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Effect of Mergers and Acquisitions on the Determinants of Dividend Payout in Nigeria

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Abstract
The effect of merger and acquisition on the determinants of dividend payout in Nigeria banks is examined in this paper. Dividend paid between 2007 and 2013 was considered in quoted banks and analysed using panel data regression technique. Determinants considered include: liquidity, growth, leverage, profitability (ROA & ROE), firm size and previous year dividend. Results showed a positive relationship between dividend paid and the following variables: liquidity, return on asset (ROA), firm size and previous year dividend. However, growth, leverage and return on equity (ROE) showed a negative relationship with dividend paid. The results are the same for banks involved in merger and acquisition and those not involved. We can therefore conclude that merger and acquisition has no effect on the determinants of dividend payout in Nigeria banks. It is therefore recommended that managers and directors should not be bothered about the effect that merger or acquisition will have on their dividend policy instead the determinants examined should be taking into consideration
Keywords: Determinants, Dividend Payout, Mergers and Acquisitions

1.0 Introduction

A lot of studies have been conducted around the world to determine what influences or hinders dividend payment in a firm. However, given the alarming rate at which acquisitions and mergers are becoming part of strategies to ensure synergy and improve business performance it becomes pertinent to investigate if this strategy has any effect on the determinants of dividend policy. This study therefore, seeks to establish the situation in the Nigeria banking industry.

1.2 Objectives of the Study

This study seeks to identify the critical determinants of dividend payout in banks involved in mergers and acquisition and those not involved in merger and acquisition in Nigeria. The specific objectives of this study are:

i. To assess the relationship between liquidity and dividend payout in banks involved in merger and acquisition and those not involved
ii. To evaluate the relationship between growth and dividend payout in banks involved in merger and acquisition and those not involved
iii. To determine the relationship between leverage and dividend payout in banks involved in merger and acquisition and those not involved
iv. To investigate the relationship between profitability and dividend payout in banks involved in merger and acquisition and those not involved
v. To establish the relationship between firm size and dividend payout in banks involved in merger and acquisition and those not involved
vi. To verify the relationship between previous period dividend payment and dividend payout in banks involved in merger and acquisition and those not involved

1.3 Research Hypotheses

The following research hypotheses will be tested to find answers to the research objectives:

(i) There is no significant relationship between liquidity and dividend payout in banks involved in merger and acquisition and those not involved
(ii) There is no significant relationship between growth and dividend payout in banks involved in merger and acquisition and those not involved
(iii) There is no significant relationship between leverage and dividend payout in banks involved in merger and acquisition and those not involved
(iv) There is no significant relationship between profitability and dividend payout in banks involved in merger and acquisition and those not involved
(v) There is no significant relationship between firm size and dividend payout in banks involved in merger and acquisition and those not involved
(vi) There is no significant relationship between previous year dividend payment and dividend payout in banks involved in merger and acquisition and those not involved

1.4 Significance of the Study

This study will be helpful in providing insight to managers and directors in decisions that involves merger and acquisition as well as dividend policy decisions.

1.5 Scope and Delimitation of the Study

12 banks quoted in the Nigeria Stock Exchange (NSE) during the period of the study will be considered. Focus will be on dividend paid from 2007 to 2013 in banks involved in merger and acquisition and those not involved.

2.0 Literature Review

2.1 Conceptual Review

Eriki and Okafor (2002) defined dividend as the return shareholders get as a result of the money invested in the stock of a given company while Droughty (2000), from the company's perspective defined dividend as the money that a company pays to its shareholders from the profit it realized. Whatever constitutes a reward to shareholders is considered as dividend.

In addition, Mohammad, Aref and Nejat (2012) sees dividend decision as a company's policy which describes the ratio of dividend payments and the amounts retained for reinvesting. Dividend policy decision has to do with choosing between the alternative of paying dividend or not, or finding a middle ground between paying and retaining profits for reinvestment. It is impossible to have a uniform dividend policy amongst firms; however, dividend decision depends on the business environment of the firm.

