Journal of Islamic Business and Management
2023, 13(01), 111-131
https://doi.org/10.26501/jibm/2023.1301-007

PRIMARY RESEARCH

Corporate Governance Mechanisms and Dividend Policy: Does the Sharī'ah Law work as Moderator?

Naila Kausar [1*], Muhammad Siddique Malik [2], Kamran Ali [3], Muhammad Amir [4]
[1, 2, 3, 4] Department of Commerce, University of the Punjab, Gujranwala Campus

Keywords
Corporate Governance
Dividend Policy
Sharī'ah Compliance
Islamic Financial Institutions

Received: 08 November 2021
Accepted: 15 June 2023

Abstract.

Purpose: This study investigates the impact of Corporate Governance (CG) mechanisms on Dividend Policy (DP) by focusing on the moderating role of Sharī'ah compliance.

Design/Methodology/Approach: Data were collected from the Pakistan Stock Exchange from 2014 to 2018. Panel regression analysis was performed using Eviews and Stata software to analyze the data.
Results indicated that Sharī'ah-compliant firms have higher dividend payouts compared to non-Sharī'ah-compliant firms. Sharī'ah compliance significnalty moderates the relationship among CEO duality, gender diversity, and dividend policy.

Findings: Results indicated that Sharī'ah-compliant firms have higher dividend payouts compared to non-Sharī'ah-compliant firms. Sharī'ah compliance significnalty moderates the relationship among CEO duality, gender diversity, and dividend policy.

Originality/Significance: The study's uniqueness lies in assessing Pakistan's governance alignment with Islamic CG standards, exploring Sharī'ah compliance's impact on dividends, and highlighting its moderating role in CG mechanisms.

Research Limitations/Implications: The study is limited by scarcity of CG data and potential specificity to Pakistan's Sharī'ah-compliant firms. Exploring broader data from diverse regions and sectors would amplify implications.

Practical and Social Implications: The findings of this study provide valuable insights for various stakeholders including policymakers, legislators, companies, and investors. The results can guide the development of more effective CG rules and practices, facilitating better governance in both Sharī'ah-compliant and non-compliant firms. Moreover, this study's findings could create a favorable investment climate for Sharī'ah-compliant firms in Pakistan and other developing sectors, thereby fostering their growth and development.

KAUJIE Classification: T4, L24, L26
JEL Classification: G34, G21, C12

*Corresponding author: Naila Kausar
†Email: nailaazeem0@gmail.com; ORCID: https://orcid.org/0000-0001-6268-5410

Creative Commons CC BY: This article is distributed under the terms of the Creative Commons Attribution 4.0 License http://creativecommons.org/licenses/by/4.0/

INTRODUCTION

Islamic financial development, in the form of the divulgation of Sharī‘ah principles of Corporate Governance (CG), played a considerable role in promoting the Islamic CG system (Imamah et al., 2019). Business management in Islamic states must boost investors' wealth and comply with the rules of Islamic Sharī‘ah (Safieddine, 2009). The main characteristic of the Islamic economic system is that Islamic principles and regulations create an equitable, honest, civil and balanced society. Therefore, all illegal actions are banned in the Islamic corporate system. As it restricts immoral acts or acts detrimental to the well-being of society, the Islamic corporate system should be defined by Sharī‘ah's ethical principles (Asyraf, 2006). Imamah et al. (2019) stated that in Islamic nations, agency relations are more problematic because managers act more honestly and fairly, particularly in Sharī‘ah-compliant firms (SCFs). Therefore, idiosyncratic agency issues associated with administrative responsibilities to comply with Sharī‘ah Law require further inspection.

One of the most critical business decisions is DP, as it influences the internal financing of a corporation. A business distributes part of its net profits as dividends to shareholders or holds part or all of its net income as retained profit for reinvestment in the financial statements of the company (Albouy, 1990; Boshnak, 2021). The decision to distribute net profits would then affect the management's objective to maximize shareholders' interests. Damodaran (2011) argued that the dividend yield and dividend payout ratio can be used to determine a company's DP. For shareholders, dividends are a major concern because they are a primary source of income. Shareholders track a company's success using their payout plan (Bae et al., 2021). The potential for a company to increase external funding is increased by high dividend payments (Bae et al., 2021). Financially constrained organizations may reduce their payment of dividends (Chae et al., 2009). The allocation of free cash flows to shareholders is usually supposed to mitigate the agency problem. Agency theory states that investors favor dividends over retained earnings in the context of systemic risk or asymmetric information, as retained earnings could be misused for private gains by management. Islamic governance, entrenched in the principles and rules of Sharī‘ah Law, is an essential internal CG mechanism that ensures Sharī‘ah compliance. Governance is an instrument that helps top management, considering the wellbeing of its owners, operate the business successfully and efficiently (Kanojia & Bhatia, 2022).

Denis & Sibilkov (2010) assert that the core objective of a company's DP is to recognize investment opportunities and financial restrictions to decide when and for how long a company preserves its earnings. Although several studies have investigated DP, most of them have focused on the developed world. Financial systems and institutions are less developed in emerging economies, such as Pakistan, information transparency is less controlled, and shareholders are less protected. This may lead to serious agency problems and difficult external funding, which disrupts business growth and economic progress in these countries. According to La Porta et al. (2000), a strong system of CG could be an imperative instrument for mitigating agency matters between principal and agent. Thus, an effective CG structure can have severe ramifications for a corporation's financial policies and activities.

Religious principles play a vital role in establishing an ethical governance framework that businesses can incorporate into their daily operations. Within Islamic governance, adherence to the Sharī'ah principles is a crucial internal CG procedure. Various governance variables can help mitigate conflicts of interest between principals and agents with internal governance mechanisms such as board governance and ownership structure, primarily safeguarding the interests of investors. Board characteristics, including size, independence, CEO duality, and gender diversity, serve as the dominant factors in this study. Elmagrhi et al. (2017) explored the impact of the corporate board features on DP, while previous studies have examined the role of CG in the dividend policies of Pakistani firms. Nevertheless, empirical evidence linking CG, Islamic perspectives, and DP in Pakistan remains insufficiently explored.

Established markets have seen the Islamic label as a valuable tool for advancing effective corporate governance. However, there is a lack of recent studies in Pakistan exploring the moderating role of Sharī'ah compliance in the connection between CG and DP. This study seeks to fill this gap by analyzing the dividend policies of listed companies in Pakistan, which are divided into Sharī'ah-compliant firms (SCFs) and non-Sharī'ah-compliant firms (NSCFs). This study specifically investigates the effect of board characteristics as an internal corporate governance mechanism on dividend policy, while taking into account the moderating role of Sharī'ah compliance. The following subgoals were proposed:

a) To assess the impact of Sharī'ah compliance on DP.

b) To examine the influence of board characteristics on DP.

c) To analyze the role of Sharī'ah compliance as a moderator between board characteristics and dividend policies.

