EFFECT OF DIVIDEND PRACTICES ON SHAREHOLDER'S WEALTH OF INSURANCE COMPANIES

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial fulfillment of the requirements for the Master's Degree

By

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June, 2024

CERETIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **"EFFECT OF DIVIDENT PRACTICE ON SHAREHOLDER'S WEALTH OF INSURANCE COMPANIES"**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor, it has been proposed and presented as part of requirements for any other academic purpose. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declared that all information sources and literature used are cited in the reference section of the dissertation.

Jay Bahadur Mahatara

June, 2024

REPORT OF RESEARCH COMMITTEE

Mr. Jay Bahadur Mahatara has defended research proposal entitled **"Effect of Dividend Practices on Shareholder's Wealth of Insurance Companies"** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidance of supervisor Dr. Pitri Raj Adhikari and submit the thesis for evaluation and viva voce examination.

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APPROVAL SHEET

We have examined the dissertation entitled **"EFFECT OF DIVIDENT PRACTICE ON SHAREHOLDER'S WEALTH OF INSURANCECOMPANIES"** presented by Mr. Jay Bahadur Mahatara for the degree of **Master of Business Studies**. We hereby certify that the dissertation is acceptable for the award for the degree.

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ACKNOWLEDGEMENTS

This dissertation entitled **"Effect of Dividend Practice on Shareholder's Wealth of insurance Companies"** is prepared in the partial fulfillment of the requirements for the Master's degree of MBS program. It would not have been possible for me to bring this research work to this state without support, guidance and supervision of Dr. Pitri Raj Adhikari of Shanker Dev Campus.

Moreover, I would like to express my sincere gratitude to my supervisor for his support, suggestion, valuable time, and encouragement in preparation of my research work. During the time of research, his suggestion, comments helped me to complete my entire part of research work without any difficulties.

At last, I would like to show my deep gratitude to Insurance companies for providing me Annual report. I also like to thank my friends Anju Bhujel and Radha Krishna Adhikari and my family for helping me during my research work.

Jay Bahadur Mahatara

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ABBREVIATIONS

ALIC	:	Asian Life Insurance Company
TANOVA	:	Analysis of Variance
DPR	:	Dividend Payout Ratio
DPS	:	Dividend per Share
DY	:	Dividend Yield
EPS	:	Earning Per Share
MPS	:	Market per Share
NBL	:	Nepal Bank Limited
NICL	:	Nepal Insurance Company limited
NIL	:	Neco Insurance Company limited
NLICL	:	National Life Insurance Company ltd
NLG	:	National Life General Insurance Company limited
NRB	:	Nepal Rastra Bank
P/E	:	Price Earnigs Ratio
PIC	:	Premier Insurance Company limited
PRIN	:	Prabhu Insurance Company limited
SIC	:	Sagarmatha Insurance Company limited
SICL	:	Shikhar Insurance Company Limited
SIL	:	Siddhartha Insurance Company limited limited
SPSS	:	Statistical Package for Social Sciences
TU	:	Tribhuvan University

ABSTRACT

The objectives of the study are to assess the impact of EPS, DPS, P/E ratio, DY and DPR on MPS of insurance companies, to compare the relationship between dividend practice and shareholders' wealth and to examine the current position of EPS, DPS, P/E ratio, DY and DPR (dividend practice) and MPS (shareholders' wealth) in insurance companies. This study is based on secondary data of Nepalese Insurance Companies. Descriptive and casual comparative research design is used to meet the objectives. EPS, DPS, DY, DPR, P/E ratio are independent variables and MPS is dependent variable.

Population of the study is 37 insurance companies and sample of the study is 10 insurance companies: Shikhar Insurance Company Limited (SICL), National Life Insurance Company ltd (NLICL), Sagarmatha Insurance Company limited (SIC), Neco insurance company limited (NIL), National Life General Insurance Company limited (NLG), Siddhartha Insurance Company limited (SIL), Asian Life Insurance Company limited (ALIC), Nepal Insurance Company limited (NICL), Prabhu Insurance Company limited (PRIN), Premier Insurance Company limited (PIC).

Secondary data are collected from the annual report of the insurance companies. The descriptive statistic analysis, correlation analysis, regression and multiple regression analysis are used to achieve objectives of the study. There is insignificant positive relationship between MPS and EPS. The relationship between MPS and DPS are highly positively and significant. It is found that the MPS and P/E ratio are positively significant. Moreover, MPS and DY are highly negative and statistically significant with each other. Similarly, there is a negative and insignificant relationship between MPS and DPR. The study concluded that financial indicators determining MPS are different from one insurance company to another.

This study examines the factors affecting dividend practice in Nepalese insurance companies, highlighting variables like investment opportunities, firm size, and profit rates, growth rates, debt obligation, legal rules and regulations, etc. Despite these influences, maximum insurance companies do not follow a consistent dividend strategy. This inconsistency could potentially harm their share market price due to the resulting uncertainty and risk.

Key words: *MPS, EPS, DPS, DY, P/E ratio and DPR*

Chapter -1

Introduction

1.1 Background of the study

Dividend practice is about distributing a company's earnings between payouts to shareholders and money kept for long term plans. It is necessary for investors as they look for returns. Companies should decide whether to invest for growth or pay dividends to shareholders. This choice impacts on shareholder's wealth. The main motive of finance manager is to maximize shareholder wealth, reflected in stock prices. The best dividend practice boosts share prices, give advantages to shareholders (Ansar et al., 2015). Dividends, defined as cash payments to shareholders, can be final, interim, or special. Key elements include deciding to pay dividends and their amount, with important dates like declaration, record, ex-dividend, and payment dates. It discusses measures such as the dividend payout ratio and dividend yield, and patterns like no dividend, residual, stable, and irregular policies. Influences on dividend policy decisions span internal, industry-specific, and macroeconomic levels, with these decisions impacting shareholder wealth and stock prices through dividend theories (Taran, 2024).

Dividend practice, which involves deciding how much profit a company distributes to shareholders, is a big deal in a company's financial world. It affects how much cash a company keeps for itself and how much it invests back into the business. Some folks debate its importance, but it is tricky because there is still a lot which do not fully get about it. This study aims to clear up these uncertainties by looking at how dividend choices affect how well companies do financially in developing countries (Kanakriyah, 2020).

The way companies share profits with investors has a long history, starting back in the 16th and 17th centuries. At first, dividends were paid from successful ventures, either in cash or goods. Gradually, they became linked to a company's annual profits, giving investor confidence. But there is a challenge: investors have different risk preferences. Some want immediate income and see dividends as a sign of stability. For companies, paying dividends can show they are doing well, which can push up their share prices by signaling a promising future. In India's banking sector, this study explores how factors

like profit, debt, dividends, growth, and legal changes affect share prices (Raj et al., 2021).

Dividend practices really matter for companies' stability, but they've stirred up lots of debates. Experts like Berkley and Myers even called it one of finance's toughest puzzles. Dividends are not just about money; they are a big deal for investors, managers, and others involved in a company. They help judge how well a company's doing. When people invest in stocks, they aim for the best returns, dividends or higher stock prices. Dividends give shareholders quick cash, while keeping profits for later has its perks too. Figuring out the right balance between saving money and paying dividends matters a lot. Companies that pay dividends often do better than those that do not, showing why it is an important decision to nail down (Araoye et al., 2019).

An insurance policy is a written contract between the policyholder (the person or company) and the insurer (the insurance company) in which policyholder receives financial protection or reimbursement against losses from insurer. Kaigorodova et al. (2018) stated that today's world, businesses, especially those in finance, must embrace technology to stay competitive. This is particularly crucial for insurance companies. While stock and credit markets have already adopted IT, the insurance sector is now seeing the potential for a technological revolution. To remain relevant, companies must evolve into technology-driven enterprises. The demand for insurance like property, motor, and health insurance is rising, along with newer types such as life and cyber risk insurance. To meet these evolving needs, insurance companies must leverage information systems effectively. Bah & Abila (2024) explained that Political stability, corruption control, rules and regulations, regulatory quality and government effectiveness are the five main indicators of institutional quality which have significantly positive effects on demand for life insurance and total insurance.

Nepal Insurance Authority is the sole regulatory agency established to systemize, regularize, inspect and supervise insurance business in Nepal. The minimum paid-up capital required in Nepal for life-insurance company is Rs5 billion and for non-life insurance company is Rs2.5 billion as per the Insurance Board and before it was Rs2 billion for life-insurance company and Rs1 billion for non-life insurance company. Policyholders get insurance to cope with unexpected risks as well as also to help pay for

routine tasks such as annual medical checkups and dental visits. Moreover, insurance companies deal with health care providers so that their customers get discount.

Nepal Bank Limited is the first bank of Nepal which was established in 1994 B.S. (1937 A.D.) to bring up economic growth and social development. When Nepal Bank Limited was established, it started giving loans to different industries. To keep these loans safe, they needed insurance to protect the bank in case the industries could not pay back the loans. Some Indian insurance companies have already started non-life insurance services in Nepal at that time. The first insurance company of Nepal named as Nepal Malchalani Tatha Beema Company which was established in 2004 B.S. under Nepal Companies Act. The company was renamed as Nepal Insurance and Transport Company limited in 2016 B.S. It was further renamed as Nepal Insurance Company limited in 2048 B.S. to operate non-life insurance business in Nepal with 51% share of Nepal Bank Limited and 49% share of general public and this insurance company is listed under Nepal stock Exchange. Under the Insurance Act 2049, it is running non-life insurance business.

Nepal government established Rastriya Beema Sansthan under the company act in Poush 1, 2024 B.S. (1968 A.D.) with the capital of Rs10 million. In Falgun 11, 2024 B.S Company started only non-life insurance services. In Poush 1, 2025 company was transformed into an institution under the Rastriya Beema Sansthan Act 2025. And it started life-insurance services in Falgun 7, 2029 BS. After that, company had a monopoly in the Nepali insurance market for about decade or half. Before 2025 BS, The Oriental Insurance Company Limited, Ruby General Insurance Company Limited (now national Insurance Company), Sterling Insurance Company (later merged with The Oriental Insurance Company limited) operated in Nepal.

The government adopted liberal economic policy with the political change after 2046 BS, the number of new insurance companies entered in the market. In 2046/47 BS different life-insurance and non-life insurance companies were allowed to operate insurance business. Seven life-insurance and thirteen general insurance companies started their operation from the period 2050 to 2065 BS. The licensing of new insurance companies was halted by the Insurance Board (Beema Samiti), regulatory body of insurance companies in Nepal after 2065 BS. This ban was lifted and the board issued entry permission for 10 new life-insurance companies and 3 non-life insurance companies.

Therefore, this study examines the effect of dividend practices on shareholder's wealth of insurance companies in Nepal.

1.2 Problem statement

Dividend practices affect a company's value and what it means for investors. It found that it's important for companies to set dividend practices that match their long-term goals, pay out the right amount of profits, and communicate well with investors. Overall, effective dividend practices helps companies to make investors happy and boost company value (Erni Lubis et al., 2024).

Dividend practice is big debates in finance. Investors love dividends because they show how healthy a company is financially. There has been a lot of research to understand how dividends affect stock prices, but it is still a puzzle. In Nepal's growing stock market, studying how commercial banks handle dividends could teach us a lot about the financial sector. This study dives into how dividends relate to things like earnings per share and market value, aiming to resolve their impact on corporate sectors in Nepal over time (Bhandari & Pokharel, 2012). Different theories have been presented to identify the significance of dividend practice and whether it influences share price, but there has not been a universal agreement. It is worthy to understand the theoretical dividend that is appropriate to consumer goods firms. Moreover, the empirical review is also divided into two, effect or no effect schools. Some of the studies proposed that dividend practice has effect on stock prices (Osakwe et al., 2019). There is a big question about whether dividend practice actually boosts shareholders' wealth, and it is not being answered definitively. The results change a lot from one country to another, so there is plenty of room for researchers to dig into this topic globally. In some places, there have not been many studies done on this, especially in less developed countries. Investors really care about how well a company does and how much money they can make, so it is super important to check how a company's dividend practice affects both the wealth of shareholders and how well the company performs (Farrukh et al., 2017).

Financial management involves three important decisions: where to invest money, how to finance those investments, and how to handle profits through dividends. Dividends are basically sharing the company's profits with its members. The way dividends are given out depends on the nature of the company and how it is controlled. Paying dividends is a

big deal because it attracts more people to invest in a company's shares and helps increase the wealth of shareholders. The dividend practice is a crucial part of a company's financial decisions. When a company gives out higher dividends, it can really impact how much its shares are worth in the market. Shareholders' wealth is often judged by the market price of a company's shares (Sumathi & Jothi, 2018).

A business needs to make money to pay dividends, but how much they pay out versus reinvesting is a balancing act. This decision tells the market about a company's financial health and performance. Even strong companies see dividends as a reward for shareholders, not just reinvesting all profits. Still, the impact of this dividend decision on shareholder wealth is not clear, especially in different places. This study aims to figure out how dividend choices affect shareholder wealth in that industry (Gamage & Peries, 2020). Some studies have identified the relationship between the dividend payment and shareholders' wealth. Net earnings are divided into retained earnings and dividends. The retained earnings of the company can be reinvested and used as future fund and the dividend helps shareholders to maximize their wealth. Therefore, study identifies how far the dividend payout affects the shareholders' wealth (Azhagaiah & Priya, 2008). Hence, some questions related to this study are given below:

i. What is the current status of EPS, DPS, P/E ratio, DY, DPR (Dividend Practice) and MPS (shareholders' wealth) in the insurance companies?

ii. What is the relationship between dividend practice and shareholder's wealth?

iii. Does the EPS, DPS, P/E ratio, DY, and DPR influence the MPS of insurance companies in Nepal?

1.3 Objectives of the study

The major objective of this study is to analyze the effects of dividend practice on shareholders' wealth of Insurance companies in Nepal. The following are the specific objectives of the study:

i. To assess the current position of EPS, DPS, P/E ratio, DY and DPR (dividend practice) and MPS (shareholders' wealth) in insurance companies.

ii. To examine the relationship between dividend practice and shareholders' wealth.

iii. To evaluate the effect of EPS, DPS, P/E ratio, DY and DPR on MPS of insurance companies.

1.4 Rationale of the study

In the context of Nepal, investment in capital market is increasing. Large numbers of people are investing in different stocks of different companies to gain return from investment. Before investing in any stock of the companies, investors nowadays are observing different ratios such as dividend distributions of the company, EPS, P/E ratio, DPS, and dividend is often considered the most crucial among all ratios. So, this research study will benefit investors who look at a company's dividend history and how dividends impact shareholders' wealth before investing in the company's share. Furthermore, this research will also benefit for the investor who analyze how the MPS (shareholders' wealth) is related to the EPS, DPS, P/E ratio, DY and DPR (dividend practice).

Dividends are super important for people investing in stocks. When a company announces dividends, it helps bridge the gap between what managers know and what shareholders know. Shareholders see dividends as safer than relying on just making money from selling stocks later. Changes in dividend payments also affect how investors see the value of a stock. That's why a company's dividend practice really impacts how much its shares are worth (Humaerah et al., 2022). Moreover, the outcomes may be vital for the management of different companies to formulate the optimal dividend practice in such a way as to maximize the shareholder's wealth. Likewise, the findings and results of the study will give information and knowledge to the students of university about the effect of the dividend practice on the shareholders' wealth as well as it could be beneficial for the master's degree students who will write the dissertation, which they can use the research as a literature review.

1.5 Limitations of the study

The study is based on the secondary data and time period of the study is 10 years. Some of the limitations of the study are listed below:

i. The study is limited to data obtained from various sources such as NRB websites, Nepal stock exchange and websites of different insurance companies.

ii. The sample size is adequate; however, do not contain the entire population of 35 insurance companies.

iii. The study is focused only to examine the impact of dividend on shareholders' wealth of insurance companies.

iv. There are many factors those affect decision and valuation of firm, however, only factors related to dividend have been considered in this study.

Chapter-II

Literature Review

2.1 Introduction

This chapter reviews literature on dividend practice and dividends of insurance companies in Nepal. This study investigates the arguments surrounding dividend decisions and the factors influencing them. Dividends are a big deal for businesses, investors, and researchers. Economists have different views on dividends: some say they really affect a company's value, while others say they do not matter. According to the Dividend Irrelevance Theory, dividends do not impact a company's share value or its cost of getting money. This study suggested that a company's share value depends on how much it earns and how risky its assets are, not on its dividend practice. However, dividends might still affect a company's share value because of how they share information or attract certain types of shareholders. Overall, in a perfect market, a company's dividend practice might not really determine its share value (Chauhan et al., 2019). The study looked at how a company's dividend choices can impact the price of its stock in the market. It talks about different dividend strategies, what influences stock prices, and how dividends connect to stock prices. But, stock prices do not just hinge on a company's dividend choices; they are influenced by many things. It gets trickier because people see capital gains (making money from selling stocks) as less certain than getting dividends. Plus, capital gains often get taxed at a lower rate than dividends (Pandey & Bhat, 2007).