2.2 Empirical Review of the Determinants of Dividend Payout

Al-Kuwari (2009) studied the determinant of dividend payout for companies quoted on the Gulf Co-operation Council (GCC) country stock exchanges. He studied impact of government ownership, free cash flow, firm size, growth rate, growth opportunity, business risk and firm profitability on dividend payout ratios. He found that firms pay dividends with the intention of reducing the agency problem and maintaining firm reputation. Because the legal protection for outside shareholders was limited, he also found that a firm's dividend policy tend to depend heavily on firm profitability.

Amarjit, Nahum and Rajendra (2010) examined Amidu & Abor (2006) results regarding the determinants of dividend payout ratios by looking at the same for the American service and manufacturing firms. The study considered 500 financial reports of quoted company in 2007. Results showed that dividend payout ratio is the function of profit margin, sales growth, debt-to-equity ratio and tax. For firms in the service industry, they found that dividend payout is the function of profit margin, sales growth, and debt-to-equity ratio. Also, for manufacturing companies, results showed profit margin, tax, and market-to-book ratio are determinants of dividend payment ratio. They however found that the results are different when the dividend payout ratio is defined as the ratio between the cash dividend and the after-tax cash flow.

Al-shubiri (2011) studied 60 industrial firms quoted on the Amman Stock Exchange (ASE) between the periods of 2005 to 2009. His findings showed that dividend policy in Jordan as a developing country is influenced by factors similar to those in developed countries.

Abdul and Haruto (2012) examined the determinant of dividend payout ratio in Karachi Stock Exchange (KSE). Effect of debt to equity ratio, operating cash flow per share, profitability, market to book value ratio, current ratio and corporate tax on dividend payout was analysed for the year 2009 for 50 companies. Debt to equity ratio, profitability, current ratio and corporate tax was found to be positive with dividend payout ratio while operating cash flow per share and market to book value ratio showed a negative relationship with dividend payout ratio. Profitability, debt to equity and market to book value ratio were found to be the significant determinants to dividend payout ratio in Pakistan.

Nguyen [2012] in his review of determinants of dividend policy in Vietnam tries to identify whether firms' characteristics and corporate governance affect their dividend payments. The firm characteristics he studied include; profitability, firm, size, debt level, liquidity, asset structure, industry type, growth opportunities plus business risk, corporate governance comprises management ownership, ownership concentration, and board of directors along with audit quality. He relied on a sample of 116 companies listed on the Hochiminh Stock Exchange [HOSE] and Hanoi Stock Exchange [HNX] for the year 2009 [in Vietnam]. He found that profitability influences dividend payout positively and business risk impacts negatively on dividend disbursement.

Talat, Muhammed, Ashfaq and Muhammed (2012) examined the factors that motivate dividend policy among the cement industry in Karachi Stock Exchange. Data was collected from 8 firms from Karachi Stock Exchange and state bank of Pakistan and analysed using SPSS 17. Result showed P.E ratio, EPS growth and Sale growth are positively associated with the dividend payout while profitability and debt to equity showed a negative association with dividend payout.

Arif and Akbar (2013) conducted a study on non-financial sector of Pakistan. 5 important determinant of dividend policy were identified. They include profitability, size, tax, investment opportunities and life cycle

stage of firm. 174 companies listed on Karachi stock exchange were examined for the period of 2005 to 2010. His findings indicated profitability, tax, size and investment opportunities as the most influential determinant of dividend policy.

Ajanthan (2013) examined the relationship between dividend payout and firm profitability among quoted hotels and restaurant companies in the Colombo Stock Exchange (CSE). His findings indicated that dividend payout was a significant factor affecting firm performance.

Maniagi, Ondiek, Musiega, Maokomba & Egessa. (2013) conducted a study on the determinants of dividend payout on non-financial firms listed in Nairobi Securities Exchange. They used a sample of 30 non-financial companies for the periods between 2007 and 2011.