The Islamic Republic of Pakistan is an emerging economy and a-majority nation. Recognizing the significance of Islamic finance, the KSE and Al-Meezan Bank jointly launched the KMI-30 Index in 2008. This index serves as a research instrument for measuring financial performance in line with the Sharī'ah principles and strategic asset allocation. It comprises several prominent Sharī'ah-compliant firms. While numerous studies have analyzed the financial aspects of conventional businesses, limited research has investigated the business operations of Islamic financial institutions within Islamic states. Furthermore, the coexistence of Sharī'ah-compliant firms (SCFs) and non-Sharī'ah-compliant firms (NSCFs) in Pakistan's capital market reinforces the need to examine their influence on DP.

The contributions of this study are expected to be manifold. First, it expands the CG literature. Most previous studies concentrated on CG to address issues between the principles and agents of organizations. However, this study focuses on investors who follow the commandments of Allah (SWT). Second, this study is an extension of Guizani (2017) and Imamah et al. (2019), who contend that Sharī'ah law positively influences DP, even after evaluating all financial restrictions levied on firms complying with Sharī'ah through the screening of Sharī'ah. Third, we analyze the agency hypothesis of dividends. La Porta et al. (2000) and Mitton (2004) endorsed the "Outcome" and "Substitute" theory of dividends to explain the dividend approach La Porta et al. (2000) and Mitton (2004). Moreover, interested bodies, persons, managers, auditors, and policymakers can gain comprehensive knowledge about sophisticated CG mechanisms (board characteristics) and Sharī'ah compliance from the present research.

The remainder of this study is structured as follows. In Section 2, a literature review and the formulation of the hypotheses are discussed. Section 3 briefly explains the research methods and provides descriptive statistics. The empirical findings are discussed in Section 4, and concluding comments are provided in Section 5.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Islamic ideology is relevant to all aspects of life, including the regulation of business and commerce. Sharīʻah enforcement involves spiritual practices and various aspects of daily life, including social issues, governance, finances, and contract regulations. Muslims tend to operate their enterprises according to Islamic law values that are fair, ethical, and equitable to everyone. The infrastructure of Sharīʻah-compliant companies provides a good opportunity to explore whether they offer lower or higher dividend ratios (Kasim et al., 2013). Accumulation of wealth is permissible, provided it is compliant with Islamic rules and principles. The Holy Qur'ān (6:132) reports: "To all degrees (ranks) according to their deeds." This verse explicitly illustrates that any system with an adequate ethical atmosphere does not affect a successful governance system, because managers in SCFs believe that their evil, unfair, and inadequate deeds will lead them to hell. Therefore, it is also stressed the requirement for Islamic commercial practices to encourage accountability and fair legislation for everyone.

Sharīʻah Screening Process, Sharīʻah and DP

In the realm of the Sharīʻah Supervisory Board (SSB), Islamic governance is a critical internal CG system that ensures Sharīʻah compliance, embedded in Sharīʻah law, principles, and legislation. The Karachi stock Meezan Index (KMI-30) is the Pakistani stock Index of listed firms meeting Sharīʻah compliance criteria. The KMI-30 was founded in 2008 as a result of joint efforts by the KSE and Meezan Bank Limited. The basic conditions for being classified as Sharīʻah-compliant companies were implemented by the KMI-30. Public and private entities must satisfy the following financial requirements to become Sharīʻah-compliant organizations in compliance with the Sharīʻah Governance Regulation 2018:(i) the company's primary activities should not contravene any Sharīʻah-compliant rules. (ii) The leverage for interest-bearing must not exceed 37%. (iii) Investment in net assets that do not have compliance must not exceed 33%. (iv) Illegal profit from operations must be less than 5%. (v) The Total Reserves of noncurrent assets should reach 25%. (vi) Net Liquid Assets per share should be at least equal to or greater than the Market Price per share. To become a Sharīʻah Compliant Firm, Sharīʻah Governance Regulation 2018 includes a Sharīʻah Certificate of Conformity from Pakistan's Securities and Exchange Commission.

Guizani (2017) examined how Sharīʻah-compliant firms use dividend policies to minimize the agency costs of free cash flow. He indicates that SCFs not only pay substantial sums of dividends to shareholders but also eliminate free cash flow problems. Farooq & Tbeur (2013) performed a comparative study on the dividend strategies of SC and NSC firms in the MENA region. Their findings indicate that SCFs offer larger returns than their competitors do (NSCFs). They claim that the Islamic law element is still significant at the conventional level after following the constraints of financial ratios, such as a modest leverage ratio, fewer

account receivables, and a small amount of cash. Guizani (2017) investigated the relationship between Sharīʻah compliance and DP among 190 Indonesian companies from to 2014-2019. The findings reveal a noteworthy negative correlation between SCF management and dividend yield. Besides the financial constraints associated with being Sharīʻah-compliant, there are several other factors that contribute to the ability of SCFs to provide higher dividend payments to investors. Accordingly, investors prefer large dividends to eliminate managers' discretionary management because laws in Pakistan are not strict enough to adequately secure the interests of stockholders. Well-governed businesses with Sharīʻah certificates are rewarding investors with more dividends (Mitton, 2004). Individuals who believe themselves to be slaves to Allah behave like stewards (Kasim et al., 2013). The conclusion is that competent CG and stewardship of administrators enable Sharīʻah-compliant entities to provide higher dividends.
H1: SCFs pay higher dividends than NSCFs.

CG and DP

Agency disputes among managers and shareholders frequently occur in business. Managers who govern company assets can use these assets for personal gain at the detriment of external investors' welfare. For example, managers may redirect company resources to themselves through stealing, inflated compensation, or fruitless investments (La Porta et al., 2000). One way to address this issue is to use a legitimate framework that allows shareholders the right to prevent the confiscation of their wealth (Kanojia & Bhatia, 2022; La Porta et al., 2000). Dividend payments are also beneficial in alleviating agency issues because they can minimize discretionary cash flows and thus mitigate opportunities for management to exploit company resources (Ben-Nasr & Ghouma, 2022). In addition, higher investment returns increase the likelihood of businesses receiving funds from foreign capital markets, thereby opening them to outside scrutiny (Amir et al., 2021; La Porta et al., 2000).

According to Guizani (2017), the board of directors and managing directors negatively affect dividend payouts, as sometimes they prefer their own benefit over shareholders' benefits. However, most businesses pay their investors excessive cash because they do not have the ability to invest in profitable projects. In this dividend delivery process, good CG practices facilitate organizations and reduce organizational problems between insiders and external parties. Internal and external CG mechanisms can mitigate the differences between managers and investors (Ben-Nasr & Ghouma, 2022; John & Senbet, 1998). Frésard & Salva (2010) found that managers can exploit corporate resources for their benefit if an enterprise has a weak governance structure. In a research paper, Rajput & Jhunjhunwala (2019) examined the CG's effect on dividend payments. The findings reveal that CG has a positive and significant impact on firms' dividend policies. Elmagrhi et al. (2017) conducted a study on the influence of corporate board features on DP. Their research focused on listed firms in the United Kingdom from 2010 to 2013. The authors identify a positive relationship between board characteristics (size, independence, and gender diversity) and dividend payouts. However, they find an inverse association between CEO duality and dividend payments. This study highlighted that a larger board size can effectively manage and monitor company operations.