2.2 Theoretical review

Modigliani and Miller irrelevance theory

Modigliani and Miller (1961) irrelevance theory described that dividend has no effect on shareholders' wealth; dividend is equally divided to shareholders (DeAngelo & DeAngelo, 2006). Modigliani and Miller (1961) proposed the dividend irrelevance theory, which suggests that in an ideal world, there is no personal and corporate taxes, no individual market influence, no transaction costs, similar expectations, and company has a fixed and planned investment policy with respect to future investment and profit. They argue that the firm's value is shaped by the earning power of its assets and investment

policy, rather than by dividend decisions, emphasizing the division of earnings into retention and dividends. The common assumptions of this theory are as follows:

i. There is a perfect capital market in which all investors act rationally.

ii. There is no corporate and personal tax.

iii. There is no flotation cost on securities issued by firms.

iv. Fixed and planned investment policy.

v. There is a no risk of uncertainty.

Miller and Modigliani argue, based on rational investor behavior and arbitrage, that dividend practice is irrelevant in a perfect capital market. Whether a firm retains earnings or pays dividends, the market value of shares remains unaffected. If a firm opts for dividends, the increase in share value is offset by the need to issue new shares for financing investments, maintaining investor indifference. In essence, similar-risk firms with different payout ratios will have similar share values, as future earnings weigh more heavily than dividend practice.

Agency cost theory

Agency theory arise when an agent acts on behalf of a principal, causing internal expenses or arises from inefficiencies, conflicts of interest, and dissatisfactions between shareholders and management. The agency cost theory suggests that firms with profitable assets allocate a significant portion of earnings to debt payments, enhancing their credit rating and debt capacity.

Agency theory suggests that dividends motivate managers to cut costs linked to their relationship with shareholders. When companies pay dividends, managers must seek outside funds, prompting them to minimize these costs by facing scrutiny from the capital market. The ideal dividend payout is one that reduces these costs compared to what is spent on raising funds. Managers do adjust dividends based on these costs, changing payouts over time and among different companies (Moh'd et al., 1995). Paying dividends helps by limiting how much managers spend freely and makes companies more transparent to outside investors. This makes it harder for managers to misuse funds and encourages outside scrutiny, which can lower costs for the company when they need to

raise money. This, in turn, can make investments cheaper, increasing the company's overall value and reduces the agency conflict (Ghosh & Sun, 2014).

Tax-preference theory

Firms paying dividends attract more institutions, proficient at detecting high firm quality and ensuring good management. The theory aligns with observed regularities, including the presence and stickiness of dividends. It suggests that the tax difference between institutions and retail investors, not absolute tax payments, determines dividend decisions.

When companies choose to pay dividends instead of repurchase shares, it is often because institutional investors, who pay lower taxes compared to individual investors, prefer dividends. Dividends attract more institutions, which are better at spotting top-quality companies and ensuring they are well-run. This idea explains why some firms consistently pay dividends and why this preference tends to stay. Also, it suggests that the tax gap between institutions and regular investors drives dividend decisions, rather than the exact tax amounts paid (Allen et al., 2000).

Signaling theory

Signaling theory says changing dividend payments tells us about a company's future money. Dividend signals suggest that when there is uneven info between a company and investors, dividends matter more for predicting the company's future. Some studies check if changing dividends really tell us things, but they do not all agree on how much info dividends give us. Another idea is that managing a company's risks helps even out info differences between managers and investors, making the company more valuable. When managers and outside investors don not have the same info, hedging risks can be helpful (Dionne & Ouederni, 2011).

Transaction cost theory

This study looks at investing in stocks, bonds, dividends, and transaction costs. They are trying to minimize risk and maximize dividends within a time limit. They use a math technique called the Lagrangian multiplier to find the best investment plan and dividend payments. What they discovered is that the best investment mix depends on how much they pay out in dividends. They also figured out that investing more in stocks and giving lower dividends helps reach high targets. They set boundaries for buying and selling

stocks and found that to break even; they need to sell more stocks than they buy. They also found the best possible investment options (Nkeki, 2018).

Behavioral theory of dividend practices

When looking at dividends, most past studies focused on observations rather than theories. Here, they delve into a theoretical model. Normally, companies seem fine whether they use profits or new stocks to fund new projects. But when taxes come into play, things change. If capital gains tax is higher than income tax, companies issue stocks to fund projects, always paying out dividends. If capital gains tax is lower, they use profits for investments. They ignore borrowing for simplicity, assuming debt levels are controlled by factors like the best balance of borrowing. This happens because, due to tax benefits, companies are not limited by borrowing costs but by other factors like leverage (King, 1974).

Residual theory of dividend

A residual dividend practices means paying out dividends after covering all investments. Finance experts say this approach has several advantages. It follows that dividend are distributed only if all investments are funded. The policy hinges on a company's investment opportunities and available funds, like retained earnings. Simply put, if there is money left after good investments, it goes to shareholders as dividends; otherwise, there are no dividends. The pure residual dividend practice involves paying out most or all cash flow after the firm makes desirable investments. The finance literature suggests that various benefits exist to following a residual dividend practice (Baker & Smith, 2006).

Stability of dividend

Dividend stability is maintained to ease tensions between company leaders and shareholders. By using regression models, they figure out the right payout pace and adjust it slowly over time. This helps avoid surprising investors with erratic dividends, keeping the company's stock prices steadier. Managers prefer this to give shareholders a predictable, steady rise in dividend payments and reduce uncertainty (Ayunku & Apiri, 2020). When a company's profits go up, it raises dividends only if it is confident, it can keep up that higher profit level. Dividend smoothing or keeping dividends steady,

happens because of trust issues between managers and shareholders or because they do not have the same information. Any of the following forms, dividend can be stable.

i. Constant dividend per share

Constant dividend per share means paying fix amount of dividend per share for each year regularly. This fixed amount does not change, even if the company's earnings fluctuate. However, when earnings rise and are expected to stay up, the dividend per share might increase over time. People relying on dividends as their main income tend to like this consistent payout approach. This approach to dividends can provide stability and predictability to shareholders, as they can expect a consistent income stream from their investments. However, it also signifies that the company commits to paying out the specified dividend amount, which may impact the firm's flexibility in using cash for other purposes like reinvestment or expansion.

ii. Constant payout ratio

In this type of dividend practice, companies pay fixed percentage of earnings to the shareholders each year. In this policy, percentage of earning is fixed. It is calculated by dividing yearly dividend per share by firm’s earning per share. If companies earning reduces or fall in any year, then the dividend also reduced. Companies do not often choose this approach because it can lead to reduce dividends during tough times, which is not favorable (Ayunku & Apiri, 2020).

iii. Combination of two policies (Low regular plus extra dividend)

This policy pays a small regular dividend plus extra in good years. By starting with a low regular dividend, companies ensure they can afford it even in bad times. This steady payout builds investor confidence. When earnings are high, they share the extra through added dividends. Investors like this because they get at least a small dividend regularly, reducing uncertainty. It is popular among companies with unpredictable earnings, like those affected by economic ups and downs (Aduda & Kimathi, 2011).

2.3 Conceptual review

Dividend is an amount of earnings or profits distributed by a company to the shareholders. When company makes profit or surplus, then it is able distributes some amount of profit to the shareholders and remaining amount after payment of dividend

(retained earnings) will be invested in the future (Nguyen et al., 2021). When companies pay high dividend to shareholders, there is less reinvestment in the business. Companies that pay high dividends attract investors who like getting a regular income from their investments. They are not as interested in big growth in the company's stock price. On the other hand, when companies pay low dividends, it means they are putting more money back into growing the business. This can lead to higher profits in the future, which could mean bigger gains for investors when they sell their shares later on (Khan et al., 2019). Lots of the researchers have looked into the impact of dividend practice on the financial performance of the company. This topic is one of the most challenging research issues (Onanjiri & Korankye, 2014). Dividend practice is not just about moving money around in a business but it is actually a strategy that companies use to share their profits with the shareholders (Gill et al., 2010).

This study wants to figure out how a company's dividend choices, like how much they pay and when they pay it, affect how well the company does financially. By doing this, it can help confirm what other studies have found before. It might give tips to managers at companies that are on the stock market about how to set up their dividend plans. This could help them manage their money better and improve how well their company does financially.

Forms of dividend

Dividends are usually paid out in cash to shareholders as a way to distribute the company's profits. But if a company does not have enough cash to pay dividends, they offer different forms of dividends:

i. Cash dividend

When a company pays dividend to shareholders in the form of cash from profits or earnings is called cash dividend. After payment of cash dividend, company’s reserve and cash accounts are decreased. Likewise, company’s net worth and total assets also decreased because of payment of cash dividend. Similarly, after cash dividend distribution, market price of share also decreased in the most of the cases (Nasrin & Hasan, 2018).

ii. Scrip dividend

Dividends which are paid in the form of certificate instead of cash is called scrip dividend. These types of dividends are distributed to shareholders in the form of a certificate or paper instead of cash dividends. The companies offer shareholders the choice to get profits later or more shares. They are used when a company lacks enough cash for cash dividends. When companies do not have enough cash to pay cash dividend, they issue such profits (Kanakriyah, 2020).

iii. Property dividend

When companies pay dividends in the form of property instead of cash is called property dividend. This happens when companies have extra assets they do not need for business or in special situations. They might use their own products or securities from subsidiaries as property dividends.

iv. Stock dividend

When a company pays dividends in the form of stock to the shareholders from their profits or earnings instead of cash is called stock dividends. Stock dividends are not like regular cash dividends because they are not paid out in cash. Instead, they give shareholders more shares of the company. When this happens, the total number of shares increases for everyone. So, even though you have more shares, each one ends up being worth a bit less because there are more shares overall. Stock dividends are usually calculated in percentage. For example, a 20% stock dividends means that for every 20 shares you own, you get 1 extra share (Sead, 2014). Few companies pay dividends, but some in Nepal are increasingly giving stock dividends. This could be because stock dividends are seen as a substitute for lower cash dividends (Lakonishok & Lev, 1987).

v. Bond dividend

When a company pays bond instead of cash to shareholders is known as bond dividend. When there is a liquidity problem, company distributes bond to shareholders. Shareholders do not want to have bond dividend because cash dividend helps to meet their needs and wants (Kanakriyah, 2020). When there is more issue of cash dividends, it might be risk for companies (bondholders) because it reduces cash for debt payments (Mathur et al., 2013).

Factors affecting dividend decision

Dividend is one of the important aspects for company and shareholders and it can be affected by different factors, which are given below:

i. Stability of earnings

Stability of dividend is the important aspect for managers. They do not want to reduce or cut dividends. Usually, companies decide on a specific amount or percentage they want to pay out as dividends and consider past year dividend and current years' earnings as important determinants of dividend practice. The shareholders' needs and wants, stability of earnings, present and future years' earnings are regarded as essential factors for dividends by Indonesian firms (Baker & Powell, 2012).

ii. Growth opportunities

Another important factor affecting dividend decision is growth opportunities. If firms do not have enough internal funds, they must need external sources of capital for growth and development. In case of firm has enough internal sources and has already grown and expanded, then they do not need external source of money. The external source of capital depends on investors believe on whether company's leaders will use that money well. This belief comes from how well information gets shared between shareholders and managers, and the systems in place to stop managers from wasting funds on unprofitable projects for their own gain. When investors and managers share information well, and agency conflicts are low, the cost of money goes down, and growth is up. Legal environment such as different rules and regulations, disclosure policy minimize problems due to agency cost and imbalanced information and helps to borrow money at lower cost, which results into growth and development (Ghosh & Sun, 2014).

iii. Dividend history

Dividends are distributions of value to shareholders, either as cash or company stocks. Deciding on dividends involves balancing retained earnings with distributed cash or securities. This decision is not just about profit allocation; it is complex and scrutinized by financial experts. Stakeholders view dividends differently: investors see them as earnings and indicators of a firm's worth, while managers consider them in investment decisions. Lenders should pay attention as higher dividends payment may affect servicing

and redemption of their claim. Dividends do not have any impact on a firm's value under perfect capital markets with zero taxes. Shareholders are indifferent to receiving dividends or having profits retained within the company. Managers, therefore, need not overly concern themselves with the timing or amount of dividend payments. During a given time period, dividends play a crucial role in determining a firm's value. Shareholders are not indifferent to receiving dividends or having retention of profit the company. The payment of dividends directly impacts the firm's valuation and is significant for shareholders. At the same time, dividends are crucial for valuing a firm, making shareholders highly interested in both dividend payments and profit retention (Parua & Gupta, 2009).

iv. Legal rules and constraints

The study aimed to figure out how rules and actions can make dividend payments better in a company. The study used methods like direct observation, comparison, and analysis of the subject matter that provide legal regulation of dividend payments. The success of business depends on regular profit and capital of company, it is inversely depending on size of dividend and regularity. The way dividends are handled depends partly on rules of law and partly on business factors. The best dividend plan finds the right mix between paying dividends now and growing the company's profits for the future. The law sets some rules, but there is room for owners to make choices about dividends (Yavorska et al., 2021).

v. Taxation policy

This study looked at how a new tax system in Australia affected how companies paid out dividends. When this system is introduced, companies tended to start paying dividends more often and in larger amounts. This system offers plans where people could reinvest their dividends. The amount of dividends companies paid out became more unpredictable with this new tax system. Different companies reacted differently the more tax credits they had, the more likely they were to increase their dividend payments or start paying dividends if they had not before (Pattenden & Twite, 2008). The research looks into why companies decide to pay dividends. They studied 120 companies listed on the Karachi Stock Exchange from 2000 to 2011. They used data from various sources like stock exchange records and company reports. They found that factors like cash, size, and profit

which affect dividends. Companies with more cash, larger size, and higher profits tend to pay more dividends. But the level of debt a company does not play a big role. When they looked at taxes, they found that while profits and dividends are related, taxes did not seem to have a big impact on whether a company pays dividends (Gul et al., 2012).

vi. Future investment

In a perfect capital market, a company's choices about investing are not impacted by how these investments are financed. Dividend choices might not affect investments directly, but they could be influenced by them. Some studies found that when looking at connections between dividends and investments, straightforward tests suggest they are independent. However, more complex tests show there is a strong back-and-forth relationship between dividends and investments, contradicting the idea that they are completely separate (Mougoué, 2008).

vii. Shareholders preferences

This study looks at how companies can give cash to shareholders. Even though individual investors receive tax benefits from capital gains, most shareholders might prefer dividends for small payouts. But for bigger payouts, shareholders usually like stock buybacks on the open market. And for the largest payouts, tender offer buybacks are likely the favorite choice among shareholders (Brennan & Thakor, 1990).

viii. Profitability

Profitability is another important factor affecting dividend decision. The internal rate of profit of company helps to measure how well it is retained earning perform compared to potential returns elsewhere. Small firms with low profitability and strong growth opportunities never pay dividends. Likewise, large firm with high profitability and low investment opportunities pay dividends (Fama & French, 2001).

2.4. Empirical review

Empirical review is essential aspect of this study. This research is not finished without examining past studies. We need to look at purpose of the studies, methodologies adopted, variables, and findings of the studies related to current studies. This helps us spot any missing things or gap and see if there are suggestions for more studies in those previous works.

Maskey (2023) investigated the relationship between various factors influencing the market price of stocks. The study employed market price of share as dependent variable and earnings per share, dividend per share, price- earnings ratio, book value of shares, dividend yield, age of the company, and retention ratio as independent variables. The study selected the factors that affect the market share prices of life insurance companies listed in Nepal Stock Exchange (NEPSE) with panel data for the period 2012/13-2017/18. Furthermore, the study used descriptive and inferential statistics, while the hypothesis was tested using the regression coefficients based on the results of the multiple regression model. The study revealed that earning per share, dividend per share, price-earnings ratio, age of the company and dividend yield are the major determinants of market share price. The study concluded that dividends play a major role when Nepalese investors make investment. Moreover, study revealed that dividend practice of the companies plays a major role in shaping investor decisions in Nepal.