The independent variables were profitability, growth, current earnings and liquidity while dividend payout ratio was used as dependent variable. Size and business risk was taken as moderating variables. He found that returns on equity, current earnings and firms' growth activities were found to be positively correlated to dividend payout, business risk and size. The two taken as moderating variables increased the precision of significant variable from 95% to 99%.

Sumaiya [2013] studied dividend payout of 30 private commercial banks in Dhaka Stock Exchange over a period of seven years; 2006 to 2012. He considered profitability, growth and size. His result showed that profitability appears to be a better determinant of bank dividend policy than growth and size. He concluded that profitability alone cannot be a strong indicator of bank dividend policy over time in the capital market of Bangladesh.

Baah, Tawiah and Eric (2014) investigated the determinants of dividend payout and its effect on share prices of firms quoted on the Ghana Stock Exchange between 2006 and 2011. They examined price volatility, profit after tax, earnings per share, size, growth in Assets, Return of equity, and liquidity as explanatory variables and the dividend payout as the depended variable. A sample of 12 companies covering six different sectors of the economy was used. He found that the main determinants of dividend policy for companies listed on Ghana Stock Exchange are return on equity, profit after tax and size of the firm. It was also found that there are varying factors that influence the dividend decision across the different sectors and profit after-tax happens to be a key variable that is consistently considered by most sectors in paying their dividend.

Also, Rasheed, Ayesha, Hafisa and Amber (2014) studied the determinants of dividend payouts in financial sector in Pakistan. The variables studied include; profitability, liquidity, size, cash flow, asset tangibility and earnings per share. Data was collected from 21 financial sector firms listed at Karachi Stock Exchange. Their result indicated that cash flow has significant negative relationship and earnings per share have a significant positive association with the dividend payout of the firm. Asset tangibility, profitability and size have in-significant negative relationship and liquidity has in-significant positive relationship with dividend payouts.

It is important to note here that all the factors considered and empirically tested to be considered as determinants of dividend payout are only those that figures could be assigned to. Those factors that are non-quantitative are left out. It is pertinent to state that a great number of factors that can determine dividend policy are non-quantitative. For example beliefs, culture and socio-political considerations may be factors that are left out amongst others. Corporate governance guidelines and oversight can indirectly affect dividend policy. If regulatory oversight and good corporate governance laws are not put in place board of directors can whenever there is conflict between their interest and that of shareholders make dividend decision that will favour their interest.

3.0 Research Design

This study made use of secondary data obtained from financial reports of quoted banks in Nigeria. The researcher preferred the panel data regression technique because it combines both cross-sectional and time-series properties.

3.1 Population and Sampling

The population consists of 15 banks quoted on the Nigerian Stock Exchange as at December 31, 2013. The sample is made up of 7 banks that were not involved in merger and acquisition and 5 banks that were involved in merger and acquisition during the period under examination.

3.2 Method of Data Collection

Secondary data from annual reports for seven years (2007 to 2013) were used. The use of annual reports was based on the view that it represented the organization's construction of its own financial status. It is a statutory document and produced regularly.

3.3 Data Analysis Techniques

Since data collected has time series attributes and cross sections, panel data regression was considered the best data analysis method available for this study. This enabled the researcher to assess the determinants of dividend payout over time (time series), as well as across the sampled quoted companies (cross-section).