Another relevant study by Tahir et al. (2020) examined the impact of board characteristics

on dividend payouts, with financial leverage acting as a mediator. The sample consisted of 203 Malaysian firms from 2005 to 2018. These findings indicate a positive relationship between board characteristics and dividend payouts. Additionally, the link between director age, board diversity, and DP is partially mediated by financial leverage. These findings underscore the need to establish reliable corporate governance practices to protect investors' rights. (Yuan et al., 2016) examined the effects of CG ratings (CGRs) on Australian dividend payment decisions. The results reveal a strong positive correlation between CGRs and dividend payout decisions. Companies with good CG rankings pay shareholders a good dividend rate and perform better. Another study by Pahi & Yadav (2019) assessed the relationship between CG and dividend decisions. Five new indices were employed: governance committee index, board characteristics index, audit committee index, compensation committee index, and nomination committee index. The disclosure standards were used as control variables (Imamah et al., 2019). The results suggest that effective governance leads to massive dividend payments. Disclosure standards, board systems, and audit committees have a direct and statistically significant influence on dividend policies, whereas nomination and compensation committee indices have an insignificant impact on dividends. This finding contributes to the second hypothesis:
H2: Corporate boards have a significantly positive impact on DP.

Substitute and Outcome Model of Dividend

Mitton (2004) concluded that if international shareholders perceive a grave risk of insider confiscation in developing economies where lawful protection of minor investors' interests is weak, external investors will strongly prefer dividends. There are two basic concepts that have been used from literature to describe the relationship between CG mechanisms and corporate dividend policies (Jiraporn et al., 2012; **?**; Kanojia & Bhatia, 2022). The first is the theory of outcomes, which implies that dividends are the outcome of good governance; shareholders usually favor dividends because they minimize the surplus cash flow that insiders can exploit for personal gain (Boshnak, 2021; La Porta et al., 2000). Guizani (2017) elaborated on the outcome model as a minor stockholder's willingness to acquire dividends to terminate short-term risk, ignoring large stakeholders' interests. In consonance with La Porta et al. (2000) theory of outcomes, shareholders' legal rights to take substantial sums of dividends from the venture. Managers work for the interests of investors in well-governed corporations and seek to increase owners' capital by paying them massive dividends (Ntim, 2016). In comparison, poorly governed firms are more concerned with fulfilling their own targets and providing investors with minimal-to-no returns. Free cash flow accessibility permits administrators to handle discretionary issues. Thus, we can conclude that strong CG has a direct and optimistic relationship with dividend policies in the context of outcome theory. The substitute hypothesis postulates that weak CG firms attempt to pay higher dividends for a better shareholder reputation. This hypothesis indicates that dividend distribution replaces CG practices (Kanojia & Bhatia, 2022). A bolstered shareholder reputation would enable businesses to collect exterior funding for the future at a lower rate than standard financing (La Porta et al., 2000). Weakly governed corporations may use dividend payments to make

enterprises more vulnerable to a confrontation between principle and agent (Ellili, 2022; Sawicki, 2009). As companies with strong CG are already well-known, they do not have to build good shareholder relationships (Chae et al., 2009; Mitton, 2004). Investment returns require additional investments, such as abandoning productivity projects or collecting pricey external funds, particularly for businesses confronted with diverse investment opportunities and insufficient internal profits (Jiraporn et al., 2012). The substitute theory proposes that the efficiency of CG and dividend decisions should be negatively associated (Bae et al., 2021). In Pakistan, the legal security of minority stockholders is lax, and as per Jiraporn et al. (2012), the outcome and substitute dividend models can be used to describe the effect of CG on DP. In Pakistan, the best model remains an ongoing issue. This leads to the following third hypothesis:
H3: In Pakistan, Weak CG firms pay higher dividends.

Impact of Sharī'ah law between CG and DP

Sharī'ah-compliant companies in Pakistan not only implement Sharī'ah rules and principles in their business administration but also implement financial criteria specifications. Moreover, the CG framework is a pivotal feature of Sharī'ah-compliant companies, addressing various types of investors, in contrast to NSCFs. Therefore, it is essential to understand the controlling role of Sharī'ah in CG and dividend policies (Ben-Nasr & Ghouma, 2022). In Indonesia, Imamah et al. (2019) postulate that Sharī'ah-compliant firms pay higher dividends than NSCFs, primarily obsessed with external large ownership and insider ownership. They took data from the Indonesian stock exchange for the years 2012-2016 and examined whether Islamic CG practices influence dividend payouts using Islamic methods of financing. These findings indicate that Islamic law is an essential component of Islamic countries that affects dividend policies. However, the CG structure in Pakistan is underdeveloped. Most non-financial companies are deeply burdened by loans that have made them unsustainable. The shareholders in charge work for themselves and take advantage of the interests of the other shareholders. The hierarchical system of group organizations also raises information asymmetry between the administration and external parties.

CG typically focuses on the core of agency ideology. Agency theory suggests that due to weak corporate governance, managers and supervisors prioritize their own interests over those of investors. Conversely, Muslim management teams are stewards and act in the best interest of their owners and investors. Every person is responsible for both God and himself, and acts accordingly (Ellili, 2022; Kasim et al., 2013). Deceit is a spiritual matter that must be addressed to fix it. Čornanič et al. (2018) argue that the principles of management are influenced by Islam and its intrinsic contribution to endeavors. We may then assume that Sharī'ah administrators behave more like stewards that are just, fair, and truthful.

Aldohni (2014) affirmed that Islamic values reinforce the moral structure of governance in enterprises. Consequently, religious convictions enable companies to develop an ethical governance structure. Therefore, religious values may assist companies in developing ethical governance systems. Thus, based on the above, we can contend that Sharī'ah Compliant Firms (SCFs) have stronger CG mechanisms and are characterized by self-surveilling management teams, contributing to distinct dividend pay-out ratios (Azid et al., 2021). Thus, we propose the following hypotheses:

H4: Sharī'ah compliance positively moderates the relationship between CG and DP.

Based on the underpinning theories' i.e., "outcome and substitute" discussion the following research model is developed presenting the framework of the study (Figure 1).