Ali et al. (2022) analyzed the impact of capital structure over dividend practice. The study assumed dividend payout ratio as dependent variable and used as a proxy for dividend practice, whereas liquidity, profitability and debt to equity ratio were used as independent variables; and debt to equity ratio is used as a proxy for capital structure. Moreover, the study has taken sample of 40 companies listed at Pakistan stock Exchange for the year of 2009 to 2014. Furthermore, the study used multiple regression analysis and descriptive analysis and correlation analysis. Similarly, the study found that debt to equity ratio and dividend payout ratio are negatively significant, liquidity and profitability are also significantly related to dividend payout ratio. At last, the study concluded that capital structure had no effect on firm's payout policy.

Lamichhane and Rai (2021) examined the relationship among dividends, earnings and stock prices of Nepalese insurance companies. The study recorded market price per share and stock return are the dependent variables and earnings per share, dividend per share, dividend payout ratio, PE ratio, return on assets and return on equity as independent variables. Moreover, the study based on secondary data of 15 insurance companies with 105 observations for the period of 2011/12 to 2017/18 and data were collected from the annual reports of the selected insurance companies. Furthermore, the study used regression analysis and correlation analysis to test the significance and importance of dividends, earnings and stock prices in Nepalese insurance companies and the study also

used descriptive analysis methods. The study showed that earning per share, dividend per share, dividend payout ratio, price to earnings ratio and return on equity have positive impact on the market price per share whereas returns on assets have negative impact on the market price per share. Similarly, dividends per share and dividend payout ratio have negative impact on stock return whereas earning per share, price to earnings ratio, return on assets and return on equity have a positive impact on stock return. The study also concluded that dividend per share followed by dividend payout ratio and price to earnings ratio are the most significant factor that determines the market price per share of Nepalese insurance companies.

Dang et al. (2021) investigated the impact of dividend practice on corporate value. The study used corporate value as dependent variable, dividend per share ratio as independent variable and return on assets, business size and degree of financial leverage as controlled variable. The study collected data from the list of companies on the Vietnamese stock market in the period of 2006–2017 with 2,278 observations. Moreover, the study used general least square (GLS) approach. The study identified three factors: dividend payout, profitability and corporate sizes that have a positive and significant impact on corporate value, and one factor which has a negative impact on corporate value is the degree of financial leverage. Similarly, the study found that dividend practice has a significant impact on the corporate value of companies that implement a higher dividend payout policy, conversely, firms that do not pay dividends or pay low dividends do not experience a significant impact of dividend practice on corporate value. The study explained that the results will be meaningful for businesses on dividend practice implementation.

Nguyen et al. (2021) examined the effects of dividend policies on a firms' financial performance. The study employed ROA, ROE, and Tobin's Q as dependent variables and dividend rate, company size, leverage ratio, decision of dividend payment and growth rate as independent variables. The study collected data and financial statements of 450 firms that are listing on the stock market of Vietnam from 2008 to 2019. The study used descriptive, correlation and regression analysis. The study indicated that the decision of dividend payment has negative impact to Vietnamese firms measured by accounting based performance but this improves market expectation on firms. In addition, the study found that Vietnamese firms are offering low dividend rate which has a positive impact

on accounting-based performance but a negative effect on market expectation. Likewise, the study proposed some instructive recommendations based on the findings, including a more appropriate model of dividend policies, a lower dividend rate, and clear decision of dividend payment.

Raj et al. (2021) analyzed the relationship between dividend practice, its determinants and market price of the share. The study selected Dividend Payout Ratio (Dividend Practice), Deposits to Total Assets Ratio (Leverage), LN of Total Income (Growth), Return on Assets (Profitability) and Company Act-2013 as independent variables and Market Price of Share as dependent variable. Moreover, the purposive sampling technique had adopted in the selection of sample and total five Private Sector Commercial Banks (PVBs) had been taken as a sample for the time period from 2009-10 to 2018-19. The secondary data was collected from the annual reports & websites of selected banks and the website of nseindia. Furthermore, the study used Karl Pearson's correlation analysis and multiple regression analysis through SPSS. The study reported that the growth making banks have high market price of shares and found a positive significant impact on the market price of shares. Similarly, other variables, such as profitability, leverage and new companies act-2013 found a positive relationship with the market price of the share. Likewise, dividend practice showed a strong negative relationship. The study examined that the dividend practice is not an important variable to predict the market price of shares, it can be said that the investors from PVBs are interested in growth, profit and changes in legal provisions in prediction of the market price of share.

Gamage and Peries (2020) explained the impact of dividend practice on shareholder wealth. The study employed the market value of a share as dependent variable which is the proxy for measuring shareholder wealth and the dividend payout ratio as independent variable which is the proxy to measure dividend practice. Moreover, the study selected a sample of 13 companies in the Australian retailing industry, listed on the Australian Stock Exchange (ASX) for the period 2012-2017. Furthermore, the study used simple regression analysis using excels to provide the direction of relationship (positive or negative) as well as significance of relationship between variables, addressing both aspects of research question. The study showed that dividend payout ratio was used as the proxy variable to measure dividend practice, whereas the market value of share was used

as the proxy variable to measure shareholder wealth. At last, the study concluded that dividend practice has a positive, moderate relationship with shareholder wealth.

Shrestha (2020) examined that the dividend practice is major concern for investor, managers and policy makers, and proper dividend practice also helps to achieve the wealth maximization goal of the firm. The study used market price of stock as dependent variable, cash dividend per share and stock dividend per share as independent variables and return on assets, earnings per share and return on equity as controlled variables. The study selected 33 dividend paying companies listed on NEPSE as sample. Likewise, the study used unbalance panel data for the period of 2000/01 to 2018/19. The study used regression analysis, correlation coefficient and descriptive statistics to analyze the impact of dividend on stock market price. The study showed that there is significant impact of dividend on stock market price of Nepalese enterprises after controlling return on equity, earnings per share and return on equity. Finally, the study concluded that cash dividend has significant negative and stock dividend has significant positive impact on stock market price of Nepalese enterprises.

Kanakriyah (2020) investigated the impact of dividend practice on company performance of Jordanian public shareholding companies (industrial and service sectors). The study employed return on assets (ROA) and return on equity (ROE) as dependent variables and dividend pay-out ratio (DPR), Dividend Yield (DY), Current ratio, firm size, leverage ratio as independent variable to measure dividend practice. Similarly, the study included 92 industrial and service sector companies listed on the Amman Stock Exchange (ASE) during the period from 2015 to 2019. Likewise, the study used panel data analysis, cross-sectional time-series data and simple and multiple linear regression models. A multiple regression model also developed in order to test whether guess factors' impact on financial performance (such as Dividend Yield, Dividend Pay-out Ratio, Firm Size, Leverage Ratio, and Current Ratio). The study concluded that dividend practice has a statistically significant impact on company's financial performance. The study, also, revealed that a strong relation between DY, DPR, and FSIZE variables. Leverage ratio is negatively and significantly associated with ROA and AOE. Moreover, no relations detected between current ratio and financial performance.

Chauhan et al. (2019) examined the impact of dividend practice on profitability of Indian Information Technology (IT) companies listed on Bombay Stock Exchange. The study

employed return on asset (ROA) and return on equity (ROE) as dependent variable and dividend payout ratio (DPR), earnings per share (EPR) and price earnings ratio (PER) as independent variable. Similarly, Companies selected for the study based on market capitalization and study confined to only five financial years from 2012-13 to 2016-17. The study used correlation matrix and panel regression model for testing of hypotheses. The major findings of the study revealed that the selected companies do not follow consistent pattern of dividend payments and the association between price earnings ratio (PER) and dividend payout ratio (DPR) is low positive. However, there is a strong relation between return on equity (ROE) and return on assets (ROA). Hausman Test revealed that random affect model is appropriate thereby indicating that performance of selected companies have significant impact on dividend practice of selected companies. Divided practice still regarded as one of the complicated area in corporate finance. Thus, the study will help all the stakeholders to develop further understanding on dividend practice.

Singh and Tandon (2019) analyzed the effect of dividend practice on market price of share. The study employed MPS as the dependent variable while DY, RR, EPS, DPS, ROE and PAT are taken as independent variables. The study selected the secondary data to evaluate the effect of dividend practice on market prices of shares of 50 companies listed on the National Stock Exchange (NSE) for 2008–2017. Moreover, the study used descriptive statistics, correlation analysis and regression analysis to support the relevant approaches of dividend practice. The study identified dividend yield (DY) has a negative impact on market price of share (MPS) while other variables such as earning per share (EPS), dividend per share (DPS), return on earnings (ROE) and retention ratio (RR) are positively correlated with MPS. The study concluded that there is significant effect of dividend practice on the stock price of firms.

Osakwe et al. (2019) examined the effect of dividend practice on stock prices with empirical evidence from Nigeria. The study employed dividend yield (DY), dividend pay-out ratio (DPR) and earnings per share (EPS) as the independent variables, market price of share as dependent variable and net asset per share (NAPS) as control variable of firm size. The study obtained data from financial statements of 10 consumer goods firms quoted in Nigerian stock exchange. Moreover, the panel data covering a period of five years from 2011 to 2015 were used. Furthermore, a panel least square regressions

technique was employed. The study showed that dividend yield has an insignificant negative effect on market price of share and dividend payout ratio has a significant positive effect on market price of share. Similarly, the study showed that the earning per share has a significant positive effect on market price of share while, net assets per share has an insignificant positive effect on market price of share. The study concluded that dividend practice is capable of influencing the stock prices in consumer goods sector of the Nigerian stock market indicating that the theory of irrelevancy of dividends do not hold in the case of Nigeria.

Araoye et al. (2019) determined the effect of dividend practice and dividend payment on share price volatility in Nigeria. The study used market price per share as a dependent variable and dividend per share, dividend payout ratio, earning after tax, dividend declared, and number of shares as independent variables. Furthermore, the study used secondary data from the actively trading companies listed in the Nigeria Securities Exchange for a period of 10 years from 2005–2014. Similarly, the study based on OLS Pool regression model and used panel data analysis between dividend practice measures (dividend payout, dividend per share, earnings after tax, dividend declared and number of share) and Share price volatility. The findings from the random effects regression results showed dividend per share is the major determinants of share price volatility in NSE, dividend payout ratio and earnings after tax negatively affect share price volatility. Moreover, the study showed the higher the payout ratio the less the share price volatility, and the higher the earnings after tax lower the share price volatility. The study concluded that the dividend per share has positive effect and inclusive relationship with market share prices and it is recommended that firms should try and improve on their financial performance that will enable consistent increase in the dividend per share for positive impact on market value.

AlAli et al. (2019) examined the effect of dividend practice on the market value of common stocks of insurance companies. The study used share prices as dependent variable and dividend yield, dividend payout ratio, earnings per share, book value per share, and market price to book value ratio as independent variables. Moreover, the study selected data of insurance companies listed at Kuwait stock exchange over the period of 2009-2017. The study used regression analysis and descriptive analysis to evaluate the relationship between dependent and independent variables. The study revealed that

dividend yield and dividend payout ratio had a statically significant negative effect on the share prices while earnings per share, book value per share, and market price to book value ratio had a statistically significant positive effect on the share price.

Khan et al. (2019) explained the impact of dividend practice on firm performance. The study employed return on equity (ROE) as dependent variable and dividend practice (DP), capital structure short term (CSS), capital structure long term (CSL), firm size (FM) and firm growth (FG) as independent variable. The study collected secondary data from annual reports, KSE sites and journal articles. Moreover, the study used regression analysis from SPSS to investigate the relation of DP, CSS, CSL, FS and FG of 40 KSE listed cement sector companies toward ROE (firm performance). The study showed when there is more profit, it increases the dividends which, in turn, increase the stock price of the firm and vice versa, when there is less profit it decreases the dividend payment and the stock price. Furthermore, the study identified that dividend practice (DP), capital structure long term (CSL), and firm size (FS) influence the performance of the firm (ROE).

Dhakal and Shah (2018) analyzed the impact of dividend practice on share price and future profitability of commercial banks in Nepal. The study showed Market Price of Share (MPS) as dependent variable and Dividend Yield (DY), Retained Ration (RR), Profit after Tax (PAT), Earning per Share (EPS) and Return on equity (ROE) as independent variables. Moreover, the study used panel secondary data of 13 commercial banks from year 2001 to 2014. Furthermore, the study applied correlation and regression analysis to test the relationship between variables. Besides these inferential tools of data analysis study used descriptive analysis of research data. The findings of the study explained that dividend yield and retention ratio have significant negative impact, whereas earning per share has significant positive impact on share price. The study, thus, supports the dividend relevance in Nepalese capital market, and it is further extended to analyze whether dividend changes carried any special information influencing future profitability of commercial banks in two subsequent year of dividend declaration. The conclusion from the analysis indicated that the current year dividend change has significant impact on current year earning changes. For subsequent years, the impact of dividend change is insignificant. Thus, dividend change does not carry information

regarding changes in earning in subsequent years of dividend declaration and does not support signaling hypothesis in Nepalese capital market.

Rahman (2018) determined the basic aim of this study is to investigate that whether the dividend practice makes an impact on the firm performance in Pakistan especially in cement sector. The study used return on equity as dependent variable and earnings per share, dividend per share, financial leverage and firm size as independent variables. Moreover, the study based on secondary data of 19 cement companies and website of Pakistan Stock Exchange from 2012 to 2016. The study used Descriptive statistics to check the behavior of the data and Pearson's correlation to see the relationship among variables. The study concluded that there is an insignificant positive relationship between return on equity (ROE) and Dividend per share (D.P.S) which implies that by increasing cost dividend per share, return on equity increases for the selected companies. Furthermore, a significant positive relationship between earning per share (EPS) and return-on-equity (R.O.E) was found. In the case of firm size, significant relationship was found with ROE and financial leverage showed an insignificant relationship with firm performance (R.O.E). Hence, the study supports the relevant theories of dividend practice.

Hafeez et al. (2018) examined the basic resolution of this study is to investigate the relationship between dividend practice and firm performance. The study employed return on asset (ROA) and return on equity (ROE) as dependent variables and dividend payout ratio (DPOR), earning per share (EPS) and price earnings ratio (PER) as independent variables. Moreover, the study selected data of 15 manufacturing companies listed in the Pakistan Stock Exchange in the year of 2014 to 2017. Furthermore, the study used correlation, descriptive and regression method to investigate the impact of dividend practice on firm performance. The study showed that all the independent variables have a positive relationship with dependent variables which means dividend payout ratio, earning per share, price earnings ratio positively influence return on assets and return on equity. The study also identified the sample size is small as comparing to other. At last, the study concluded that firm should maintain consistency in dividend practice to increase return on assets.

Baral and Pradhan (2018) investigated the impact of dividend practice on the share price of commercial bank in Nepal. The study employed market price of share as dependent

variable and earnings per share, dividend payout ratio and price earnings ratio as independent variables. The study based on secondary data of 27 commercial banks listed in NEPSE from F/Y 2012/13 to F/Y 2016/17 which are considered as population of the study and 10 commercial banks are selected as sample of the study in order to achieve the goals and objectives of the firms. Furthermore, the study used Descriptive Statistics, Correlation, Regression, ANOVA and Wilcoxon Signed Rank Test to identify the relationship between variables. The study identified that except dividend payout ratio (DPR), the other factors like earning per share (EPS), price earning (P/E) ratio have positive relationship with stock price among them price earning (P/E) ratio is the strongest factor that affects the share price in case of top gainer commercial banks whereas earning per share (EPS), price earning (P/E) ratio and dividend payout ratio (DPR) have positive influence on stock price among them dividend payout ratio (DPR) is the strongest factor that affects the share price in case of top loser bank.

Sumathi and Jothi (2018) analyzed the impact of dividend practice on shareholders wealth of automobile companies. The study used market price per share as dependent variable and earnings per share, dividend per share, return on equity, price earnings ratio and lagged market price as independent variables. Furthermore, the study used secondary data, which were collected from capital line data base for the period of ten years from 2006-2007 to 2015-2016. Moreover, the study used correlation and regression model for analyzing the data. The study showed market price per share is one of the variables to measure the shareholder's wealth of the Automobile Industry and all other independent variables are used to know the impact on dividend policies. Finally, the study concluded that the dividend per share and previous year market price per share have significant relationship in the shareholder's wealth.