3.4 Model Specification

The model of this study is selected based on the attributes of data collected and a careful review of the modeling antecedents in this research area. The models are specified as follows:

3.4.1. $DIVPOUT_{it} = \partial_0 + \partial_1 PROFIT_t + \mu_{it}$ ---------- (1)

3.4.2. $DIVPOUT_{it} = \partial_0 + \partial_2 LIQ_{it} + \mu_{it}$ ---------- (2)

3.4.3. $DIVPOUT_{it} = \partial_0 + \partial_3 LEV_{it} + \mu_{it}$ ---------- (3)

3.4.4. $DIVPOUT_{it} = \partial_0 + \partial_4 FSIZE + \mu_{it}$ ---------- (4)

3.4.5. $DIVPOUT_{it} = \partial_0 + \partial_5 GRWT_{it} + \mu_{it}$ ---------- (5)

3.4.6. $DIVPOUT_{it} = \partial_0 + \partial_8 DIV(-1)_{it} + \mu_{it}$ ……..…… (6)

3.4.7. $DIVPOUT_{it} = \partial_0 + \partial_1 PROFIT_t + \partial_2 LIQ_{it} + \partial_3 LEV_{it} + \partial_4 FSIZE + \partial_5 GRWT_{it} + \partial_5 DIV(-1)_{it} + \mu_{it}$ (7)

Where; DIVPOUT= Dividend payout ratio
PROFIT= Profitability
LIQ= Liquidity
LEV= Leverage
FSIZE= Firm size
GRWT= Growth
DIV (-1) = one period lag of dividend payout

4.0 Presentation, Analyses of Data and Discussion of Findings

Table 4.1 Pearson Correlation Result

	DIV	FSIZE	GRWTH	LEV	LIQ	ROA	ROE	DIV(-1)
DIV	1							
FSIZE	0.106235	1						
GRTH	0.0188	0.03279	1					
LEV	0.07015	0.08770	-0.0250	1				
LIQ	0.01974	-0.0593	0.00297	-0.03277	1			
ROA	0.05639	0.12612	0.07402	0.031303	-0.00215	1		
ROE	-0.04172	0.08182	-0.2669	-0.01082	0.333804	-0.0314	1	
DIV(-1)	0.17802	0.15769	0.06277	0.133036	-0.13844	0.19491	-0.0475	1

Source: Researchers Compilation (2015)

From Table 4.1, the correlation coefficients of the variables are examined. However of particular interest to the study are the correlation between dividend policy and the explanatory variables. As observed, DIV was positively correlated with Firm size (r=0.106) and this is in tandem with Uwuigbe (2012) using Nigerian firms quoted on the stock exchange and found a positive strong correlation coefficient (r=0.7709) and also with Fodio (2009) (r=0.1058). It is also similar to the coefficient (r=0.007) found by Arif and Akbar (2013) using 174 non-financial firms listed on Karachi Stock Exchange and that (r=0.0779) found by Rafique (2012) using Non Financial Firms listed in the KSE100 Index. It is however at variance with Alzomaia and Al-Khadhiri (2012) which found a negative coefficient (r=-0.021) using firms quoted on the Saudi Stock Exchange. DIV is also positively correlated with GRTH (r= 0.0188). The coefficient is low but is nevertheless consistent with other empirical studies Marfo-Yiadom and Agyei,(2011), Fodio (2009); Badu (2013), that found a positive correlation coefficient. However, using Non Financial Firms listed in the KSE100 Index, Rafique (2012) found a negative correlation (r=-0.00316) between dividend policy and growth. LEV was also positively correlated with (r=0.07015). The finding is however at variance with that of Alzomaia and Al-Khadhiri (2012) which found a correlation coefficient of -0.44. DIV was also positively correlated with LIQ (r=0.01974) and is consistent with Amidu and Abor, (2006) but is different from what was found (r=-0.18) by Alzomaia and Al Khadhiri (2012) using firms quoted on the Saudi Stock Exchange. Previous period dividend [DIV (-1)] also appears to be positively correlated with Dividend policy (r= 0.178) which is in tandem with 0.561 found by Alzomaia and Al-Khadhiri (2012). DIV is also positively correlated with ROA (r=0.056) and this is in tandem with Uwuigbe (2013) which found a positive correlation coefficient (r=0.3776). DIV is negatively correlated with ROE (r=-0.0417) though contrary to Uwuigbe, Jafaru and Ajayi (2012) which found a positive correlation coefficient (r=0.441). The Inter-correlations between the explanatory variables do not seem to indicate the presence of multicollineraity threats for most of the variables. For example, it was discovered that FSIZE is negatively correlated with LIQ(r=-0.059). LEV was positively correlated with DIV (-1) (r=0.133). GRWTH is positively

correlated with LIQ (r=0.00297) and ROA (r=0.074). FSIZE was positively correlated with ROA(r=0.126) and ROE (r=0.081). Nevertheless, the variance inflation test is performed to provide robust evidence of the collinear status of the variables.