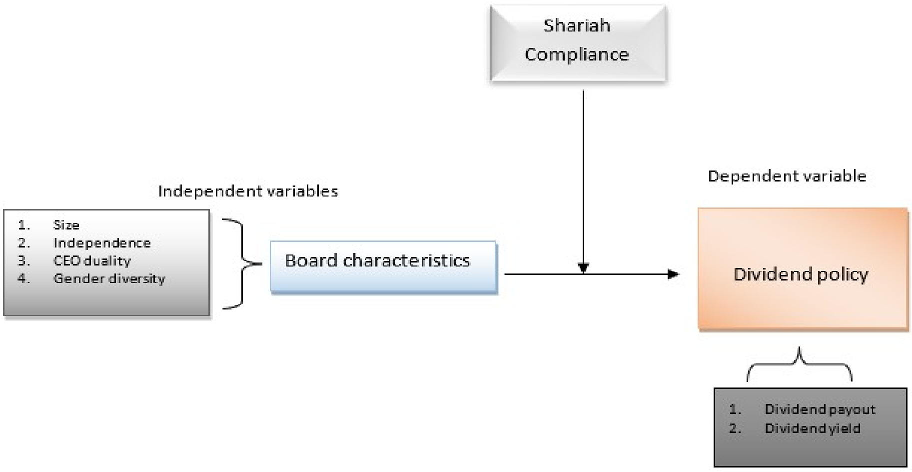

FIGURE 1. Theoretical Framework

RESEARCH METHOD

Sample Screening and Data Source

This research was conducted on companies listed on the Pakistan Stock Exchange (PSX), previously recognized as the Karachi Stock Exchange (KSE). This study used a quantitative study approach. The data for all variables are secondary and retrieved from PSX Limited's website and the firms' official websites. The sample being investigated contains both Sharī'ah Compliant entities and firms that do not comply with Sharī'ah. All Sharī'ah-compliant entities were retrieved from the KMI-30 index, and non-Sharī'ah compliant entities were taken from the Pakistan Stock Exchange 100 index. The study uses the 5 years sample period from 2014 to 2018. The final sample consists of 300 firm-year observations from 30 Islamic and 30 non-Islamic PSX companies for five years.

Research Methods and Models

To recognize the characteristics of the sample firms, first descriptive statistics were used, and then hypotheses were developed for assessment. A panel regression model is used to test the hypotheses. A random-effects model was used to analyze the results. The first statistical model was constructed to analyze the effect of Islamic law on DP for dividend payouts and dividend yields.

$$DivPayout_{i,t} = \alpha + \beta_1 Shar\bar{\imath}\text{‘}ahC_{i,t} + \beta_2 ROA_{i,t} + \beta_3 ROE_{i,t} + \beta_4 Cash_{i,t} + \beta_5 Assetgrow_{i,t} + \beta_6 FSize_{i,t} + \epsilon \tag{1}$$

$$DivYeild_{i,t} = \alpha + \beta_1 Shar\bar{\imath}`ahC_{i,t} + \beta_2 ROA_{i,t} + \beta_3 ROE_{i,t} + \beta_4 Cash_{i,t} + \beta_5 Assetgrow_{i,t} + \beta_6 FSize_{i,t} + \epsilon \quad (2)$$

In our 2nd statistical model, we add CG's internal mechanism and board structure to evaluate the effect of CG on dividend payouts and dividend yields.

$$DivPayout_{i,t} = \alpha + \beta_1 Shar\bar{\imath}`ahC_{i,t} + +\beta_2 BSize_{i,t} + \beta_3 BInd_{i,t} + \beta_4 BDuality_{i,t}+ \beta_5 GDiversity_{i,t} + \beta_6 ROA_{i,t} + \beta_7 ROE_{i,t} + \beta_8 Cash_{i,t} + \beta_9 Assetgrow_{i,t} + \beta_1 0 FSize_{i,t} + \epsilon \quad (3)$$

$$DivYeild_{i,t} = \alpha + \beta_1 Shar\bar{\imath}`ahC_{i,t} + +\beta_2 BSize_{i,t} + \beta_3 BInd_{i,t} + \beta_4 BDuality_{i,t}+ \beta_5 GDiversity_{i,t} + \beta_6 ROA_{i,t} + \beta_7 ROE_{i,t} + \beta_8 Cash_{i,t} + \beta_9 Assetgrow_{i,t} + \beta_1 0 FSize_{i,t} + \epsilon \quad (4)$$

Additionally, the sample was split into subsamples of SC and NSC firms and the results have been reported in table 3 and 4. The Sharī'ah interaction was established using CG variables to assess the moderating effect of Islamic law on the connection between CG and DP.

DP, represented separately by dividend payouts and yields, is the dependent variable. The variable denoting Sharī'ah compliance is a dichotomous variable assigned a value of one if the business is Sharī'ah compliant and zero otherwise. The explanatory variable was CG, which included board size, gender diversity, CEO duality, and board independence. Additionally, we use mandatory control variables (financial ratios) to acquire the Sharī'ah compliance certificate, such as the ratio of net income to total assets (ROA ratio), ratio of net income to total equity (ROE), and ratio of cash to total assets (cash ratio). We also factor in the firm size and asset growth. Firm size is calculated by taking the natural log of total assets (firm size) and asset growth is calculated by subtracting the prior year's asset value from the current year's assets and then dividing it by the current year's assets.

Descriptive Statistics

Table 1 shows the mean and median values of SCFs and NSCFs for the variables used in this study. Mean comparison T-tests reveal that SCFs have slightly better dividend ratios than NSCFs, which demonstrates that dividends in SCFs are higher than in NSCFs. Furthermore, of all the CG variables, board size and CEO duality indicate significant variations between SCFs and NSCFs. The findings reveal that Sharī'ah Compliant Firms have a larger board size than non-Sharī'ah Compliant Firms do.

Regarding the control variables, firms that comply with Sharī'ah have a higher return on assets and cash ratio than NSCFs, which is in line with Hilary & Hui (2009) view that religious firms avoid investments with more unpredictable returns because of their risk-averse business practices. They also need a potentially higher investment return, resulting in higher returns on assets, but lower asset growth. Owing to the risk-aversion aspect of spiritual entities, one potential explanation for a higher cash ratio is that they prefer to hang on more cash than the apprehension of future instability by NSCFs. Cash ratio restrictions may not be imposed on SCFs in Pakistan. Overall, the aforementioned results indicate that SCFs and NSCFs differ in the majority of independent variables, which means that these two business forms have distinct features and that these variables need to be controlled when evaluating DP.

TABLE 1
Measurement of Study Variables

Variable name	Symbol	Measurements	Source
Dividend yield	DIV YIELD	The ratio of dividends per share to market price per share.	(Imamah et al., 2019; Mehdi et al., 2017)
Dividend payout	DIV PAYOUT	The proportion of dividends per share relative to earnings per share.	(Imamah et al., 2019; Mehdi et al., 2017)
Board size	BSIZE	The total number of directors on the board.	(Elmagrhi et al., 2017; Mitton, 2004)
Board independence	BIND	The proportion of independent directors on the board.	(Elmagrhi et al., 2017; Gregory, 2000; Imamah et al., 2019)
CEO duality	BDUALITY	A binary variable set to 1 if the chairman and CEO positions are held by the same individual, and 0 otherwise.	(Elmagrhi et al., 2017; Subramaniam & Devi, 2011)
Gender diversity	GDIVERSITY	Ratio of women in a board	(Imamah et al., 2019)
Return on asset	ROA	Ratio of net earnings to total assets	(Benjamin, 2013; Elmagrhi et al., 2017)
Return on equity	ROE	Ratio of net income divided by investor's equity	(Subramaniam & Devi, 2011) and
Firm size	F SIZE	The natural logarithm of the firm's total assets.	(Elmagrhi et al., 2017; Mehdi et al., 2017)
Asset growth	ASSETSG	calculated by subtracting the value of prior year's assets from the value of current year's assets and then dividing it by the current year's assets value.	(Benjamin, 2013; Mitton, 2004)
Cash ratio	CASHR	The ratio of total cash available to the total assets of the firm.	(Imamah et al., 2019)