Raza et al. (2018) examined the effect of dividend practice on stock price. The study employed market price of share as dependent variable and dividend payout, earning price, dividend per share as independent variables. The present study intended to conduct a non-systematic review of literature on the empirical and theoretical studies on corporate dividend practice in order to understand its nature and dimensions. The study performed an extensive review of existing literature and it is found that there are three different approaches or schools of thought. First school of thought is that a rise in dividend payout will increase the firm value (share price). Second, thinks that a rise in dividend payout

will reduce the firm value (share price) and third supports Miller and Modigliani (1) argument that firm value or share price are not affected by dividend practice. According to study, till to date no consensus has appeared and results are inconclusive. Moreover, the study attempted to cover key empirical studies on dividend practice across countries, which shows that the phenomena of dividend practice differ from one country to another. Furthermore, the study examined nature and wide array of discussion on dividend practice has formulated a massive volume of literature that increase day by day. Therefore, the study concluded that it is not feasible to do a full-fledge review of all debates.

Ali et al. (2017) investigated the effect of dividend practice on stock prices and if there exist any relationship between dividend practice and stock prices. The study included stock market price as dependent variable, stock dividend per share, dividend payout ratio and retention ratio as independent variables and return on equity, profit after tax and earnings per share as control variables. Furthermore, the study selected 45 non-financial companies listed on KSE-100 index that have earned profits and paid dividend for a period of twelve years. Moreover, technique adopted for sampling is convenience sampling. Moreover, the study used pooled regression, fixed and random effect tests. The study showed that out of the variables only earning per share and dividend payout ratio have a significant positive relationship with stock market price while return on equity has negative significant relationship with the stock market price. Similarly, study showed all other variables, i.e. dividend per share, retention ratio and profit after tax have an insignificant relationship with stock market price. At last, study recommended that firms in the sample should regularly pay dividend as it will cause an upward movement in the stock market prices, whereas profit retention by firms will result in a decrease in the value of the stock market prices.

Farrukh et al. (2017) explained the impact of dividend practice on shareholders' wealth and firm performance in Pakistan. The study employed earning per share, share price (used to measure shareholder's wealth) and return on equity (used to measure firm performance) as dependent variables and dividend per share and dividend yield as independent variables (used to measure dividend practice). The study selected sample of 51 firms listed in Pakistan stock exchange by including the firms which have been paying dividends for 10 years consecutively or with the gap of 1 or 2 years at maximum and are

following stable dividend policies. Moreover, the study used regression analysis and descriptive statistic technique. The study showed dividend practice has positively significant impact on shareholders' wealth and firm performance. Furthermore, the study supported dividend relevance theory, signaling effect theory, bird in hand theory and clientele-effect theory. The study commended the implementation of stable, effective, managed and target-oriented dividend practice by firm's financial managers along with effective supervisory framework governed by capital market regulatory bodies to uplift firms' performance and shareholder's wealth in Pakistan. The study identified appropriate firm disclosure with respect to dividend payout and dividend per share is needed to guard the potential investors in making the right investment choices in listed firms.

Nuhu (2016) examined that the relationship between retained earnings, corporate tax, stock prices and dividend payout with a focus on the Nigerian banking sector. The study employed stock price as dependent variable, whereas dividend payout, retained earnings and corporate tax as independent variables. Furthermore, study collected date from annual report and accounts from the sample banks which are listed at Nigerian stock exchange for a period of 10 years (2006 to 2015). Moreover, study used ordinary least square regression model. Similarly, study shows that dividend pay-out has significant positive relationship with stock market prices. At last, the study concluded that retained earnings have a significant positive relationship with share prices and corporate tax has significant negative relationship with the stock prices of the listed commercial banks in Nigeria.

Ansar et al. (2015) investigated the relationship between shareholders wealth and dividend practice. The study employed market price of shares as dependent variable and dividend per share, retained earnings, lagged price and return on equity as independent variables. Moreover, the study used multiple regression analysis to show that there is strong relationship between shareholders' wealth and dividend practice. Likewise, study also used descriptive analysis which includes maximum, minimum, mean, median and standard deviation and correlation analysis. The study indicated that dividend practice positively affect the shareholder's wealth. Similarly, dividend share per share, retained earnings per share, lagged price and return on equity has a positive relationship with market price per share which is used as a proxy to measure the shareholder's wealth. The study showed shareholders wealth is increased by dividend practice in case of Pakistan.

Iqbal et al. (2014) determined the impact of dividend practice on shareholders' wealth in context of Pakistan. The study employed market capitalization as dependent variable used to measure shareholder's wealth) and dividend per share, size, and growth rate as independent variables (used to measure dividend practice). Moreover, the study selected secondary annual data of 35 companies randomly from three sectors; textile, sugar and chemical in the year from 2006 to 2011. The study used multiple regressions to analyze the data and to get answer to the queries of the study. The study also used correlation analysis and descriptive statistics. The study showed that dividend practice of the firm has significant positive impact on shareholder's wealth. Similarly, study showed firm growth rate has a significant positive impact on shareholders' wealth. Likewise, study showed firm size also has a significant positive impact on shareholders' wealth; indicating that large domain of operations of a business make it more capable to exploit maximum opportunities and in position to earn greater amount of return due to greater growth prospects so it ultimately places greater value to shares of large size companies.

Malik et al. (2013) investigated the determinants of dividend practice of firms. The research used dividend declared as dependent variable, whereas liquidity, profitability, leverage, growth, company size, earnings per share as independent variables. Moreover, the study collected date of 100 financial and non-financial firms over the period of 2007 to 2009, listed at Karachi Stock Exchange and part of KSE-100. Likewise, the study used Panel OSR regression model. The study showed liquidity, leverage, earning per share, and size are positively related to dividend, whereas growth and profitability are found to be insignificant determinant of dividend practice. The result revealed that from probit model estimation earning per share, company profitability, and size increase the probability of companies to pay dividend, whereas growth opportunities decrease the probability of paying dividends. At last, study concluded that Dividend paid at appropriate time has a positive impact on reputation of company.

Bhandari and Pokharel (2012) examined that the corporate dividend practice is an important factor to determine the stock market. However, there is no universal dividend practice that all commercial banks follow unconditionally. The study employed earnings per share (EPS) and price earnings ratio (PER) as dependent variables and cash dividend per share (DPS), dividend payout ratio (DPR) and dividend yield ratio (DYR) as independent variable, and market price per share (MPS) as the moderating variable.

Similarly, the study used financial indicators of 8 commercial banks whereas Investment Bank, Standard and Chartered Bank, Nabil Bank, Himalayan Bank, Bank of Kathmandu, Everest Bank, NSBI Bank and NIC Bank for the period of 1996/97 to 2006/07. Moreover, the study used regression analysis. The study concluded that the commercial banks of Nepal do not show uniform trend of dividend practice, similarly, dividend practice practiced by commercial banks of Nepal is neither fully explained by residual theory nor by stable theory. Moreover, dividend on share is an important indicator that shows the performance of banks and thereby attracting the investors. Investors examine the dividend practice of the banks before they decide to invest on stock market. But due to fluctuation on dividend practice of commercial banks of Nepal, investors are unable to predict the future earnings from cash dividend. This fluctuation implies the general phenomenon of financial market. There is insignificant positive relationship between MPS and DPR. EPS and DPS have significant positive relationship with MPS.

Shabibi and Ramesh (2011) determined that the factors which affect dividend practice for non-financial UK companies in the year 2007. The study employed dividend per share (dividend practice) as dependent variable, whereas profitability, board independence, liquidity, firm size, risk, debt ratio, growth as independent variables. The study collected data of 90 non-financial UK companies from annual reports and Forecasting Analysis and Modeling Environment (FAME). Moreover, the research used multiple regression models. Furthermore, the study found that corporate governance factors do affect the dividend practice. At last study conclude that the Board independence is the most essential factor in corporate governance which forces the UK companies to pay dividends.

Moradi et al. (2010) explained the effects of dividends in relation to profitability, size, and beta rate, the rate of retained earnings, P/E, and debt ratio. The used dividend payout ratio as dependent variable, whereas rate of retained earnings, profitability, firm size, P/E and debt ratio as independent variables. Moreover, the study collected data from the sample of 73 corporations for year 2000-2008, listed at Tehran Stock Exchange. The study used historical information and special statistical methods (multiple-regression). Furthermore, the study concluded that the dividend practice involves extremely important financial decisions which serve as a basis of numerous theories. However, these theories

have been developed in different fields, and according to some evidence this policy remains a kind of dilemma in the financial cycles of corporations.

Ahmed and Javid (2009) examine the dynamics and dividend practice. The study used dividend payout ratio and dividend yield as dependent variables, whereas net earnings, leverage, market liquidity, slack, firm size as independent variables. Moreover, the research collected data of 320 non-financial firms listed at Karachi Stock exchange for the period of 2001 to 2006. Furthermore, dynamic panel of regression model is used by this study. Likewise, the study has been found that the profitable firms with more stable net earnings can afford larger free cash flows and therefore pay larger dividends. Similarly, the study shows that the ownership concentration and market liquidity have the positive impact on dividend payout policy. Besides, the slack and leverage have a negative impact on dividend payout policy and market capitalization and size of the firms also have a negative impact on dividend payout practice. At last, the study concluded that the firms prefer to invest in their assets rather than pay dividends to its shareholders.

Azhagaiah and Priya (2008) investigated the impact of dividend practice on shareholders' wealth. The study employed market price per share as dependent variable and dividend per share, retained earnings per share, lagged price earnings ratio and lagged market price as independent variables. Moreover, the data used for the analysis are relating to the selected (Organic and Inorganic) Chemical Companies for the period of Ten years from 1997 to 2006. The study used multiple regression models to measure the impact of dividend practice on shareholders' wealth. The study proved that the wealth of the shareholders is greatly influenced mainly by five variables: growth in sales, improvement of profit margin, capital investment decisions (both working capital and fixed capital), capital structure decisions, cost of capital (dividend on equity, interest on debt) etc. The study showed significant impact of dividend practice on shareholders' wealth in Organic Chemical companies while the shareholders' wealth is not influenced by dividend payout as far as Inorganic Chemical companies are concerned.

Table 1 *Review Table*

S.N.	Author(S)	Dependent variables	Independent variables	Methods	Major Findings
1	Maskey (2023)	Market price of share.	EPS, DPS, P/E ratio, BVSs, DY, age of the company, and RR.	Regression analysis and Descriptive statistics.	-EPS, DPS, P/E ratio and age of the company have significant positive relationship with the market stock prices.
2	Ali et al. (2022)	Dividend payout ratio.	Profitability, liquidity and D/E ratio.	Multiple regression and descriptive analysis.	-Capital structure has no effect on firm's payout.
3	Nuyen et al. (2021)	Return on assets and Return on equity.	Dividend rate, company size, leverage ratio, decision of dividend payment and growth rate.	Descriptive correlation and Regression analysis.	-Decision of dividend payment has negative impact to Vietnamese firms measured by accounting based performance.
4	Dang et al. (2021)	Corporate value.	DPS ratio.	General least square approach and Regression	-Dividend payout, profitability and corporate sizes have a positive and significant impact on corporate value.

				analysis.	-One factor which has a negative impact on corporate value is the degree of financial leverage.
5	Raj et al. (2021)	Market Price of Share.	Dividend payout ratio, leverage ratio, growth rate, profitability and Company Act-2013.	Karl Pearson's correlation analysis and multiple regression analysis.	Growth making banks have high market price of shares and found a positive significant impact on the market price of shares.
6	Lamichhane and Rai (2021)	Market price per share and stock return.	EPS, DPS, dividend payout ratio, PE ratio, return on assets and return on equity.	Regression analysis and correlation.	- EPS, DPS, dividend payout ratio, price to earnings ratio and return on equity have positive impact on the market price per share.
7	Gamage and Peries (2020)	Market value of a share.	Dividend payout ratio.	Simple regression analysis.	-Dividend practice has a positive, moderate relationship with shareholder wealth.
8	Shrestha (2020)	Market price of stock.	Cash DPS and stock DPS.	Descriptive analysis, regression and correlation.	-Cash dividend has significant negative and stock dividend has significant positive impact on stock market price of Nepalese enterprises.
9	Kanakriyah (2020)	Return on Assets, Return on Equity.	Dividend pay-out ratio, DY, current ratio, firm size, leverage ratio.	Regression analysis, panel data analysis.	-Dividend practice has a significant impact on company financial performance.

10	Chauhan et al. (2019)	Return on Asset and Return on Equity.	Dividend payout ratio, EPS and P/E ratio.	Correlation matrix and panel regression model.	-There is a strong relation between return on equity and return on assets. -Performances of selected companies have significant impact on dividend practice.
11	Araoye et al., (2019)	Market price per share.	DPS, dividend payout ratio, earning after tax, dividend declared, and number of shares.	Pool regression model and used panel data.	-Dividend payout ratio and earnings after tax negatively affect share price volatility and DPS has positive effect and inclusive relationship with market share prices.
12	Osakwe et al., (2019)	Market price of share.	DY, dividend pay-out ratio and EPS.	Panel least square regressions technique and descriptive statistics.	-DY has an insignificant negative effect on market price of share. -Dividend payout ratio has a significant positive effect on market price of share.
13	Singh and Tandon (2019)	Market price of share.	DY, RR, earning per share, DPS, return on equity and profit after tax.	Descriptive statistics, correlation analysis and regression analysis.	-The result of correlation indicates that DY has a negative impact on market price of share. -EPS, DPS, return on earnings and RR are

					positively correlated with market price of share.
14	Khan et al. (2019)	Return on equity.	Dividend practice, capital structure short term, capital structure long term, firm size and firm growth.	Linear regression analysis and descriptive analysis.	-When there is more profit, it increases the dividends which, in turn, increase the stock price of the firm and vice versa, there is less profit it decreases the dividend payment and the stock price.
15	AlAli et al. (2019)	Market price of share.	DY, dividend payout ratio, EPS, book value per share, and market price to book value ratio.	Regression analysis and descriptive analysis.	-DY and dividend payout ratio had a statically significant negative effect on the share prices -EPS, book value per share, and market price to book value ratio had a statistically significant positive effect on the share price.
16	Dhakal and Shah (2018)	Market Price of Share.	DY, Retained Ration, Profit after Tax, Earning per Share and Return on equity.	Correlation and regression analysis.	-DY and RR have significant negative impact, whereas earning per share has significant positive impact on share price. -Current year dividend change has significant impact on current year

					earning changes.
17	Rahman (2018)	Return on equity.	EPS, DPS, financial leverage and firm size.	Correlation analysis, regression analysis and descriptive statistics.	-An insignificant positive relationship between return on equity and DPS which implies that by increasing cost DPS, return on equity increases for the selected companies.
18	Hafeez et al. (2018)	Return on asset (ROA) and return on equity (ROE).	Dividend payout ratio, earning per share and P/E ratio.	Correlation, descriptive and regression method.	-Dividend payout ratio, earning per share, P/E ratio positively influence return on assets and return on equity.
19	Baral and Pradhan (2018)	Market price of share.	EPS, dividend payout ratio and P/E ratio.	Descriptive Statistics, Correlation, regression, ANOVA and Wilcoxon Signed Rank Test.	-Except dividend payout ratio, other factors like earning per share, P/E ratio have positive relationship with stock price among them, P/E ratio is the strongest factor that affects the share price in case of top gainer commercial banks.
20	Sumathi and Jothi (2018)	Market price per share.	EPS, DPS, return on equity, P/E ratio and lagged	Correlation and regression	-DPS and previous year market price per share have significant relationship in the

			market price.	model.	shareholders wealth.
21	Ali et al. (2017)	Stock market price.	Stock DPS, dividend payout ratio and RR.	Pooled regression, fixed and random effect test.	-EPS and dividend payout ratio have a significant positive relationship with stock market price -Return on equity has negative significant relationship with the stock market price.
22	Farrukh et al. (2017)	Share price, earning per share, return on equity.	DPS and DY.	Regression analysis and descriptive statistic.	Dividend practice has positively significant impact on shareholders' wealth and firm performance.
23	Nuhu (2016)	Stock price.	Dividend payouts, corporate tax, retained earnings.	Ordinary least square regression model.	-Dividend pay-out had significant positive relation with stock market prices. -Retained earnings had a significant positive relation with share prices.
24	Ansar et al. (2015)	Market price of shares.	DPS, retained earnings, lagged price and return on equity.	Multiple regression analysis, correlation analysis.	-DPS, retained EPS, lagged price and return on equity has a positive relationship with market price per share.