Table 4.2 Regression Assumptions Test

Normality test		
Variable	Jacque-bera statistics	Prob
DIV	1338.028	0.00
FSIZE	27.8691	0.00
GRTH	3027.56	0.00
LEV	126.57	0.00
LIQ	232.8306	0.00
ROA	922.5969	0.00
ROE	25532.08	0.00
DIV(-1)	773.1541	0.00
Multicollinearity test		
Variable	Coefficient Variance	Centered VIF
FSIZE	1.07E-19	1.049134
GRTH	0.037237	1.098893
LEV	0.157956	1.023936
LIQ	6.40E-18	1.144745
ROA	0.316081	1.044862
ROE	1.32E-05	1.222345
DIV(-1)	0.011331	1.084080
Heteroskedasticity Test: ARCH		
F-statistic = 0.0666	Prob. F(1,93)	0.7969
Obs*R-squared = 0.06801	Prob. Chi-Square(1)	0.7943
Breusch-Godfrey Serial Correlation LM Test:		
F-statistic = 0.26033	Prob. F(2,89)	0.771
Obs*R-squared=0.5758	Prob. Chi-Square(2)	0.7498
Ramsey Reset Test		
t- statistics=1.577	Df= 89	0.2415
f-statistics =2.489	Prob. F(1,89)	0.2415

Source: Researchers Compilation (2015)

Tests of Normality showed the results of the Jacque-bera statistics. This assessed the normality of the distribution of scores. Basically, VIFs above 10 are seen as a cause of concern. The ARCH test for heteroskedasticity was performed on the residuals as a precaution. The results showed probabilities in excess of 0.05, which led us to reject the presence of heteroskedasticity in the residuals. The Lagrange Multiplier (LM) test for higher order autocorrelation revealed that the hypotheses of zero autocorrelation in the residuals were not rejected. This was because the probabilities (Prob. F, Prob. Chi-Square) were greater than 0.05.The LM test did not therefore reveal serial correlation problems for the model. The performance of the Ramsey RESET test showed high probability values that were greater than 0.05, meaning that there was no significant evidence of miss-specification.

Table 4.3 Parsimonious Summarization of the fixed effects Estimation Results

	Banks with M&A	Banks without M&A
C	0.854 {0.252} (0.004)	0.2774 {0.2017} (-0.1881)
LIQ	1.78E-09 {8.50E-10} (0.055)	1.21E-09* {2.87E-10} (0.000)
GRWTH	-0.785* {0.194} (0.001)	-0.161** {0.084} (0.075)
LEV	-0.557* {0.114} (0.000)	-0.338 {0.2499} (-0.195)
ROA	0.0021 {0.569} (0.997)	2.6552* {0.734} (0.002)
ROE	-0.0038* {0.002} (0.0418)	-0.1501 {0.1026} (0.163)
FIRM SIZE	1.02E-09 {1.14E-09} (0.3821)	1.09E-10 {1.93E-10} (0.5778)
DIV(-1)	0.3178* {0.081) (0.002)	0.224 {0.160) (0.183)
R^2	0.735	0.891
ADJ R^2	0.526	0.795
F-Stat	3.53	9.31
P(f-stat)	0.014	0
D.W	2.69	2.11

Source: Researchers Compilation (2015)

Liquidity and Dividend Payout

For banks that have gone through mergers or acquisitions, we observed that LIQ was positive (1.78E-09) though not significant at 5% (p=0.055), for banks that have not gone through mergers or acquisitions, we observed that LIQ was positive (1.21E-09) and significant at 5% (p=0.000). The liquidity position of a company is important for dividend payments. Results showed statistical significance for the variable of banks that have not gone through mergers or acquisitions at 5% level and for banks that have gone through mergers or acquisitions at 10% level. Hence we reject the null hypothesis (i) that there is no significant relationship between liquidity and dividend payout in banks involved in merger and acquisition and those not involved.