TABLE 2
Descriptive Statistics and Mean Comparison t-test for SCFs and NSCFs

Variables	Mean			Median			Differences		
	All	NSCFs	SCFs	All	NSCFs	SCFs	Mean diff.	t-test	p-value
DIV payout	0.3849	0.3636	0.4061	0.2858	0	0.3998	0.0412	0.4878	
DIV yield	0.0351	0.0331	0.0371	0.02	0	0.033	0.004	0.654	
BSIZE	9.0233	8.5667	9.48	8	8	8	0.9133	3.5658	*
BINDI	0.8118	0.8084	0.8153	0.8571	0.866	0.8571	0.0069	0.5542	
BDUALITY	0.05	0.02	0.08	0	0	0	0.06	2.399	**
GDIVERSITY	0.0379	0.0378	0.0379	0	0	0	0.0001	0.0161	
ASSET grow	-0.0565	0.0596	0.0533	0.1007	0.101	0.1007	-0.0063	-0.097	
CASH r	0.0586	0.0451	0.0722	0.0193	0.031	0.0155	0.0272	2.712	*
F SIZE	18.443	18.917	17.9686	18.2029	18.64	17.902	-0.9488	-4.022	*
ROA	0.0495	0.0145	0.0845	0.0463	0.011	0.0834	0.07	3.4871	*
ROE	0.1931	0.1846	0.2016	0.1597	0.143	0.1773	0.017	0.1806	

Note: ***, **, and * signify the 1 %, 5%, and 10% levels, respectively.

It is not sufficient to merely compare the total dividend payouts between SC and NSC entities to consider the actual impact of Islamic law on DP as it is possible to balance out opposing results. Therefore, this research continues to perform multivariate analyses by monitoring other variables, such as CG and financial restrictions set out by Sharīʿah regulators.

Regression Analysis

We first investigate the impact of Sharīʿah Compliance and the financial constraints imposed by Sharīʿah regulators on DP in this section. Subsequently, we added the Corporate Board to the study. Furthermore, the interaction of the Sharīʿah Compliance variable with CG variables was considered.

The impact of Sharīʿah compliance and financial ratios on DP

First column of Table 2 indicates the effect of Sharīʿah compliance and financial ratios on dividend payouts, whereas Column 1 of Table 3 presents the effect of Sharīʿah compliance on dividend yield (another proxy of DP). The Sharīʿah compliance variable shows a positive coefficient with a significant p-value, which demonstrates that SCFs offer higher dividends to investors than NSCFs do, consistent with the results of Imamah et al. (2019). Returns on assets and firm size coefficients are both significantly positive, reflecting that corporations with higher returns and larger assets pay higher dividends. ROE has a negative and insignificant influence on dividend payouts and yields. The coefficients of cash ratio and asset growth are also positive and insignificant. The results confirm prior research Al-Jeraisy & Mohamed (2008), which suggests that large and developed firms are not engaged in growth investments that facilitate dividends for shareholders. This outcome is consistent with Farooq & Tbeur (2013) and Guizani (2017). This finding supports the theory that SCFs have a distinct DP relative to that of NSCFs. We also used CG variables in the regression analysis to analyze the role of CG in DP.

TABLE 3
CG, Islamic Law, and Dividend Payout

	I		II		III	
Dividend payout	Coef.	t-value	Coef.	t-value	Coef.	t-value
C	-0.29	-0.582	-0.937	-1.969*	-1.873	-3.126***
Sharīʻah C	0.2	2.174**	0.004	2.034*	1.545	2.230**
BSIZE			0.002	0.076	0.021	0.612
BIND			0.746	1.565	1.258	2.089**
BDUALITY			0.219	1.094	-0.342	-0.878
GDIVERSITY			1.964	3.209***	4.394	6.933***
BSIZE*SharīʻahC					-0.009	-0.206
BIND*SharīʻahC					-1.022	-1.194
GDIVERSITY*SharīʻahC					-4.882	-4.691***
BDUALITY*SharīʻahC					0.23	1.998*
ROA	0.694	2.803***	0.804	3.396***	0.983	4.301***
ROE	-0.023	-0.473	-0.002	-0.042	-0.02	-0.413
CASHr	0.205	0.378	0.53	1.029	0.727	1.549
ASSET grow	0.007	0.105	0.026	0.372	0.024	0.343
FSIZE	0.034	1.305	0.026	1.113	0.022	1.172
R2	0.032		0.106		0.232	
Adj. R2	0.012		0.063		0.171	
F-Stat	1.607		2.426		3.8	
P-value	0.145		0.003		0	
N	300		300		300	

Note: ***, **, and * signify the 1 %, 5%, and 10% levels, respectively.

The impact of CG on DP

Column II of Tables 2 and 3 presents regression-based results for the Sharīʻah, CG, and control variables for dividend payouts and dividend yields. The CG analysis includes board characteristics and ownership structure. Regarding board attributes, the coefficients for board size, independence, and CEO duality are positive, but not statistically significant at the conventional level. This suggests that neither the outcome nor the substitute hypothesis alone can fully explain the impact of board characteristics on dividends. However, the coefficient for gender diversity is positive and statistically significant, indicating that having women on the board encourages higher dividend payments to investors (Al-Rahahleh, 2017; Al-Kahmisi & Hassan, 2018; Kajola et al., 2019).

Furthermore, the results suggest that neither the outcome nor the substitute hypotheses can fully explain the relationship between the ownership structure variables and dividends. Return on assets (ROA) has a positive and statistically significant influence on dividend payouts but has a positive but statistically insignificant impact on dividend yield. Similarly, asset growth has a positive but statistically insignificant effect on dividend payouts and yields.

TABLE 4
CG, Islamic law and dividend yield

	I		II		III	
Dividend yield	Coef.	t-value	Coef.	t-value	Coef.	t-value
C	-0.046	-1.222	-0.095	-2.151**	-0.126	-2.292**
Sharī'ahC	0.033	1.839**	0.008	1.994*	0.061	1.032
BSIZE			-0.001	-0.394	-0.003	-1.048
BIND			0.095	2.759	0.153	2.987***
BDUALITY			0.017	1.149	-0.003	-0.123
GDIVERSITY			0.051	1.98**	0.124	2.160**
BSIZE*Sharī'ahC					0.004	1.081
BIND*Sharī'ahC					-0.101	-1.453
GDIVERSITY*Sharī'ahC					-0.146	-1.604
BDUALITY*Sharī'ahC					0.034	1.089
ROA	0.057	3.462***	0.061	3.802	0.063	3.789***
ROE	-0.001	-0.372	0	0.058	0	-0.048
CASHr	0.035	0.945	0.057	1.557	0.061	1.987*
ASSET Grow	0.001	0.254	0.212	2.76**	0.002	0.499
FSIZE	0.004	2.083**	0.004	1.855	0.003	2.840**
R2	0.055		0.104		0.13	
Adj. R2	0.036		0.06		0.061	
F-Stat	2.852		2.355		1.888	
P-value	0.008		0.004		0.011	
N	300		300		300	

Note: ***, **, and * signify the 1 %, 5%, and 10% levels, respectively.