25	Iqbal et al. (2014)	Market capitalization.	DPS, size, and growth rate.	Multiple regressions and descriptive statistics.	-Dividend practice of the firm has significant positive impact on shareholder's wealth. -Firm size and firm growth rate has a significant positive impact on market price of share.
26	Malik et al. (2013)	Dividend Declared.	Profitability, liquidity, growth, leverage, size and EPS.	Panel OLS regression model.	-Liquidity, leverage, earning per share and size are positively related to dividend, whereas growth and profitability are found to be insignificant determinant of dividend practice.
27	Bhandari and Pokharel (2012)	EPS and P/E ratio.	Cash DPS, dividend payout ratio and DY ratio.	Regression analysis.	-Due to fluctuation on dividend practice investors are unable to predict the future earnings from cash dividend.
28	Shabibi and Ramesh (2011)	DPS (dividend practice).	Profitability, firm size, debt ratio, growth, firm risk.	Multiple regression models.	-Corporate governance factors do affect the dividend practice. -Board independence is one of the important factors which drive firms to pay dividends.
29	Moradi et al. (2010)	Dividend payout ratio	Profitability, liquidity. Firm size, growth. P/E ratio and debt	Historical information and special statistical methods	- The results of the study show that there is no meaningful relationship between the dividend practice and a company's

			ratio.	(multiple-regression).	size and rate of retained earnings.
30	Ahmed and Javid (2009)	Dividend payout ratio and DY.	EPS, net income, slack, leverage, major number of share, sales growth, firm size.	Dynamic panel regression model.	-The ownership Concentration and market liquidity have the positive impact on dividend payout practice. -The slack, leverage, market capitalization and size of the firms have a negative impact on dividend payout Practice.
31	Azhagaiah and Priya (2008)	Market price per share.	DPS, retained EPS, lagged P/E ratio and lagged market price.	Multiple regression models.	-Significant impact of dividend practice on shareholders' wealth in Organic Chemical companies while the shareholders' wealth is not influenced by dividend payout as far as Inorganic Chemical companies are concerned.

2.5 Research gap

A research gap is a problem like missing information, lack of understanding and knowledge in previous studies. In the past, several research and studies had been done on dividend practice, determinants, forms, practices and its impact on shareholders' wealth

by considering different statistical and financial tools and techniques. The prior studies had become base for new study that cannot be ignored. Gill et al. (2010) stated that the research was co-relational and non-experimental which means engaging firms will not be allocated to conditions, a causal relationship between dependent variable (dividend payout ratio) and independent variable (sales growth) cannot be definitively developed. Therefore, a relation between dividend payout ratio and sales growth is recommended. Additionally, the findings of this study can only be generalized to firms similar to those who participated in the research.

This study aims to explore and expand dividend policies in Nepalese Insurance companies, uncovering new insights, ideas and conclusions. It seeks to contribute fresh findings that can enrich our understanding of this area and potentially improve existing practices. Nepal's financial market is undergoing through rapid changes, needs updating and validating earlier in order to identify major findings. By analyzing secondary data, this study aims to enhance our knowledge of dividend practice in insurance companies of Nepal by connecting present research with past to provide a comprehensive understanding of the subject.

Chapter- III

Research Methodology

This chapter clarifies about the methodology used for study. At first, it explains research design and plans, after that it overviews about the sample size. Furthermore, it explains about tools, source and methods of data collection. At last, it describes about the tools and techniques of data analysis.

3.1 Research design

This study is based on secondary data of Nepalese Insurance Companies. Descriptive and causal comparative research design is used in this study. Descriptive research design identifies the relationship between variables, measures variables, describes and summarizes data. Casual comparative research design is also known as experimental research design which explores cause-and-effect relationship between variables.

3.2 Population and sample, and sampling design

In Nepal, there are 37 insurance companies (including 14-life insurance, 14-non-life insurance, 2-reinsurance and 7-micro insurance) as on December, 2023, which are taken as a population for this study. Out of 37 only 10 insurance companies listed at NEPSE are selected for the study on the basis of highest percentage of dividend paid during the fiscal year 2078/79.

Table 2

List of Insurance Companies Selected for the Study

S.N.	Name of insurance companies	Study period	No of observation	Dividend paid (%)
1	Shikhar insurance company ltd.	2069/70 -2078/79	10	16.84
2	Neco Insurance company ltd.	2069/70 -2078/79	10	15.79
3	Premier insurance company ltd.	2074/75 -2078/79	5	15
4	National Life insurance company ltd.	2069/70 -2078/79	10	14.5
5	Sagarmatha insurance company ltd.	2069/70 -2078/79	10	13.05

6	NLG insurance company ltd.	2069/70 -2078/79	10	10.53
7	Siddhartha insurance company ltd.	2069/70 -2078/79	10	9.47
8	Asian life insurance company ltd.	2069/70 -2078/79	10	8.95
9	Nepal insurance company ltd.	2069/70 -2078/79	10	8.42
10	Prabhu insurance company ltd.	2069/70 -2078/79	10	7.05
Total			95	

Source: From annual reports of insurance companies

Sample size-10

3.3 Nature and sources of data, and the instrument of data collection

This study is based on secondary data of insurance companies during the fiscal year 2012/13 to 2021/22 (2069/70 to 2078l79). Data related to this study are collected from websites of NRB, SEBON, NEPSE, various newspapers, previous thesis, dissertation and studies, and selected insurance companies' website.

3.4 Method of analysis

Financial tools and statistical tools are used to analyze data of this study. Market price of share, dividend per share, dividend yield, price earnings ratio, earnings per share, and dividend payout ratio are financial tools, whereas mean, standard deviation correlation coefficient and regression are statistical tools. Advanced computerized statistical program SPSS and MS-Excel are used to calculate the statistical problems.

3.4.1 Financial tools

i. Market price per share (MPS)

Market price per share is calculated as:

$$\text{MPS} = \frac{\text{Total value of stock}}{\text{No. of share outstanding}}$$

ii. Dividend per share (DPS)

Dividend per share is calculated as:

$$\text{DPS} = \frac{\text{Total amount of dividend}}{\text{No. of share outstanding}}$$

iii. Dividend yield

Dividend yield is calculated as:

$$\text{DY} = \frac{\text{Dividend per share}}{\text{Market price per share}}$$

iv. Price earnings ratio (P/E ratio)

Price earning (P/E) ratio is calculated as:

$$\text{PE ratio} = \frac{\text{Market price per share}}{\text{Earning per share}}$$

v. Earnings per share (EPS)

$$\text{EPS} = \frac{\text{Net profit after tax}}{\text{No. of common stock outstanding}}$$

vi. Dividend payout ratio (DPR)

Dividend payout ratio is calculated as:

$$\text{DPR} = \frac{\text{Dividend per share}}{\text{Earning per share}}$$

3.4.2 Statistical tools

a. Arithmetic mean

The dividend Arithmetic mean is the average or sum of the total value divided by the number of observation. It is a way to find the average or typical value in a set of data. In this study, it is being used to figure out the average dividends of sample companies. Arithmetic mean is calculated as:

$$\text{Mean } (\bar{\text{X}}) = \frac{\sum \text{X}}{\text{N}}$$

$\sum X$ = Sum of all values of the variable X

N = number of observations

b. Standard deviation (σ)

Standard deviation is the statistical tool that measures the dispersion (variation) of data in relation to mean. Square root of variance is also known as standard deviation. A low standard deviation means that there is high degree of uniformity of observations and data are close to mean. Higher standard deviation means that there is higher magnitude of deviation of the values from mean and data is spread out over the large number of values. Higher the value of standard deviation, higher the risk and lower the value of standard deviation, lower the risk. Standard deviation is calculated as:

$$\sigma = \frac{\sqrt{\sum(X - \overline{X})^2}}{N}$$

c. Correlation coefficient (r)

Correlation coefficient is financial tool that measures the relationship between two or more variables. It measures the relationship between dependent and independent variable. Correlation coefficient tells us about how change or variation in one variable brings change in another variable and it is denoted by 'r'. The value of correlation coefficient always lies between +1 and -1. +1 indicates perfect positive relationship between variables. -1 indicates perfect negative relationship between variables. Value 0 indicates there is no relationship between variables.

Correlation coefficient is calculated as:

$$r(xy) = \frac{N\sum XY - \sum X \sum Y}{\sqrt{N\sum X^2 - (\sum X)^2}\sqrt{N\sum Y^2 - (\sum Y)^2}}$$

d. Coefficient of determination (r^2)

The coefficient of determination is statistical tool that measures the outcome of given event. The outcome of event is determined by dependent variable. It measures the percentage change in dependent variable explained by independent variable. The range of coefficient of determination is between 0 and 1. 0 represents that there is no correlation. 1 represents there is perfect correlation.

e. Regression analysis

Regression analysis is a statistical tool that measures the relationship between dependent variable and one or more independent variables. Regression analysis is divided into simple linear regression analysis and multiple linear regression analysis. Simple linear regression analysis measures the relationship between one dependent or explained variable and one independent or explanatory variable. Multiple regression analysis measures the relationship between one dependent variable (explained variable) and two or more independent variables (explanatory variable).

Multiple Regression analysis

$$\mathrm{MPS} = \mathrm{a} + \mathrm{b}_1\mathrm{EPS} + \mathrm{b}_2\mathrm{DPS} + \mathrm{b}_3\mathrm{P/E} + \mathrm{b}_4\mathrm{DY} + \mathrm{b}_5\mathrm{DPR} + \mathrm{e}$$

Where,

$\mathrm{MPS} = \text{Market price per share}$

$\mathrm{a} = \text{Constant}$

$\mathrm{b}_1 = \text{Regression coefficient of earning per share}$

$\mathrm{b}_2 = \text{Regression coefficient of dividend per share}$

$\mathrm{b}_3 = \text{Regression coefficient of dividend payout ratio}$

$\mathrm{b}_4 = \text{Regression coefficient of price earning ratio}$

$\mathrm{b}_5 = \text{Regression coefficient of dividend yield}$

$\mathrm{EPS} = \text{Earning per share}$

$\mathrm{DPS} = \text{Dividend per share}$

$\mathrm{DPR} = \text{Dividend payout ratio}$

$\mathrm{P/E} = \text{Price earning ratio}$

$\mathrm{DY} = \text{Dividend yield}$

e = error

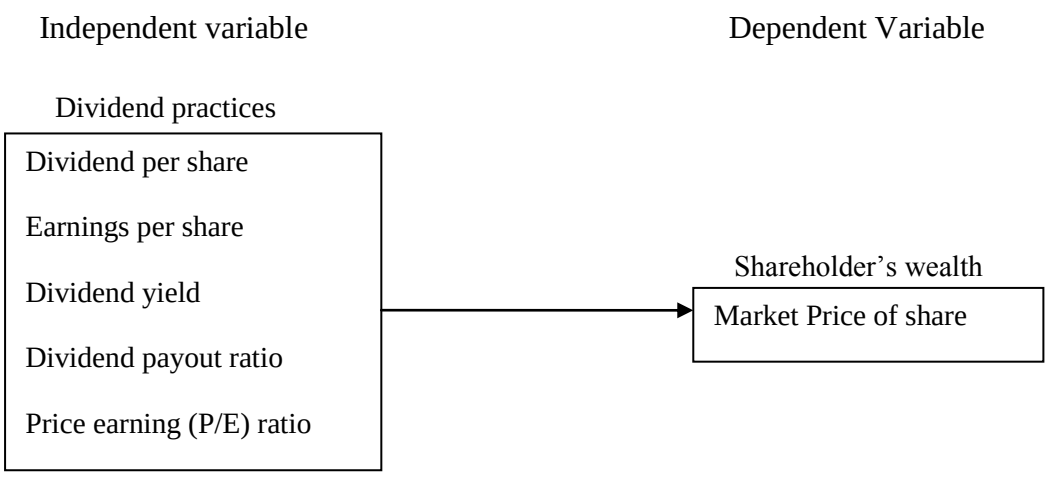
This model explores the relationship between dependent variable (MPS) and independent variable (EPS, DPS, DPR, P/E, and DY).

Source: Singh & Tandon (2019)

3.5 Research framework and definition of variable

3.5.1 Research Framework

Research framework shows the relationship between dependent and independent variables of research. Based on above articles the researcher has designed a conceptual framework highlighting the dependent and independent variables for the study.



Source: Maskey (2023)

Figure1: *Diagram of Theoretical Framework*

3.5.2 Definition of variables

Market price per share (MPS)

Market price per share is defined as dependent variable. Value of stock is known as market price of share which is obtained from capital market. It is calculated as when total value of market is divided by number of share outstanding. It is not fixed and it changes throughout the trading day due to different market factors. It changes according to demand and supply. The closing price of share is MPS which is traded in NEPSE.

b. Dividend per share (DPS)

Dividend per share is independent variable. It is total amount of declared dividend distributed to shareholders by a company for every share outstanding. Dividend per share is calculated by dividing total amount of dividend by numbers of share outstanding.

c. Dividend yield

Dividend yield is independent variable. It is financial ratio that tells how much dividend company pays each year compared to its stock price. It is expressed in percentage. It is calculated by dividing dividend paid by market price per share.

d. Price earnings ratio (P/E ratio)

Price earnings ratio is independent variable. It is one of the most important financial tools for investor for selecting stock. The price earnings (P/E) ratio measures a company's current share price against its earnings per share. It is used by investors to compare a company's value to others in its field or to track its own performance over time. It is calculated by dividing market price per share by current earnings per share.

e. Earnings per share (EPS)

Earnings per share also defined as independent variable. It shows a company's profit distributed to number of common stock shares outstanding. It tells how profitable each share is and can be adjusted for special items or potential share changes. Higher the EPS of company, higher the profit company generates. It is calculated by dividing net profit after tax by number of common stock outstanding or dividing market price per share by price earnings ratio.

f. Dividend payout ratio (DPR)

Dividend payout ratio is independent variable. The dividend payout ratio is how much a company pays out its dividends to shareholders compared to its net income. It is the percentage of profits given to shareholders as dividends. Whatever is remaining after paying dividends is either used to settle debts or put back into the company for growth. It is also called payout ratio. It is calculated by dividing dividend paid by net income

Chapter- IV

Results and Discussion

This chapter presents and analyzes secondary data related to different types of variables using financial and statistical tools which are discussed in chapter three. The main objective of this chapter is to analyze and compare the gathered data in order to achieve the objectives outlined in chapter first by using statistical and financial tools.

4.1 Results

4.1.1 Descriptive analysis

Descriptive analysis uses different statistical methods or quantitative methods to analyze, describe, summarize data and it gives the conclusion of data or information collected from secondary source. Descriptive analyses of selected Insurance Companies are given as follows:

Table 3

Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
EPS	95	-7.410	88.320	31.98568	16.169926
DPS	95	.000	86.000	15.56379	16.145588
MPS	95	113.000	3300.000	966.22737	643.596398
PE	95	-277.600	231.800	32.15505	46.820004
DY	95	.000	12.248	1.91158	2.075738
DPR	95	.000	537.428	52.10069	63.698171

Source: SPSS output

Data given in Table 3 reveals that MPS is dependent variable with Mean value and standard deviation of 966.2274 and 643.5964 respectively, maximum value is 3300 and minimum value is 113. Mean value of EPS is 31.9857, standard deviation is 16.1699,

maximum value is 88.320 and minimum value is -7.410. The mean value of DPS is 15.5638, standard deviation is 16.1456, maximum value is 86 and minimum value is 0. The mean value of PE ratio is 32.1551, standard deviation is 46.82, maximum value is 231.8 and minimum value is -277.6. DY has a mean value of 1.9116, standard deviation is 2.0757, maximum value is 12.248 and minimum value is 0. The mean value of DPR is 52.1007, standard deviation is 63.6982, maximum value is 537.428 and minimum value is 0.

4.1.2 Correlation Analysis

Correlation analysis used to analyze or describe the relationship between dependent and independent variable. It explains whether there is perfectly, strong or moderate positive or negative relationship between dependent and independent variable. Positive correlation indicates one-unit increase in independent variable leads to increase in dependent variable. Similarly, negative correlation indicates one-unit increase in independent variable leads to decrease in dependent variable.