Growth and Dividend Payout

For banks that have gone through mergers and acquisitions, GRWTH was negative (-0.785) and significant at 5% (p=0.001), for banks that have not gone through mergers or acquisitions during the period covered by the study, GRWTH was negative (-0.161) and significant at 10% (p=0.075). Hence we reject the null hypothesis (ii) that there is no significant relationship between growth and dividend payout in banks involved in merger and acquisition and those not involved. Experiences have shown that companies undergoing growth and expansion tend to pay lower dividends.

Leverage and Dividend Payout

For banks that have gone through mergers and acquisitions, we observed that LEV appeared negative (-0.557) and also significant at 5% (p=0.003), for banks that have not gone through mergers or acquisitions during the period covered by the study, LEV appeared negative (-0.338) though not significant at 5% (p=0.195). Hence we reject the null hypothesis (iii) that there is no significant relationship between leverage and dividend payout in banks involved in merger and acquisition and those not involved.

Profitability (ROA & ROE) and Dividend policy

For banks that have gone through mergers and acquisitions, ROA was positive (0.0021) but not significant at 5% (p=0.997) while ROE was negative (-0.004) and significant (p=0.0418) at 5%. For banks that have not gone through mergers or acquisitions, ROA was positive (2.6552) and significant at 5% (p=0.002) while ROE was negative (-0.1501) though not significant (p=0.163) at 5%. Level of profitability is a key factor that may

influence firms' dividend decisions. Although the direction of sign of the coefficients differ for ROE and ROA, the variables are significant. The positive sign suggests that profitable firms will pay dividends and this is in tandem with Al-Kuwari (2009); Ahmed and Javid, (2009). Hence we reject the null hypothesis (iv) that there is no significant relationship between profitability and dividend payout in banks involved in merger and acquisition and those not involved. However, the possibility of an inverse relationship as observed for ROE is also likely in two scenarios; (i) In situations where less cash flow is expected in the future and (ii) where the firm has investment opportunities. This is in tandem with Kowalewski (2007)

Firm Size and Dividend payout

For banks that have gone through mergers and acquisitions, we observed that FSIZE was positive (1.02E-09) but not significant at 5% (p=0.382) while for banks that have not gone through mergers or acquisitions, FSIZE was positive (1.09E-10) but not significant at 5% (p=0.5778). Hence we reject the null hypothesis (v) that there is no significant relationship between firm size and dividend payout in banks involved in merger and acquisition and those not involved. The positive relationship between dividend payout policy and firm size is supported by the studies conducted by Jensen, Solberg, and Zorn (1992) and Redding (1997)

Previous Period Dividend and Dividend Payout

For banks that have gone through mergers and acquisitions, DIV (-1) was positive (0.3178) and significant at 5% (p=0.002). For banks that have not gone through mergers or acquisitions, DIV (-1) was positive (0.224) but not significant at 5% (p=0.183). Hence we reject the null hypothesis (vi) that there is no significant relationship between previous period dividend payment and dividend payout in banks involved in merger and acquisition and those not involved. This finding is in tandem with Bebczuk (2005) and Ahmed and Javid (2009) which found dividends payments in previous periods affect firms' dividend policy.

5.0 Summary of Findings, Conclusion and Recommendations

5.1 Summary of Findings

The study investigated the effect of mergers and acquisition on the determinants of dividend payout in Nigeria. The determinants examined are; liquidity, growth, leverage, profitability (ROA & ROE), firm size and previous year dividend.