These findings indicate that even after considering the regulation of CG and other associated variables, Sharī'ah-compliant firms (SCFs) continue to pay higher dividends, as evinced by the positive Sharī'ah coefficient. Pakistan's DP model follows a substitutive CG model. In Pakistan, listed firms are divided into two categories: SCFs and non Sharī'ah-compliant firms (NSCFs). Consequently, we hypothesized that most CG variables cannot fully explain the DP of the Pakistan Stock Exchange (PSX) in this subset, possibly because of the offsetting impact of SCFs and NSCFs. In other words, CG may have different functions in the two types of companies. SCFs generally have stronger CG systems than non-Sharī'ah compliant firms. Therefore, in the next model, we analyze whether the impact of CG on dividend policies differs between SCFs and NSCFs.

The Moderating role of Sharī'ah Law between CG and DP

In Pakistan, SCFs not only have to comply with Sharī'ah Law but also have to fulfil financial restrictions. Furthermore, it is worth noting that SCFs can target different types of shareholders, and their corporate management structures could play different roles than NSCFs.

Thus, we explore the moderating influence of Sharī'ah Law on CG and dividend policies. The findings obtained by taking into account the interactions between Sharī'ah law and the CG mechanism are shown in Column III of Tables 2 and 3.

The results suggest that Sharī'ah law has a significant and positive influence on dividend payments but a positive and insignificant effect on dividend yields. The interaction coefficient between gender diversity and Sharī'ah was negative and significant. Moreover, the CEO duality coefficient is negative but not statistically significant. The interaction coefficient between CEO duality and Sharī'ah is positive and statistically significant at the 10 percent level. From an economic point of view, a coefficient of 0.730 reveals a 10 point rise in the CEO duality of SCFs associated with an increase in dividend payouts of 7.30 percentage points over that of NSCFs. The interpretation of this is that high dividend payments by firms that comply with Sharī'ah, as identified in previous results, are primarily motivated by gender diversity and CEO duality. There could be a few explanations for this outcome: it is extracted from the legitimate profit maximization behavior of female directors and the dual function of CEO in SCFs or perhaps due to their religiosity. This indicates that religious beliefs are the key factor in high dividend payments by SCFs. However, in the case of dividend yield as the dependent variable, the moderating variables do not show any statistically significant impact, so we can say that the Sharī'ah law does not moderate the association between CG and dividend yield.

Moreover, the substitute paradigm, as introduced by La Porta et al. (2000), suggests that in countries characterized by weak investor protection, companies pay high dividends to limit free cash flow that might be used by administrators for personal use. Su et al. (2014) contend that enterprises retain lower profits for confiscation as they offer higher returns to investors. They provide evidence that businesses offering low returns have higher business transactions, suggesting that external shareholders take advantage of expropriation. In addition, Jiang et al. (2019) believe that businesses with strict religious beliefs are less likely to conduct ill-suited business activities like unfair management compensation or anomalies in financial statements. Since Muslims are permitted to do business under Islamic rule, which encourages them to work as stewards and to be fair, equitable, and honest, each person has a "self-monitoring obligation." Thus, we assume that it is a religious belief instead of a coherent profit maximization conduct of management in SCFs that contributes to high dividend payouts.

CONCLUSION

Discussion on Results

The DP of Pakistani listed companies was examined for two separate groups: Sharī'ah-compliant and non-Sharī'ah-compliant firms. We examined the differences in dividend strategies between these two types of companies. This study also examines the interaction effects of Sharī'ah on the relationship between CG and DP. In line with Imamah et al. (2019), we conclude that Sharī'ah has a positive and significant effect on DP; hence, Hypothesis 1 is accepted. In 2nd model of the study, CG variables were added to examine their influence on DP. Because each variable has its value, the results illustrate that the majority of CG variables have a positive effect on DP. The contributions of this research raise doubts about the results of dividend and CG analyses based on the CG Index. Prior studies mostly used the index by taking all determinants on average, but few studies took them as separate, and our study results are mostly aligned with their findings (Chaudhry et al., 2021; Imamah et al., 2019; Shu & Chiang, 2020). The substitute and outcome hypotheses of dividends cannot be applicable to each CG mechanism (Al-Rahahleh, 2017; Kanojia & Bhatia, 2022). As a result, these considerations must also be observed separately to properly explain how they affect firms' dividend policies.

In the 3rd model, the impact of CG on DP was explained through Sharī'ah compliance. The interaction effect of Sharī'ah Law with gender diversity on dividend payouts is negative and significant. Sharī'ah compliance negatively affects dividend policies due to gender diversity. This negative coefficient suggests that developments in the CG system (gender diversity) limit the importance of dividend payments in addressing agency issues. Sharī'ah compliance does not affect dividend policies because of the number of directors and non-executive directors. Sharī'ah's interaction with CEO duality explains the positive effect on dividend payouts. However, in the case of dividend yields, no interaction factor produces statistically meaningful outcomes. According to these findings, Sharī'ah-compliant firms' higher dividend payments are largely driven by gender diversity and CEO duality, which is consistent with the findings of Boshnak (2021); Farooq & Tbeur (2013); Guizani (2017).

Conclusion of the Study

This study aimed to analyze the DP of the PSX, which is registered in two categories: SCFs and NSCFs. Sharī'ah (Islamic law) must be followed by SCFs, whereas NSCFs do not. We examined the potential distinctions between these two groups of businesses in their dividend policies. The results reveal that SCFs tend to offer higher returns to investors, and the primary channels are gender diversity and CEO duality. The findings demonstrate that firms that comply with Sharī'ah have a distinct approach to DP compared with NSCFs, largely based on their board characteristics.

This study had certain limitations. First, it is not feasible to explicitly calculate the power of individual directors' religious devotion. Consequently, we cannot rule out the likelihood that our findings will be driven by directors' private spiritual devotion. Second, the study period encompasses only a modest five-year period from 2014 to 2018, with only 60 sample companies because of time restrictions. More data may be required to reflect more light on the impact of risk on dividend policies in Pakistan-listed companies. Research in multiple countries may introduce a wider scale to increase the acceptance of the results. Future researchers can examine other core areas of internal CG, that is, audit committee characteristics, remuneration committees, nomination committees, and their impact on DP. Furthermore, if legislation, compliance, and take-over protection affect dividend payouts, the area of external governance could be explored. To evaluate the effect of CG on dividend policies, researchers should use indices of Board Characteristics, ownership structure, and DP.