4.1.2.1 Correlation coefficient between financial variables

Table 4

Correlation among Variables

		EPS	DPS	MPS	PE	DY	DPR
EPS		1					
	Sig.						
DPS		.430**	1				
	Sig.	.000					
MPS		.183	.359**	1			
	Sig.	.076	.000				
PE		-.091	.100	.452**	1		
	Sig.	.381	.334	.000			
DY		.373**	.675**	-.220*	-.100	1	
	Sig.	.000	.000	.032	.333		
DPR		-.108	.721**	.186	.237*	.481**	1
	Sig.	.297	.000	.071	.020	.000	

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

Source: SPSS output

Table 4 depicts the correlation among various factors such as EPS, DPS, PE ratio, DY and DPR which affect the market price of insurance companies in Nepal. DPS and DPR have highest correlation coefficient value 0.721 which indicates that there is high degree of positive relationship and the level of significance is 0.05. The correlation coefficient between EPS and MPS is 0.183 and p-value (0.076) >0.05 level of significance which indicates that there is a low degree of positive correlation and statistically insignificant. The correlation coefficient between DPS and MPS is 0.359 and p-value (0.000) <0.05 which explains that there is a low degree of positive correlation and statistically significant. The relationship between PE ratio and MPS is 0.452 and p-value (0.000) <0.05 which means there is almost moderate positive correlation and statistically significant. The DY and MPS have a correlation coefficient value of -0.220 and p-value (0.032) <0.05 which indicates that there is a low degree negative correlation and statistically significant. The correlation coefficient value between DPR and MPS is 0.186 and p-value (0.071) >0.05 which explains that there is low degree of positive correlation and statistically insignificant.

4.1.3 Regression Analysis

Simple regression analysis is used to estimate the relationship between one independent variable and one dependent variable. In this analysis independent variable estimates the value of dependent variable, whereas in multiple regression analysis, two or more independent variables are used to measure a value of dependent variable.

Table 5

Regression Model Summary of EPS, DPS, MPS, P/E ratio, DY and DPR

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.797[a]	.635	.614	399.696259

i. Predictors: (Constant), DPR, EPS, PE, DY, DPS

Source: SPSS output

Data presented in Table 5 identifies the relationship between MPS (dependent variable) and EPS, DPS, P/E ratio, DY and DPR (independent variables) of insurance companies in Nepal. The adjusted R square is 0.614, which means 61.4% of the change in MPS of insurance companies can be explained by variables EPS, DPS, P/E ratio, DY and DPR while remaining percentages can be explained by other factors which are not included in the model. Similarly, the R square is 0.635, which means 63.5% change in MPS can be explained by EPS, DPS, P/E ratio, DY and DPR. Furthermore, the value of R is 0.797, which means there is a strong positive correlation between the MPS and EPS, DPS, P/E ratio, DY and DPR. So, if EPS, DPS, P/E, DY and DPR increase the MPS also increases and vice-versa. The value of standard error of estimate is 399.696259, which shows the average distance or deviation from linear regression line using best response variables.

Table 6

ANOVA Table

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24717952.515	5	4943590.503	30.944	.001[b]
	Residual	14218381.874	89	159757.100		
	Total	38936334.389	94			

i. Dependent Variable: MPS

ii. Predictors: (Constant), DPR, EPS, PE, DY, DPS

Source: SPSS output

Tables 6 show that p value is 0.001, which indicates regression model is a significant relationship. In the above table p-value<0.05, which means null hypothesis is rejected and alternative hypothesis is accepted. So, it is concluded that there is a significant effect of dividend practice on shareholder's wealth. F test is used to test whether model is statistically significant. In this table, P-value is 0.001 and level of significant (α), where p- value (0.00l) < 0.05 level of significant (α); it means there is statistically significant relation. Regression sum of square represents the variation in dependent variable that is explained by independent variables. Residual sum of square is measure of how well the regression model fits the observed data or it measures the variance in regression model or

in error terms, variation in dependent variable cannot be explained by independent variable. Total sum of square indicates sum of squared deviation where dependent variable is explained and unexplained by independent variables. The total degree of freedom is 94, where degree of freedom (df) for regression model is 5 with corresponding independent variables (EPS, DPS, P/E ratio, DY and DPR) and degree of freedom for residual model is 89.

Table 7

Regression Coefficient

Model	Un-standardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	715.272	119.547		5.983	<.001
EPS	1.968	3.843	.049	.512	.610
DPS	38.997	5.714	.978	6.825	<.001
PE	4.642	.939	.338	4.945	<.001
DY	-233.474	28.060	-.753	-8.321	<.001
DPR	-2.340	1.290	-.232	-1.814	.073

a. Dependent Variable: MPS

Source: SPSS output

Table 7 displays the relationship between independent and dependent variable, where one-unit increase in independent variable changes the amount in dependent variable. Mathematically regression model can be written as:

MPS = 715.272 + 1.968EPS + 38.997DPS + 4.642P/E – 233.474DY – 2.340DPR

The value of MPS is 715.272 (constant) if the values of all independent variables are zero. Regression coefficient of MPS on EPS is 1.968 and there is positive relationship,

which indicates one-rupee increase in EPS leads to Rs1.96 increase in MPS. The standard error of regression coefficient is 3.843, which measures the variability or error in standard deviation of observed values. T-value is 0.512 (positive) and P-value is 0.610 which is more than 0.05. So, the result is statistically not significant at 5% level of significance and EPS has positive impact on MPS.

The regression coefficient of MPS on DPS is 38.997 and there is a highly positive relationship, which shows one-rupee increase in DPS leads to Rs38.997 increase in MPS. The standard error of this regression coefficient is 5.714, which explains the average change in standard deviation of observed values. T-value is 6.825 (positive) and P-value is 0.001, which is less than 0.05, so that the result is statistically significant at 5% significant level and DPS has positive impact on MPS.

The regression coefficient of MPS on P/E ratio is 4.642 and there is a positive relationship, which explains that one-rupee increase in P/E ratio leads to Rs4.642 increase in MPS. The standard error of regression coefficient is 0.939, which shows the average variation in observed values. The T-value is 4.945 and positive. T-value is 0.001 which is less than 0.05. So, the outcome is statistically significant at 5% level of significance and P/E ratio has positive impact on MPS.

The regression coefficient of MPS on DY is -233.474 and there is highly negative relationship, which indicates that one-rupee increase in DY leads to Rs233.474 decrease in MPS. The standard error of regression coefficient is 28.060, which shows average change or variation in observed values. The T-value is -8.321 (negative) and P-value is 0.001, which is less than 0.05. So, that the result is statistically significant at 5% level of significance and DY has negative impact on MPS.

The regression coefficient of MPS on DPR is -2.340 and there is a negative relationship, which indicates that one-rupee increase in DPR leads to Rs2.340 decrease in MPS. The standard error of regression coefficient is 1.290, which explains that there is average variation in observed values. T-value is -1.814 (negative) and P-value is 0.073, which is more than 0.05. So, the result is statistically not significant at 5% level of significance and DPR has negative impact on MPS.

The Regression coefficient used to identify the relationship between EPS, DPS, P/E ratio, DY, DPR and MPS of Nepalese insurance companies. The finding of this study is that

there is insignificant positive relationship between EPS and MPS. Similarly, there is a positive significant relationship between DPS, P/E ratio and MPS. On the other hand, there is a strong significant negative relationship between DY and MPS. Moreover, there is an insignificant negative relationship between DPR and MPS.

There is insignificant relationship between MPS and EPS, and MPS and DPR due to loss on insurance companies. Covid-19 also affected the both life and non life insurance companies in Nepal. Due to corona virus many insurance companies were not able to perform their task and sold their product which results into decreasing profits and dividend payout. Insurance companies have collected fund from covid-19 insurance policy but the claim from people was high which leads to decrease in profit and dividend payout.

4.2 Discussion

So many insurance companies in Nepal during the period of 2069 to 2080 are gone through merger and acquisition for growth and expansion, product diversification, gaining competitive advantage and increasing market share and some companies are merged due to increase in requirement of paid up capital. Different rules, regulation and policy of NRB affect the dividend payout practice and profit of Insurance companies. Different regulatory body such as insurance board of Nepal, security board of Nepal regulates dividend practice while formulating it. Growth, dividend history, profitability and firm's size are factors of dividend practice that play crucial role in determining the dividend payout practice of insurance companies.

The finding of this study shows that there is an insignificant positive relationship between EPS and MPS, which explains that increase in EPS leads to increase in MPS. This finding is consistent with Neupane (2020). Similarly, DPS and MPS have significant positive relationship, which indicates that increase in DPS leads to increase in MPS. This finding is consistent with findings of Lamichhane and Rai (2021), Sumathi and Jothi (2018) and inconsistent with findings of Shrestha (2020). Likewise, P/E ratio and MPS have significant positive relationship, which shows increase in P/E ratio leads to increase in MPS. This finding is consistent with the finding of Khadka and Khadka (2021), Chhetri (2023) and inconsistent with Darami *et al.* (2022).

Furthermore, DY and MPS have significant negative relationship, which indicates increase in DY leads to decrease in MPS. This finding is consistent with Dhakal and Shah (2018), AlAli *et al*. (2019) and inconsistent with Osakwe *et al*. (2019). Moreover, DPR and MPS have insignificant negative relationship, which means increase in DPR leads to decrease in MPS. The finding of this study is similar with the finding of Araoye *et al.* (2019), and inconsistent with Bhandari and Pokhrel (2012) and Ali *et al.* (2017).

Chapter- V

Summary and Conclusion

This chapter provides a summary of each chapter, highlights key conclusions, and provides suggestion and recommend for improving dividend policies. This comprehensive overview aims to guide further growth and enhancement in dividend practice.

5.1 Summary

The study focused on effect of dividend practice on shareholder's wealth in Nepalese insurance companies. The research aimed to fill gaps in previous studies and improve understanding by analyzing the impact of dividends and identifying factors influencing dividend policies in Shikhar Insurance company ltd, Premier insurance company ltd, Neco Insurance company ltd, National Life insurance company ltd, Sagarmatha insurance company ltd, NLG insurance company ltd, Siddhartha Insurance ltd, Asian Life insurance company ltd, Nepal insurance company ltd, Lumbini general insurance company ltd, Prabhu insurance company ltd.

The study used different variables like earnings per share, dividend per share, dividend payout ratio, price-earnings ratio, dividend yield, and market share price to see how these factors relate to each other and what impact they have on the selected insurance companies. The introduction chapter of the study gave a quick summary of dividend practice, sample insurance companies, objectives, and problem statements, rationale of the study and limitations of the study. In the literature review, the study focused on theoretical review of effect of dividend on shareholder's wealth based on rules, policies, books, journals, past theses, websites, annual reports, and other published materials to gather information.

Research methodology includes different aspect such as research design, population and sample, sampling design, nature and sources of data, and the instrument of data collection, methods of analysis, research framework and definition of variables. Secondary sources were used for data collection. Descriptive and casual comparative research tools are used to identify the effect of dividend practice on shareholders wealth. Various financial tools such MPS, EPS, DPS, DPR, P/E ratio, DY and statistical tools

standard deviation, correlation coefficient, coefficient of determinant, regression analysis, and SPSS and MS-Excel were also used to analyze the effect of dividend practice on shareholder's wealth and for statistical calculation. The major findings were derived from analyzed data, then drew conclusions and made recommendations. Suggestions were provided for various authorities like sample insurance companies, Nepal insurance authority, and the government to enhance dividend policies and shareholder's wealth.

5.2 Conclusion

The conclusion of the study is drawn from the major findings. The study concluded that financial indicators determining MPS are different from one insurance company to another. This study examines the factors affecting dividend practice in Nepalese insurance companies, highlighting variables like investment opportunities, firm size, and profit rates, growth rates, debt obligation, legal rules and regulations, etc. Despite these influences, maximum insurance companies do not follow a consistent dividend strategy, such as, constant payout practice, extra plus regular dividend practice, stable dividend practice. This inconsistency could potentially harm their share market price due to the resulting uncertainty and risk. Followings are the major conclusion of this study:

DPS and DPR have highest correlation coefficient which indicates that there is high degree of positive relationship. The correlation coefficient between EPS and MPS is lower which indicates that there is a low degree of positive relationship. The correlation coefficient between DPS and MPS is also lower which explains that there is a low positive relationship. There is almost moderate positive correlation between PE ratio and MPS. The DY and MPS have a lowest negative value of correlation coefficient which indicates that there is a low degree negative relationship. The correlation coefficient value between DPR and MPS is lower which explains that there is low degree of positive relationship.

There is a significant relationship or difference, which means null hypothesis is rejected and alternative hypothesis is accepted. So, it is concluded that there is a significant effect of dividend practice on shareholder's wealth. F test is used to test whether model is statistically significant.

The Regression coefficient used to identify the relationship between EPS, DPS, P/E ratio, DY, DPR and MPS of Nepalese insurance companies. The finding of this study is that there is insignificant positive relationship between EPS and MPS. Similarly, there is a positive significant relationship between DPS, P/E ratio and MPS. On the other hand, there is a strong significant negative relationship between DY and MPS. Moreover, there is an insignificant negative relationship between DPR and MPS.

5.3 Implication

The following implications of the study are based on the major findings of this study:

i. Insurance companies should consider adopting either a stable, constant or extra plus regular dividend practice. Given the uncertain environment and high risks involved, inconsistent dividend practices can negatively impact the market price of shares. By ensuring a predictable and reliable dividend payout, insurance companies can maintain investor confidence and enhance the attractiveness of their shares.

ii. Investors should take a more cautious approach before investing their funds in insurance companies. Instead of making decisions randomly, it's wise to consult with a capital market analyst. This will help them understand the market conditions better and make more informed investment choices.

iii. Net profit of insurance company is increasing every year and dividend is decreasing. Instead of investing only insurance companies should distribute more dividends to to maximize shareholder’s wealth.

iv. The legal framework for dividends should support the stable growth of insurance companies and the national economy. However, there is currently a lack of specific legal guidelines on dividend payments. It's important for the government and regulatory bodies like Nepal Rastra Bank, Nepal Insurance Authority, SEBON, and NEPSE to focus on establishing clear rules regarding the percentage of earnings that should be distributed as dividends.

v. Companies should consider factors like stable earnings, past dividend rates, debt obligations, profit margins, corporate taxes, and available funds before dividend decision. Analyzing the capital market situation helps them make informed decisions that benefit shareholders.

5.4 Future Scope

i. This study relies solely on secondary data. Future research could be enhanced by using primary data sources like surveys, questionnaires, and focus group discussions. It may also benefit from including qualitative analysis.

ii. This study only examines five variables: EPS, DPS, DPR, P/E, and DY which affect the share price insurance companies in Nepal. However, it does not consider many other potential influencing factors.

iii. This study focuses on just ten insurance companies in Nepal. Future research could expand to include more insurance companies and other sectors like banks, micro insurance companies, reinsurance companies, microfinance companies, finance companies, manufacturing companies.

iv. Future studies could use advanced statistical tools, including non-linear and causality analysis methods.

v. Future research should include additional variables like inflation, size, GDP, profitability, growth rate for better results. It should also use monthly or quarterly data to account for large fluctuations seen in yearly data.

