore, here the outcomes demonstrate that the profit strategy changes 40.4% consequently in the resource.

Significance F change

In this table the term centrality if change demonstrates the how many needy and free factors are noteworthy. Furthermore, for this, the SPSS alludes the 'noteworthiness test.' What's more, in this model the hugeness esteem is 003 under 05 which demonstrate that the model is noteworthy.

Coefficientsa

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.147</td>
</tr>
<tr>
<td></td>
<td>dividend yield ratio</td>
<td>1.197</td>
</tr>
</tbody>
</table>

a. Dependent Variable: return on asset

Regression Equation

This regression equation of this model is

\[ \text{ROA} = \beta_0 + \beta_1 \times (\text{DYR}) \]

Where:

ROA: dependent variable

\( \beta_0 \): beta of constant

\( \beta_1 \): beta of dividend yield ratio
According to values of analysis

ROA = 0.147 + 1.197(DYR)

This condition speaks to that in the event that one unit change in real money profit yield proportion it results that 1.197 units will increment in ROA.

In this exploration, I examine the connection between profit arrangement and execution firm. For this, I utilized Regression Model, and there is an in-critical connection between profit arrangement and execution firm.

### Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.035</td>
<td>.001</td>
<td>- .058</td>
<td>2.65042</td>
<td>.001</td>
<td>.020</td>
<td>1</td>
<td>17</td>
<td>.888</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), price earnings ratio

### R square

In this table, R square shows that how much autonomous variable changes the needy variable. In this profit strategy stamp as free factor and profit for the resource as a needy variable. What's more, here the outcomes demonstrate that profit approach changes 0.1% consequently in the resource.

### Significance F change

In this table the term importance if change demonstrates the how many needy and autonomous factors are huge. What's more, for this the SPSS alludes the 'criticalness test.' What's more, in this model the centrality esteem is 888 more prominent than 05 which demonstrates that the model isn't huge.

### Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>price earnings ratio</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.181</td>
<td>.653</td>
</tr>
<tr>
<td></td>
<td>.004</td>
<td>.027</td>
</tr>
</tbody>
</table>

a. Dependent Variable: return on asset

### Regression Equation

This regression equation of this model is

\[ \text{ROA} = \beta_0 + \beta_1 (\text{PE}) \]

Where:

- ROA: dependent variable
- \( \beta_0 \): beta of constant
β1: beta of price earning ratio

According to values of analysis

ROA = 1.181 + 0.004(PE)

This condition speaks to that on the off chance that one unit change in cost is winning proportions, It results that 0.004 units will increment in ROA.

Conclusion

The fundamental reason for this examination is to watch the effect of profit arrangement on firm bond division execution in Companies that are hung on India. Therefore, we finish up the information of 20 recorded organizations that are identified with the India Stock Exchange for the concrete segment. The Data accumulation time of the investigation is 1 the year of 2013. From those factual results, we presume that there isn't totally noteworthy Impact among profit strategy and firm execution in 2013 and furthermore flawlessly less huge Impact between profit arrangement and firm execution in 2013.

For this reason, we utilize the relapse show in this examination as a measuring instrument to check their Impact between profit strategy and execution firm. From the acquiring comes about we presume that there is a negative relationship affect among Return on the resource (Dependent Variable) and Dividend Payout Ratio, Dividend Yield Ratio, Price Earnings Ratio are (Independent Variable).

5.1. Future recommendation:

It is now proved that dividend is playing a major part in the firm performance. Thus a company should pay special attention to maintain a satisfactory level of dividend policy. If dividend policy level is good, then more people invest in the company because they know that company’s; dividend policy position. Indian firms should believe all the issue that influences dividend policy when inventing one, in order to have a better policy that shareholders and other attractive third party are satisfied.

References


xxvii. Kumar, R., & Kumar Jha, P. (2012). Determinants of Corporate Dividend Policy in India-A Study of Listed IT Companies at BSE.