Board structure was used as an individual variable for this study. Therefore, we examined the determinants of DP in more detail and found that the negative impact substitute model is efficient, whereas a positive impact outcome is endorsed. This study provides opportunities and incentives for particular groups such as leaders, policymakers, donors, businesses, future researchers, and academic institutions. Policymakers and regulators can determine variables that affect a company's DP, such as CEO authority, board size, board autonomy, and other factors, particularly in firms. This study assists them in creating CG regulations, policies, and procedures more effectively. This presents a lucrative business opportunity for Pakistani investors.

Implications of the Study

The findings of this study have significant implications. First, from a theoretical perspective, this study contributes to the literature by examining the impact of CG mechanisms on DP in the context of Sharīʻah-compliant firms. By considering both Sharīʻah compliance and CG, this study provides a comprehensive understanding of the DP dynamics. The incorporation of Islamic law as a key variable adds originality to the research and opens avenues for future exploration. Future studies can build upon these findings by incorporating larger sample sizes and considering additional factors, such as external governance mechanisms and macroeconomic conditions.

Second, from a practical perspective, the implications of this study are numerous. Policymakers, legislators, and regulators can utilize these findings to develop more effective CG rules and practices that align with Sharīʻah-compliant principles. Companies operating in both Sharīʻah- and non-compliant sectors can benefit from the insights provided by this study to enhance their corporate governance frameworks. Additionally, investors can make more informed decisions regarding investments in Sharīʻah-compliant firms, based on the findings of this study. By promoting improved governance practices, this study contributes to a more transparent and accountable business environment that ultimately fosters economic growth. Third, the social implications of the study are noteworthy. The findings contribute to overall improvements in governance practices in Pakistan, leading to better transparency, accountability, and the protection of investor rights. This has a positive impact on the business environment and can enhance societal trust in the financial sector. Moreover, by focusing on Sharīʻah-compliant firms, this study promotes adherence to Islamic ethical principles, which resonate with a significant proportion of the population.

Fourth, academically, this study serves as a foundation for future research on dividend policy, Sharīʻah compliance, and corporate governance in Pakistan. It provides researchers and scholars with a reference point to further explore this evolving market and encourages ongoing inquiry into the dynamic relationship between CG mechanisms and dividend policies in different contexts. Fifth, from a managerial perspective, this study's findings can assist managers in understanding the importance of effective CG practices and their impact on dividend policies. By incorporating the insights gained from this study, managers can make informed decisions regarding dividend distributions. Adopting sound corporate governance principles can establish stronger governance systems, contributing to companies' long-term sustainability and success.

Limitations and Future Research Directions

In the aftermath of the 1997 Asian financial crisis, CG gained significant importance not only in Pakistan but also in other markets such as Singapore, Indonesia, Thailand, and India. The model proposed in this study can be replicated in other economies to explore how dividend policies and CG interact in Sharīʻah-compliant (SC) and non-Sharīʻah-compliant (NSC) entities to address agency problems. Future research should examine other crucial aspects of CG, including internal governance mechanisms and audit committee characteristics. Additionally, incorporating factors, such as macroeconomic conditions, political environments, and resource structures, as independent variables in future studies would provide a more comprehensive understanding.

While this study covers a period of five years, future investigations could benefit from larger sample sizes and longer time spans to enhance the robustness of our findings. In Pakistan, it would be valuable to categorize companies into distinct clusters, such as dividend-paying versus non-dividend-paying firms, to assess whether firms with different dividend return objectives exhibit similar or divergent implications for CG characteristics. Moreover, future studies should explore the use of governance indices to examine how different CG systems influence DP outcomes. These avenues of research would contribute to a deeper understanding of the complex relationship between CG and DP.

References

Albouy, M. (1990). La politique de dividendes des entreprises. *Revue d'économie financière*(12/13), 240–251. doi: https://doi.org/10.3406/ecofi.1990.1695.

Aldohni, A. K. (2014). Morality and religion: Complementing or complicating corporate governance. *Journal of Religion and Business Ethics*, *3*(1), 1–13.

Al-Jeraisy, K., & Mohamed, M. A. M. (2008). *An analytical study of the saudi family's purchase decisions*. King Fahd National Library, Riyadh, KSA.

Al-Kahmisi, T. A. S., & Hassan, H. H. (2018). The effects of corporate governance on dividend payout policies in malaysian banks. *International Journal of Advanced Research and Publications*, *2*(2), 29–37.

Al-Rahahleh, A. S. (2017). Corporate governance quality, board gender diversity and corporate dividend policy: Evidence from jordan. *Australasian Accounting, Business and Finance Journal*, *11*(2), 86–104. doi: https://doi.org/10.14453/aabfj.v11i2.6.

Amir, M., Iqbal, N., & Tahir, S. (2021). Impact of corporate environmental responsibility on firm's financial performance: Moderating role of organizational slack and industry competition. *Sukkur IBA Journal of Management and Business*, *8*(2), 76–92. . doi: https://doi.org/10.30537/sijmb.v8i2.603.

Asyraf, W. (2006). Stakeholders' expectation toward corporate social responsibility of islamic banks. In *Iium international accounting conference (intac) iii* (Vol. 15, pp. 1–25).

Azid, T., Mukhlisin, M., Akbar, N., & Tahir, M. (2021). Monetary policy, islamic finance, and islamic corporate governance: An introductory note. In *Monetary policy, islamic finance, and islamic corporate governance: An international overview* (pp. 1–10. doi: https://doi.org/10.1108/9781800437869). Emerald Publishing Limited.

Bae, K.-H., El Ghoul, S., Guedhami, O., & Zheng, X. (2021). Board reforms and dividend policy: International evidence. *Journal of Financial and Quantitative Analysis*, *56*(4), 1296–1320. doi: https://doi.org/10.1017/S0022109020000319.

Benjamin, S. J. (2013). *Dividends and corporate governance in malaysia* (Unpublished doctoral dissertation). Multimedia University, Malaysia.

Ben-Nasr, H., & Ghouma, H. H. (2022). Dividend policy and religion: International evidence from firms with islamic label. *Emerging Markets Review*, *50*, 100840. doi: https://doi.org/10.1016/j.ememar.2021.100840.

Boshnak, H. A. (2021). The impact of board composition and ownership structure on dividend payout policy: evidence from saudi arabia. *International Journal of Emerging Markets*.

Chae, J., Kim, S., & Lee, E. J. (2009). How corporate governance affects payout policy under agency problems and external financing constraints. *Journal of Banking & Finance*, *33*(11), 2093–2101. doi: .

Chaudhry, N. I., Asad, H., Abdulghaffar, M., & Amir, M. (2021). Contagion effect of covid-19 on stock market returns: Role of gold prices, real estate prices, and us dollar exchange rate. *Pakistan Journal of Commerce and Social Sciences (PJCSS)*, *15*(3), 614–635.

Čornanič, A., Novák, J., & Šarapatka, J. (2018). Religion, corporate governance, and executive compensation. *Finance a Uver*, *68*(1), 34–70.