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APPENDICES

Appendix 1

Selection of highest dividend paying 10 insurance companies during the fiscal year 2078/ 79:

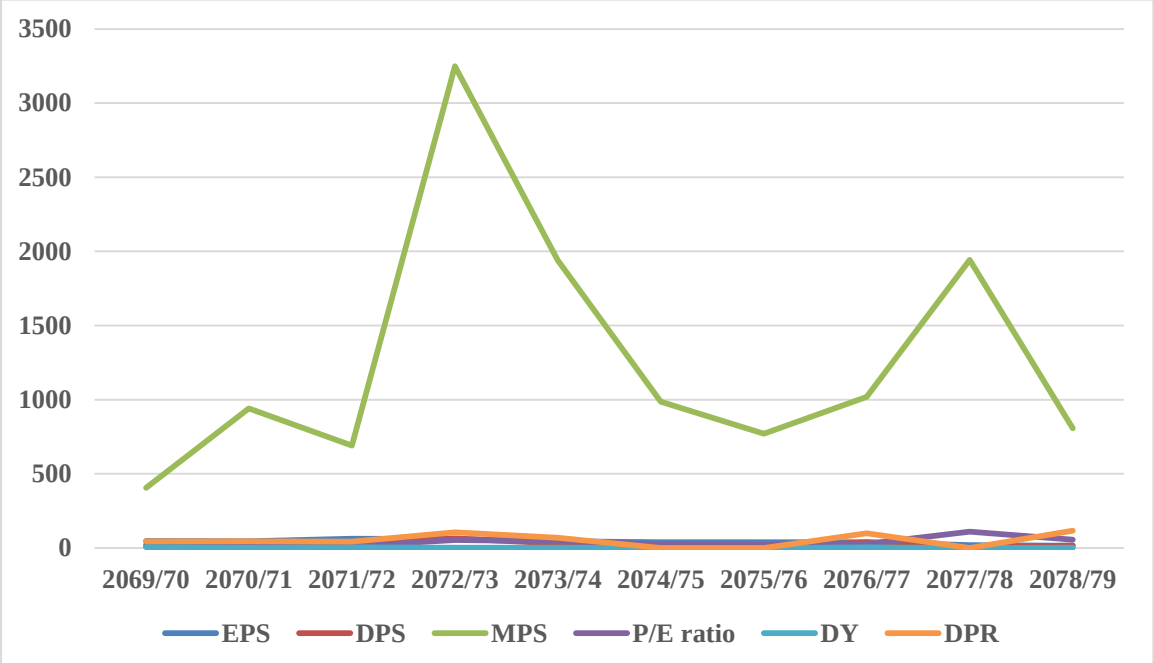
Name of companies	Cash dividend (%)	Stock dividend (%)	Total
Shikhar Insurance company ltd.	0.84	16	16.84
Premier insurance company ltd.	0.75	14.25	15
Neco Insurance company ltd.	0.79	15	15.79
National Life insurance company ltd	6.5	8	14.5
Sagarmatha insurance company ltd.	0.65	12.40	13.05
NLG insurance company ltd.	0.53	10	10.53
Siddhartha Insurance ltd.	0.47	9	9.47
Asian Life insurance company ltd	0.45	8.5	8.95
Nepal insurance company ltd.	0.42	8	8.42
Lumbini general insurance company ltd.	0.37	6.99	7.36
Prabhu insurance company ltd.	0.35	6.7	7.05

Appendix 2

EPS, DPS, MPS, P/E ratio, DY and DPR of Shikhar Insurance Company Ltd (SICL)

Fiscal year	EPS	DPS	MPS	P/E ratio	DY(%)	DPR(%)
2069/70	47.11	21.05	406	8.62	5.18473	44.68266
2070/71	44.04	20.05	940	21.35	2.13298	45.52679
2071/72	61.4	26.32	690	11.24	3.81449	42.86645
2072/73	60.13	63.158	3249	54.03	1.94392	105.0358
2073/74	44.03	30.53	1941	44.09	1.5729	69.33909
2074/75	37.76	0	985	26.08	0	0
2075/76	38.35	0	771	20.1	0	0
2076/77	38.55	38	1019	26.43	3.72915	98.57328
2077/78	17.71	0	1942	109.68	0	0
2078/79	14.58	16.84	807	55.36	2.08674	115.5007

Figure 1: EPS, DPS, MPS, P/E ratio, DY and DPR of Shikhar Insurance Company ltd.

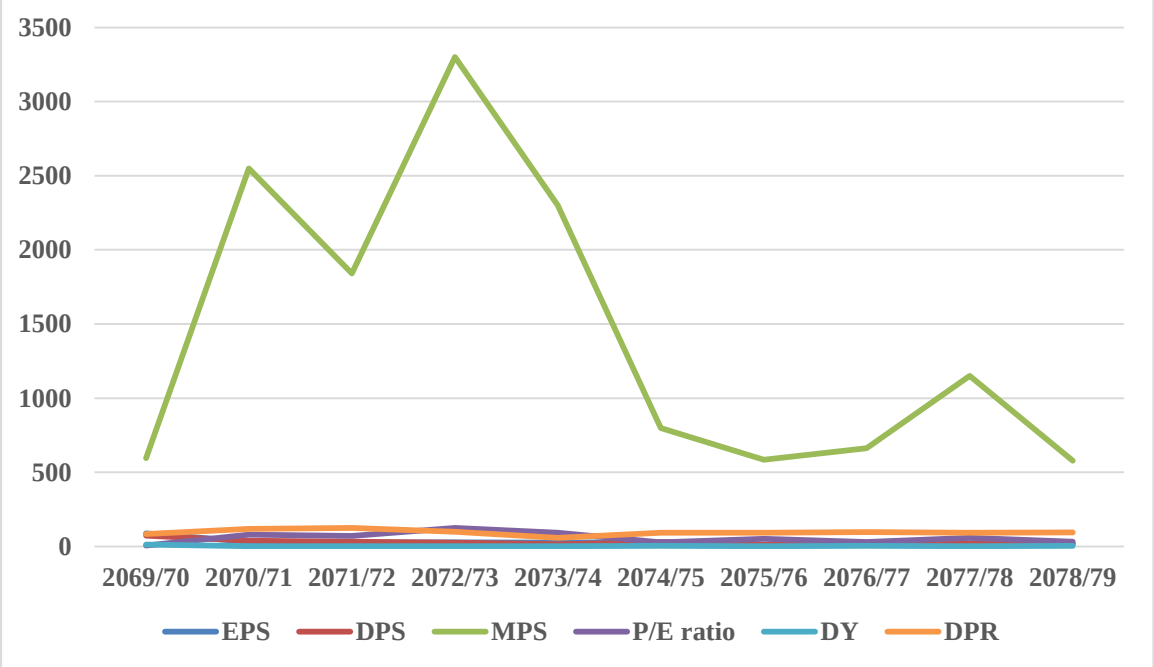


Appendix 3

EPS, DPS, MPS, P/E ratio, DY and DPR of National Life Insurance Company ltd (NLICL)

Fiscal year	EPS	DPS	MPS	P/E ratio	DY(%)	DPR(%)
2069/70	88.32	73	596	6.75	12.24832	82.653986
2070/71	32.21	38	2550	79.17	1.490196	117.97578
2071/72	25.88	32	1840	71.11	1.73913	123.6476
2072/73	26.4	26	3300	125.05	0.787879	98.484848
2073/74	24.71	14.21	2300	93.09	0.617826	57.507082
2074/75	28.64	26.57	799	27.9	3.325407	92.772346
2075/76	11.67	10.79	585	50.11	1.844444	92.459297
2076/77	22.96	22	662	28.83	3.323263	95.818815
2077/78	20.25	18.79	1151	56.84	1.632493	92.790123
2078/79	18.32	17.16	577	31.49	2.974003	93.668122

Figure 2: EPS, DPS, MPS, P/E ratio, DY and DPR of National Life Insurance Company ltd

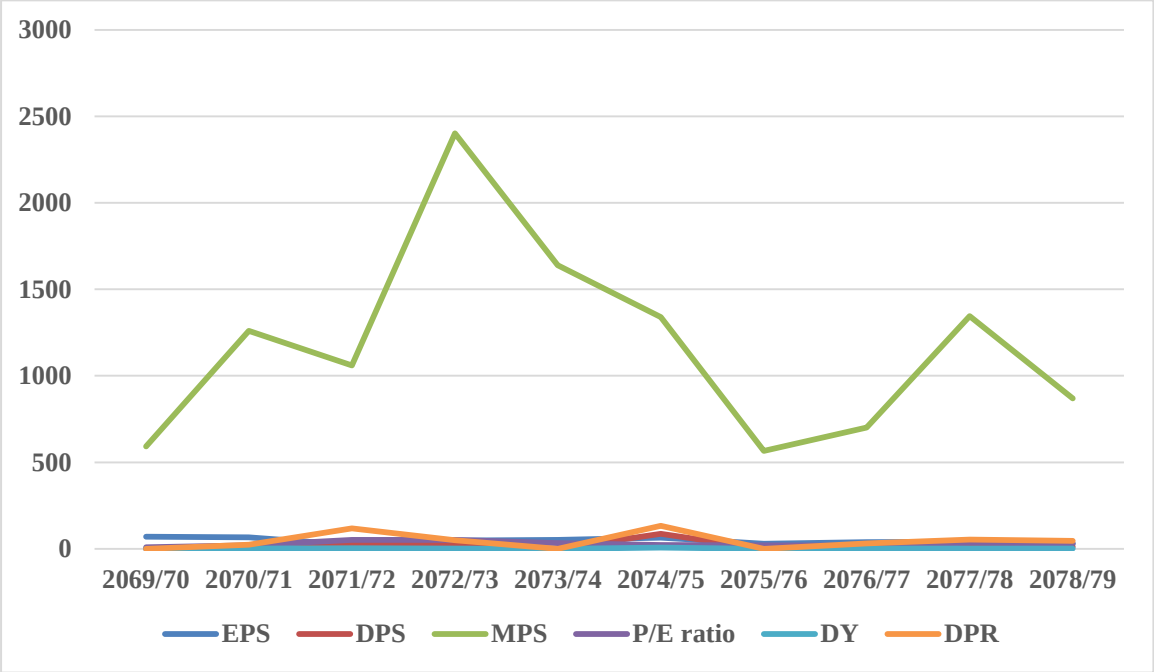


Appendix 4

EPS, DPS, MPS, P/E ratio, DY and DPR of Sagarmatha Insurance Company ltd (SIC)

Fiscal year	EPS	DPS	MPS	P/E ratio	DY(%)	DPR(%)
2069/70	69.3	0	591	8.53	0	0
2070/71	65.54	15.78	1260	19.23	1.252381	24.0769
2071/72	21.05	25	1060	50.36	2.358491	118.76485
2072/73	46.86	23.16	2401	51.24	0.964598	49.423816
2073/74	51.31	0	1640	31.96	0	0
2074/75	64.43	86	1340	20.8	6.41791	133.47819
2075/76	28.65	0	566	19.76	0	0
2076/77	38.04	11.576	700	18.4	1.653714	30.431125
2077/78	39.65	21.053	1344	33.89	1.566443	53.0971
2078/79	28.1	13.053	870	30.96	1.500345	46.451957

Figure 3: EPS, DPS, MPS, P/E ratio, DY and DPR of Sagarmatha Insurance Company ltd

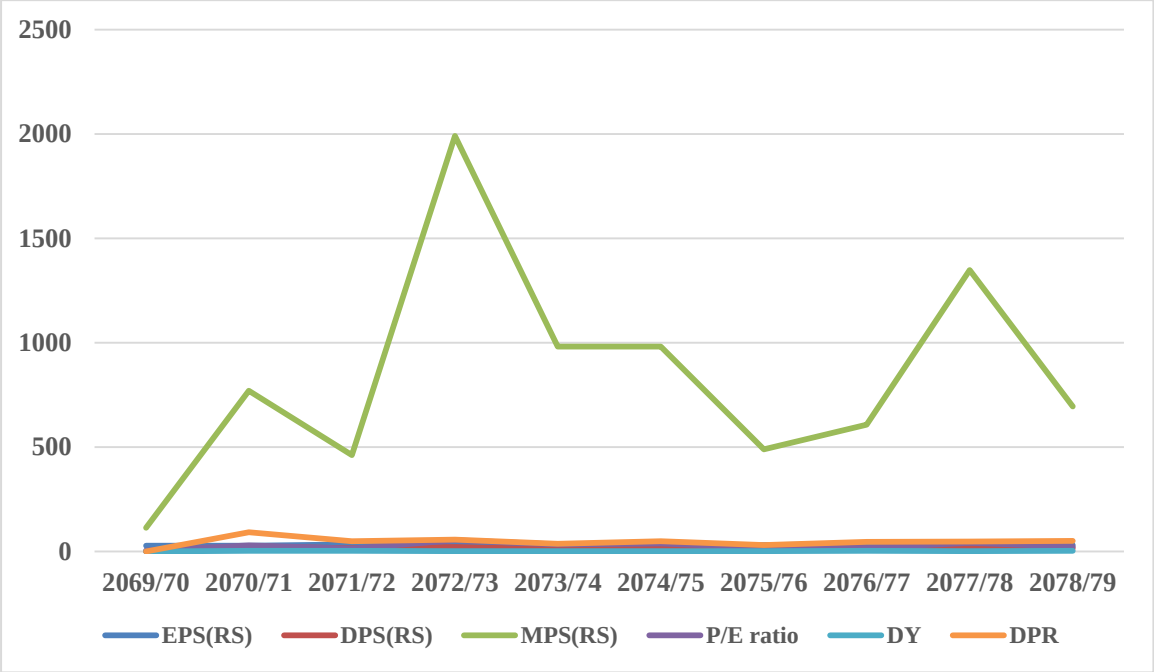


Appendix 5

EPS, DPS, MPS, P/E ratio, DY and DPR of **Neco insurance company ltd (NIL)**

fiscal year	EPS(RS)	DPS(RS)	MPS(RS)	P/E ratio	DY(%)	DPR(%)
2069/70	27.35	0	113	4.13	0	0
2070/71	27.14	24.74	770	28.37	3.21299	91.15696
2071/72	32.72	15.79	462	14.12	3.41775	48.25795
2072/73	37.52	21.05	1990	53.04	1.05779	56.10341
2073/74	29.25	10.53	981	33.54	1.07339	36
2074/75	25.71	12.63	981	38.15	1.28746	49.12485
2075/76	30.16	9.14	489	16.22	1.86912	30.30504
2076/77	35.53	16.32	607	17.08	2.68863	45.93301
2077/78	33.16	15.79	1348	40.65	1.17136	47.61761
2078/79	31.13	15.79	694	22.29	2.27522	50.72278

Figure 4: EPS, DPS, MPS, P/E ratio, DY and DPR of **Neco insurance company ltd**

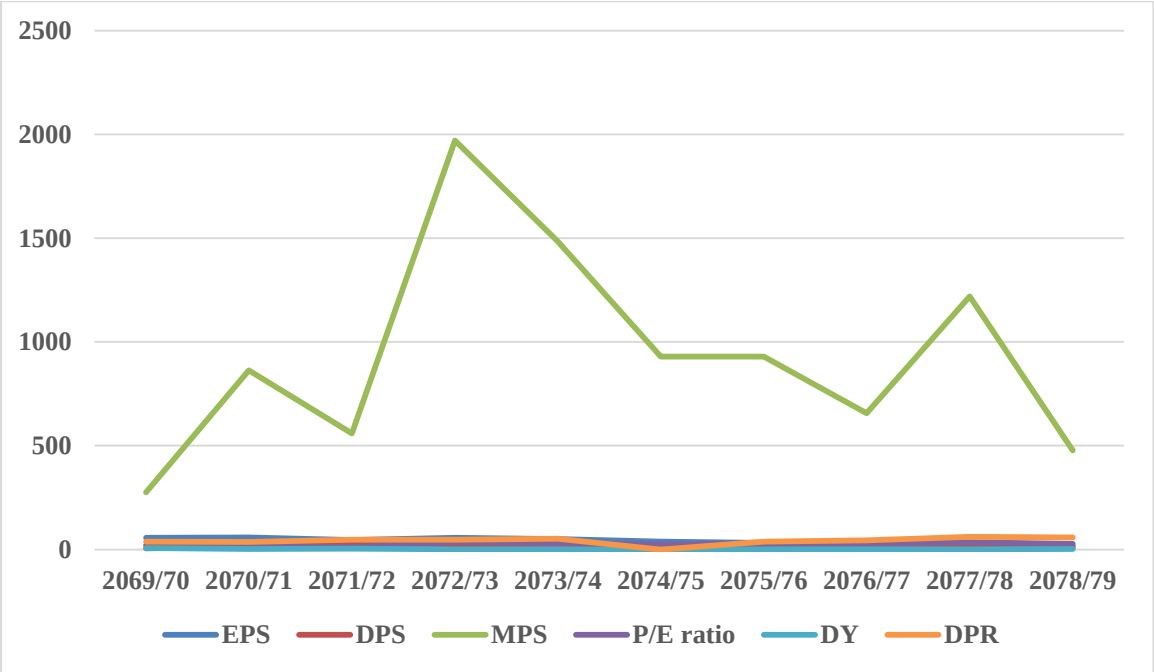


Appendix 6

EPS, DPS, MPS, P/E ratio, DY and DPR of NLG Insurance Company ltd (NLG)

Fiscal year	EPS	DPS	MPS	P/E ratio	DY(%)	DPR(%)
2069/70	56	21	275	4.91	7.636364	37.5
2070/71	58.19	21	863	14.88	2.433372	36.088675
2071/72	45	21	559	12.42	3.756708	46.666667
2072/73	56	26.32	1970	35.18	1.336041	47
2073/74	50.1	26.32	1485	29.64	1.772391	52.53493
2074/75	38.7	0	930	24.03	0	0
2075/76	31.61	11.79	930	29.42	1.267742	37.298323
2076/77	26.03	11.44	657	25.24	1.741248	43.949289
2077/78	18.76	11.58	1220	35.02	0.94918	61.727079
2078/79	17.99	10.53	478	26.57	2.202929	58.532518