Results showed that liquidity, return on asset, firm size and previous year dividend has a positive relationship with dividend payout among banks involved in merger and acquisition. The same applies to those not involved in merger and acquisition. Also, growth, return on equity and leverage has a negative relationship with dividend payout amongst banks that were not involved in merger and acquisition. It is the same for those that were involved in merger and acquisition.

5.2 Conclusion

Given the findings that the same results applied to banks involved in merger and acquisition and those not involved in merger and acquisition, we can conclude that merger and acquisition has no effect on the determinant of dividend payout in Nigeria.

5.3 Recommendation

It is therefore recommended that managers and directors should not be bothered about the effect that merger or acquisition will have on their dividend policy instead they should concentrate on the determinants of dividend decision considered in this study.

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APPENDIX

Regression Results

Banks Involved in Mergers and Acquisition

Dependent Variable: DIV
Method: Panel EGLS (Cross-section weights)
Date: 11/23/14 Time: 04:17
Sample (adjusted): 2008 2013
Periods included: 6
Cross-sections included: 5
Total panel (unbalanced) observations: 26
Linear estimation after one-step weighting matrix
White cross-section standard errors & covariance (d.f. corrected)
WARNING: estimated coefficient covariance matrix is of reduced rank

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.854810	0.251675	3.396487	0.0043
LIQ	-1.78E-09	8.50E-10	-2.092699	0.0551
GROWTH	-0.784863	0.193945	-4.046838	0.0012
LEV	-0.556642	0.114180	-4.875106	0.0002
ROA	0.002081	0.569652	0.003653	0.9971
ROE	-0.003758	0.001678	-2.240222	0.0418
FIRMS	1.02E-09	1.14E-09	0.902428	0.3821
DIV(-1)	0.317805	0.080876	3.929515	0.0015

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

R-squared	0.735025	Mean dependent var	1.140476
Adjusted R-squared	0.526830	S.D. dependent var	1.849850
S.E. of regression	1.270858	Sum squared resid	22.61112
F-statistic	3.530464	Durbin-Watson stat	2.685294
Prob(F-statistic)	0.014690		

Unweighted Statistics

R-squared	0.315969	Mean dependent var	0.650000
Sum squared resid	28.17389	Durbin-Watson stat	2.605305

Banks Not Involved in Mergers and Acquisition
Dependent Variable: DIV
Method: Panel Least Squares
Date: 11/23/14 Time: 04:33
Sample (adjusted): 2009 2013
Periods included: 5
Cross-sections included: 7
Total panel (unbalanced) observations: 31
White cross-section standard errors & covariance (d.f. corrected)
Convergence achieved after 11 iterations
WARNING: estimated coefficient covariance matrix is of reduced rank

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.277372	0.201721	1.375028	0.1881
LIQ	-1.21E-09	2.87E-10	-4.208892	0.0007
GROWTH	-0.161586	0.084737	-1.906918	0.0747
LEV	-0.338104	0.249972	-1.352568	0.1950
ROA	2.655213	0.734068	3.617122	0.0023
ROE	-0.150162	0.102688	-1.462318	0.1630
FIRMS	1.09E-10	1.93E-10	0.568117	0.5778
DIV(-1)	0.223635	0.160604	1.392465	0.1828
AR(1)	-0.400314	0.132759	-3.015350	0.0082

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.890675	Mean dependent var	0.095161
Adjusted R-squared	0.795016	S.D. dependent var	0.367168
S.E. of regression	0.166236	Akaike info criterion	-0.444476
Sum squared resid	0.442149	Schwarz criterion	0.249389
Log likelihood	21.88937	Hannan-Quinn criter.	-0.218293
F-statistic	9.310945	Durbin-Watson stat	2.110739
Prob(F-statistic)	0.000033		

Inverted AR Roots -.40