

Determinants of Dividend Policy A Study on Oil and Gas Sector of Pakistan

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Abstract

This report has conducted on determinants of dividend policy in oil and gas sector of Pakistan, purpose of taking this sector is; because, oil and gas sector contains lots of the blue chip companies and shown growth trend, and investors want oil and gas sector's stock in their portfolio.

Most of the investors choose firm for investing they look first is dividend policy that's why dividend policy of company should be made according to the needs of investors so that company should attract more investor toward itself to invest in stock rather than distract, and Investors are concern more about dividend because of uncertain capital gain in future.

I have taken 11 companies of oil and gas sector of Pakistan that are listed on Karachi stock exchange (KSE-100), which includes oil refineries marketing and exploration companies. Data has been taken from the period of 2005 to 2011.

This research contains five independent variables such as sales growth, Earning per share, debt to equity ratio or leverage ratio, corporate tax and profit before tax; and dependent variable taken is dividend. I have used multiple regressions to get the results of this independent variable on dividend, and result shows a significant relationship of dividend with the profit before tax and earnings per share.

This research contains both recession (2008) and expansion (2005-2006) periods , that's why this research is a reliable because investors can know effects of variable and firms decision both in recession and expansion period related to divined policy in oil and gas sector.

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