Figure 5: EPS, DPS, MPS, P/E ratio, DY and DPR of NLG Insurance Company ltd

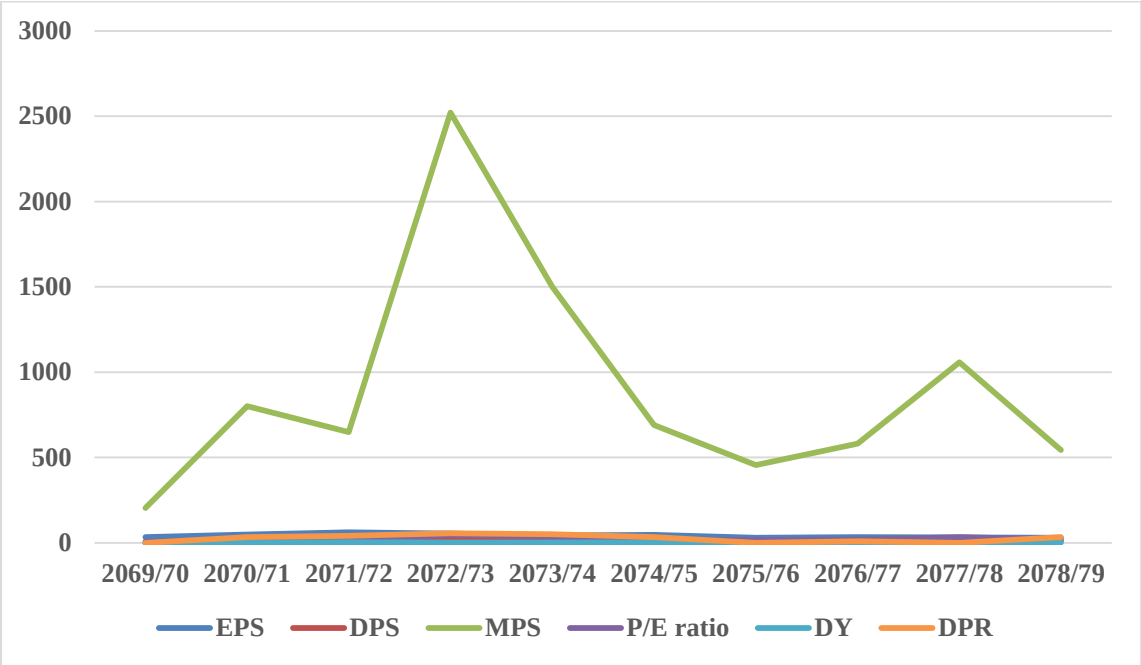


Appendix 7

EPS, DPS, MPS, P/E ratio, DY and DPR of Siddhartha Insurance Company ltd (SIL)

Fiscal Year	EPS	DPS	MPS	P/E ratio	DY(%)	DPR(%)
2069/70	32.41	0	204	6.29	0	0
2070/71	48.05	15.79	800	16.65	1.97375	32.8616
2071/72	61.62	25	649	10.53	3.85208	40.57124
2072/73	53.96	30	2520	46.7	1.19048	55.59674
2073/74	42.05	21.05	1500	35.68	1.40333	50.05945
2074/75	46.03	15.45	690	14.99	2.23913	33.56507
2075/76	29.58	0	455	15.38	0	0
2076/77	33.09	3	580	17.53	0.51724	9.066183
2077/78	31.27	0	1058	33.84	0	0
2078/79	28.72	9.47	543.7	18.93	1.74177	32.97354

Figure 6: EPS, DPS, MPS, P/E ratio, DY and DPR of Siddhartha Insurance Company ltd

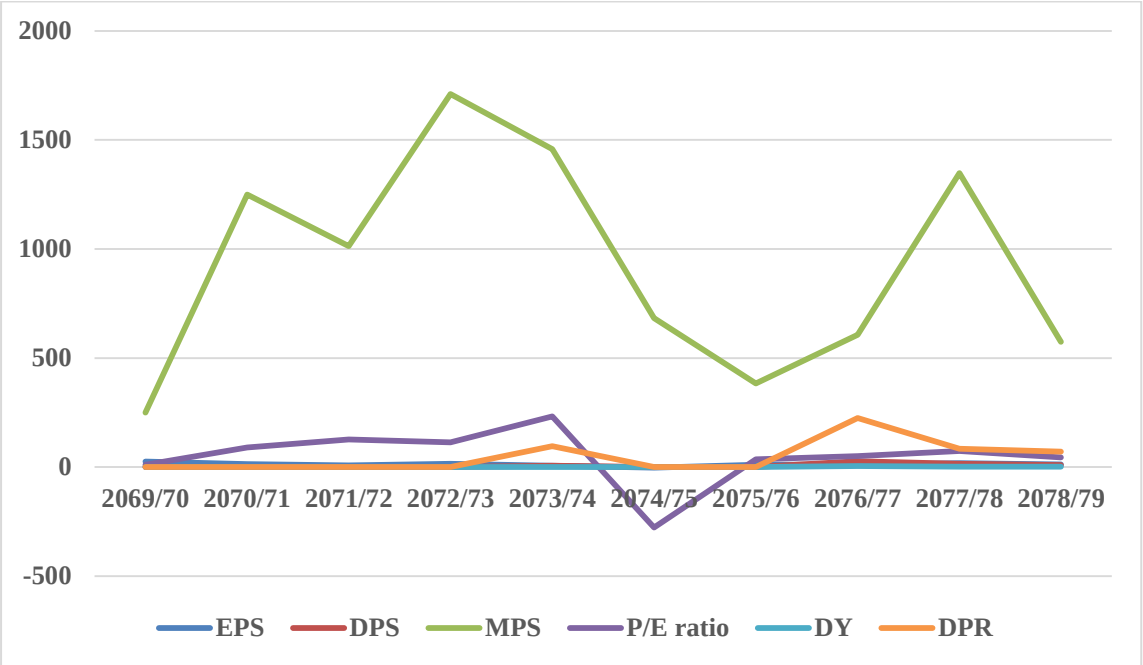


Appendix 8

EPS, DPS, MPS, P/E ratio, DY and DPR of Asian Life Insurance Company ltd (ALIC)

Fiscal Year	EPS	DPS	MPS	P/E ratio	DY(%)	DPR(%)
2069/70	25	0	250	10	0	0
2070/71	14	0	1250	89.27	0	0
2071/72	8	0	1013	126.63	0	0
2072/73	15	0	1710	114	0	0
2073/74	6.29	6	1458	231.8	0.411523	95.389507
2074/75	-2.46	0	683	-277.6	0	0
2075/76	11	0	383	35	0	0
2076/77	12	27	607	50.62	4.448105	225
2077/78	18.23	15.26	1348	73.95	1.132047	83.708173
2078/79	12.77	8.95	574	44.93	1.559233	70.086139

Figure 7: EPS, DPS, MPS, P/E ratio, DY and DPR of Asian Life Insurance Company ltd.

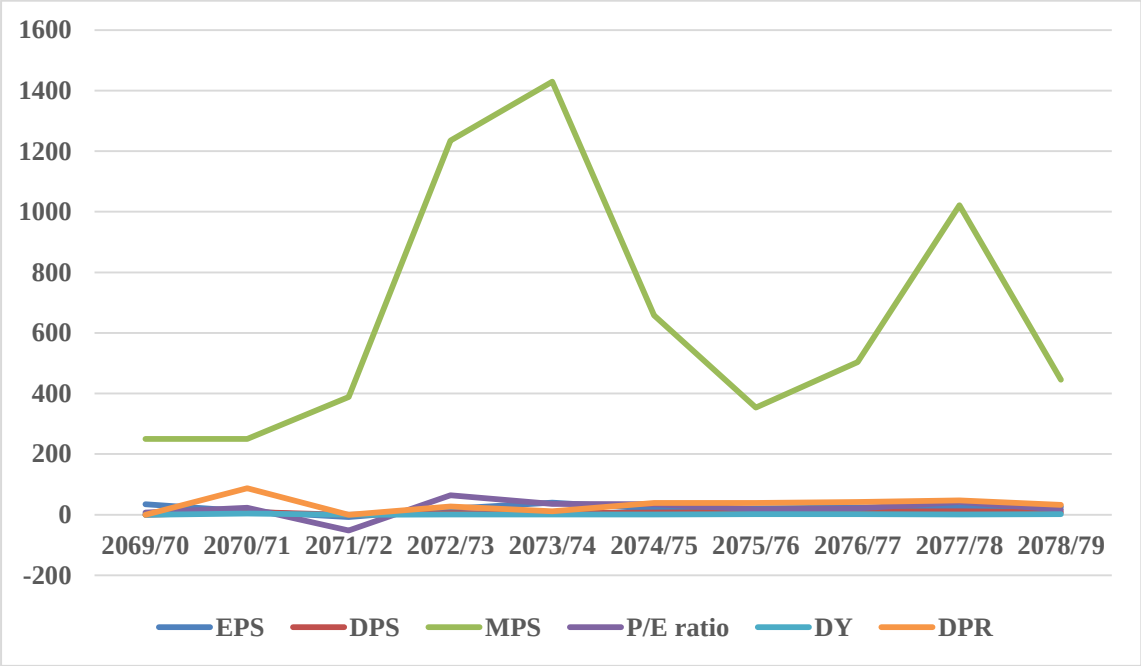


Appendix 9

EPS, DPS, MPS, P/E ratio, DY and DPR of Nepal Insurance Company ltd (NICL)

Fiscal Year	EPS	DPS	MPS	P/E ratio	DY(%)	DPR(%)
2069/70	34.81	0	250	7.18	0	0
2070/71	10.86	9.47	250	23.02	3.788	87.20074
2071/72	-7.41	0	389	-52.5	0	0
2072/73	19.43	5.26	1235	63.56	0.42591	27.07154
2073/74	40.03	4.52	1430	35.72	0.31608	11.29153
2074/75	19.23	7.5	658	34.23	1.13982	39.00156
2075/76	20.65	7.89	354	17.14	2.22881	38.20823
2076/77	23.94	10	504	21.05	1.98413	41.77109
2077/78	24.67	11.58	1022	41.43	1.13307	46.9396
2078/79	26.4	8.42	445.9	16.89	1.88832	31.89394

Figure 8: EPS, DPS, MPS, P/E ratio, DY and DPR of Nepal Insurance Company ltd

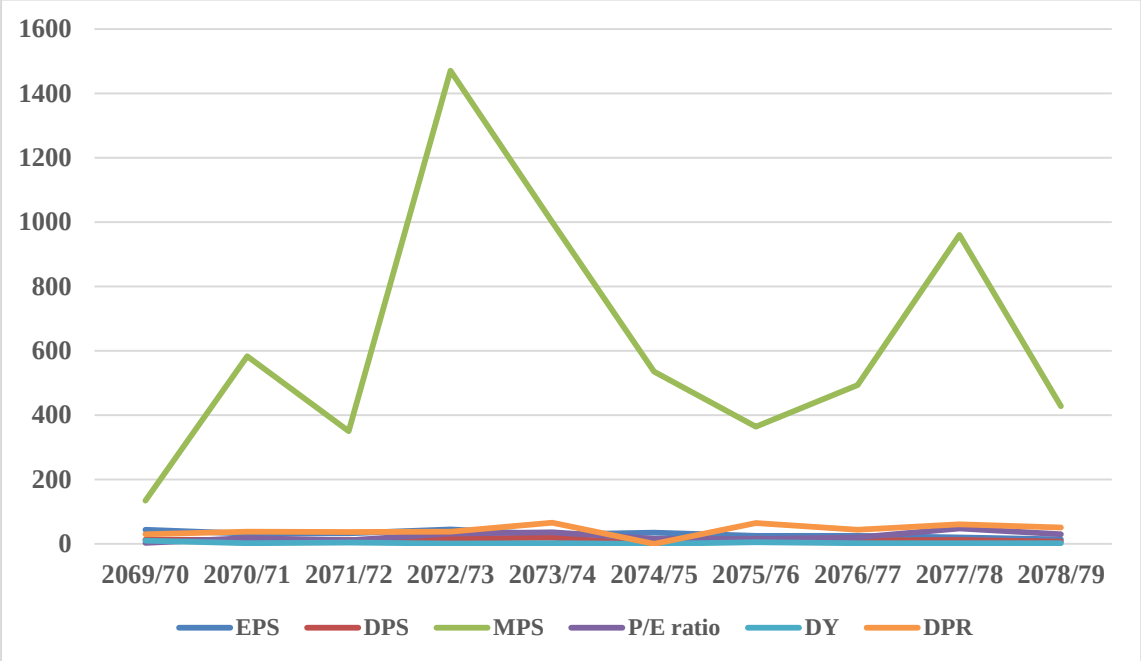


Appendix 10

EPS, DPS, MPS, P/E ratio, DY and DPR of Prabhu Insurance Company ltd (PRIN)

Fiscal Year	EPS	DPS	MPS	P/E ratio	DY(%)	DPR(%)
2069/70	44	13	134	3	9.701493	29.545455
2070/71	32	12	583	18	2.058319	37.5
2071/72	33	12	350	11	3.428571	36.363636
2072/73	45	17	1470	32	1.156463	37.777778
2073/74	29	19	1000	35.71	1.9	65.517241
2074/75	35	0	535	15.29	0	0
2075/76	25	16	364	14.56	4.395604	64
2076/77	25	11	493	19.72	2.231237	44
2077/78	20	12	960	48	1.25	60
2078/79	14	7.05	428	30	1.647196	50.357143

Figure 9: EPS, DPS, MPS, P/E ratio, DY and DPR of Prabhu Insurance Company ltd.

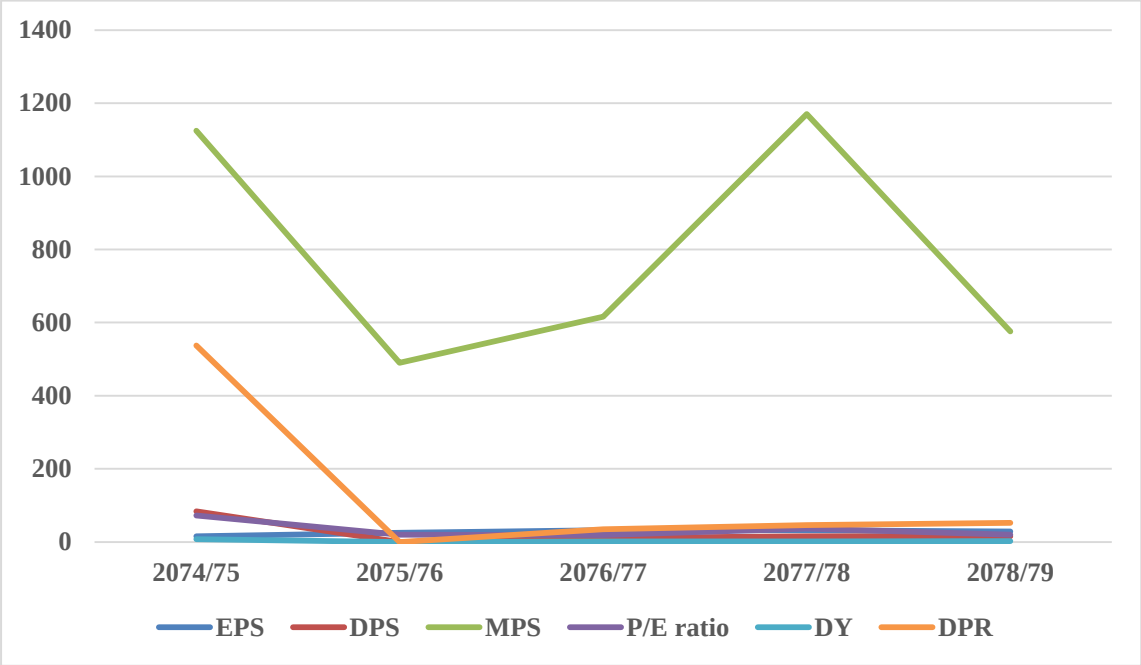


Appendix 11

EPS, DPS, MPS, P/E ratio, DY and DPR of Premier Insurance Company ltd (PIC)

Fiscal Year	EPS	DPS	MPS	P/E ratio	DY(%)	DPR(%)
2074/75	15.63	84	1125	71.96	7.467	537.428
2075/76	24.74	0	490	19.81	0	0
2076/77	32.13	11.05	616	19.17	1.794	34.392
2077/78	32.38	15	1170	36.14	1.282	46.325
2078/79	28.54	15	576	20.18	2.604	52.558

Figure 10: EPS, DPS, MPS, P/E ratio, DY and DPR of Premier Insurance Company ltd



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