

**INFLUENCE OF DIVIDEND POLICY ON SHAREHOLDER'S WEALTH**

**A SURVEY OF COMPANIES LISTED IN NAIROBI SECURITIES EXCHANGE**

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## ABSTRACT

The study sought to analyze the influence of dividend policy on shareholder's wealth, using the following specific objectives; the effect of dividend payout, dividend stability and, growth in Assets on shareholders wealth. The main objective of the study was to analyze the effect of dividend policy on shareholder's wealth. The findings from the sought to help interested investors, shareholders, students, researchers, finance managers and financial advisors in predicting the likely implications of dividends policy on companies in regard to shareholders wealth. The study also sought to close the gap in the existing body of knowledge since not much has been done in this area and it was a survey of companies listed at the Nairobi Securities Exchange. It also used descriptive statistics. The researcher targeted 57 companies listed in Nairobi Securities Exchange. The respondents were the finance managers of the listed companies in Kenya. Primary data was collected using open ended and close ended questionnaire. Secondary Data was collected from secondary materials which included the annual reports of the company, audited financial report, director's speech and financial journals. All the data from the research was analyzed through the use of descriptive statistics including frequencies, percentages and cross tabulations. Multiple linear regression analysis was also carried out to establish those factors that were significantly associated with the dependent variable. Narrative interpretation and description was used to present both qualitative and quantitative results. Hypothesis testing revealed that there is a significant relationship between dividend payout and shareholders wealth while dividend stability and growth in assets were found to have no significant relationship with shareholders wealth. The researcher recommended that in order for listed companies to improve their shareholders wealth, factors that influence dividend policy of listed companies should be considered. Since the study was limited to only three effects which were assumed to affect dividend policy of listed companies in Kenya, further study may investigate other effects affecting dividend policy on shareholders wealth.