Damodaran, A. (2011). *The little book of valuation: how to value a company, pick a stock and profit* (Vol. 34). John Wiley & Sons.

Denis, D. J., & Sibilkov, V. (2010). Financial constraints, investment, and the value of cash holdings. *The Review of Financial Studies*, *23*(1), 247–269. . doi: https://doi.org/10.1093/rfs/hhp031.

Ellili, N. O. D. (2022). Bibliometric analysis on corporate governance topics published in the journal of corporate governance: The international journal of business in society. *Corporate Governance: The International Journal of Business in Society*(ahead-of-print).

Elmagrhi, M. H., Ntim, C. G., Crossley, R. M., Malagila, J. K., Fosu, S., & Vu, T. V. (2017). Corporate governance and dividend pay-out policy in uk listed smes: The effects of corporate board characteristics. *International Journal of Accounting & Information Management*, *25*(4), 459–483. doi: https://doi.org/10.1108/IJAIM-02-2017-0020.

Farooq, O., & Tbeur, O. (2013). Dividend policies of shariah-compliant and non-shariah-compliant firms: evidence from the mena region. *International Journal of Economics and Business Research*, *6*(2), 158–172.

Frésard, L., & Salva, C. (2010). The value of excess cash and corporate governance: Evidence from us cross-listings. *Journal of financial economics*, *98*(2), 359–384. doi: https://doi.org/10.1016/j.jfineco.2010.04.004.

Gregory, H. J. (2000). The globalization of corporate governance. *Global Counsel*, *5*, 52–65.

Guizani, M. (2017). Free cash flow, agency cost and dividend policy of sharia-compliant and non-sharia-compliant firms. *International Journal of Economics & Management*, *11*(2), 355–370.

Hilary, G., & Hui, K. W. (2009). Does religion matter in corporate decision making in america? *Journal of Financial Economics*, *93*(3), 455–473. doi: https://doi.org/10.1016/j.jfineco.2008.10.001.

Imamah, N., Lin, T.-J., Handayani, S. R., Hung, J.-H., et al. (2019). Islamic law, corporate governance, growth opportunities and dividend policy in indonesia stock market. *Pacific-Basin Finance Journal*, *55*, 110–126. doi: https://doi.org/10.1016/j.pacfin.2019.03.008.

Jiang, F., Cai, X., Jiang, Z., & Nofsinger, J. R. (2019). Multiple large shareholders and dividends: Evidence from china. *Pacific-Basin Finance Journal*, *57*, 101201. doi: https://doi.org/10.1016/j.pacfin.2019.101201.

Jiraporn, P., Kim, J.-C., Kim, Y. S., & Kitsabunnarat, P. (2012). Capital structure and corporate governance quality: Evidence from the institutional shareholder services (iss). *International Review of Economics & Finance*, *22*(1), 208–221. doi: https://doi.org/10.2139/ssrn.1938679.

John, K., & Senbet, L. W. (1998). Corporate governance and board effectiveness. *Journal of banking & Finance*, *22*(4), 371–403. doi: https://doi.org/10.1016/S0378-4266(98)00005-3.

Kajola, S. O., Olabisi, J., Soemi, K. A., & Olayiwola, P. O. (2019). Board gender diversity and dividend policy in nigerian listed firms. *Economic Studies & Analyses/Acta VSFS*, *13*(2), 135–151.

Kanojia, S., & Bhatia, B. S. (2022). Corporate governance and dividend policy of the us and indian companies. *Journal of Management and Governance*, *26*(4), 1339–1373.

Kasim, N., NuHtay, M., & Salman, S. A. (2013). Shariah governance for islamic capital market: A step forward. *International Journal of Education and Research*, *1*(6), 1–14.

La Porta, R., Lopez-de Silanes, F., Shleifer, A., & Vishny, R. (2000). Investor protection and corporate governance. *Journal of Financial Economics*, *58*(1-2), 3–27. doi: https://doi.org/10.1016/S0304-405X(00)00065-9.

Mehdi, M., Sahut, J.-M., & Teulon, F. (2017). Do corporate governance and ownership structure impact dividend policy in emerging market during financial crisis? *Journal of Applied Accounting Research*, *18*(3), 274–297. doi: https://doi.org/10.1108/JAAR-07-2014-0079.

Mitton, T. (2004). Corporate governance and dividend policy in emerging markets. *Emerging Markets Review*, *5*(4), 409–426. doi: https://doi.org/10.1016/j.ememar.2004.05.003.

Ntim, C. G. (2016). Corporate governance, corporate health accounting, and firm value: The case of hiv/aids disclosures in sub-saharan africa. *The International Journal of Accounting*, *51*(2), 155–216. doi: https://doi.org/10.1016/j.intacc.2016.04.006.

Pahi, D., & Yadav, I. S. (2019). Does corporate governance affect dividend policy in india? firm-level evidence from new indices. *Managerial Finance*, *45*(9), 1219–1238. doi: https://doi.org/10.1108/MF-01-2019-0030.

Rajput, M., & Jhunjhunwala, S. (2019). Corporate governance and payout policy: evidence from india. *Corporate Governance: The International Journal of Business in Society*, *19*(5), 1117–1132. doi: https://doi.org/10.1108/CG-07-2018-0258.

Safieddine, A. (2009). Islamic financial institutions and corporate governance: New insights for agency theory. *Corporate Governance: An International Review*, *17*(2), 142–158. doi: https://doi.org/10.1111/j.1467-8683.2009.00729.x.

Sawicki, J. (2009). Corporate governance and dividend policy in southeast asia pre-and post-crisis. *The European Journal of Finance*, *15*(2), 211–230. doi: https://doi.org/10.1080/13518470802604440.

Shu, P.-G., & Chiang, S.-J. (2020). The impact of corporate governance on corporate social performance: Cases from listed firms in taiwan. *Pacific-Basin Finance Journal*, *61*, 101332. doi: https://doi.org/10.1016/j.pacfin.2020.101332.

Su, Z.-q., Fung, H.-G., Huang, D.-s., & Shen, C.-H. (2014). Cash dividends, expropriation, and political connections: Evidence from china. *International Review of Economics & Finance*, *29*, 260–272. doi: https://doi.org/10.1016/j.iref.2013.05.017.

Subramaniam, R., & Devi, S. (2011). Corporate governance and dividend policy in malaysia. In *International conference on business and economics research* (Vol. 1, pp. 200–207).

Tahir, H., MASRI, R., & Rahman, M. (2020). Corporate board attributes and dividend pay-out policy: Mediating role of financial leverage. *Journal of Asian Finance, Economics and Business*, *7*(1), 167–181. doi: https://doi.org/10.13106/jafeb.2020.vol7.no1.167.

Yuan, R., Liu, M. J., Luo, J., & Yen, D. A. (2016). Reciprocal transfer of brand identity and image associations arising from higher education brand extensions. *Journal of Business Research*, *69*(8), 3069–3076. doi: https://doi.org/10.1016/j.jbusres.2016.01.022.

****