

DETERMINANTS OF DIVIDEND POLICY – THE CASE OF FINANCIAL INSTITUTIONS OF THE REPUBLIC OF SERBIA

Aleksandra Radojević*, Biljana Jovković, Aleksandra Vasić

University in Kragujevac, Faculty of Law, Kragujevac, Serbia

ORCID iDs: Aleksandra Radojević  <https://orcid.org/0000-0001-8000-9248>
Biljana Jovković  <https://orcid.org/0000-0003-2433-0963>
Aleksandra Vasić  <https://orcid.org/0000-0001-9780-1477>

Abstract

The decision on the dividend policy is one of the most important decisions that need to be made, and it may affect the future position and development of the company. A large number of authors conducted research that showed the influence of various factors on dividend policy. The results of that body of research showed different impacts, depending on the company on which the analysis was performed. The empirical analysis in this paper was performed on the case of financial institutions in the Republic of Serbia, and the basis for their selection was the importance of these institutions for the functioning of all segments of the economy. The subject of the paper is the dividend policy applied by financial institutions in the Republic of Serbia. In accordance with the subject of the research, the aim of the work is to determine the impact of profitability, liquidity, leverage, company size and dividends in the previous year on the current year's dividend policy. A correlation analysis, panel regression analysis, and Mann-Whitney U test were performed, and the results of these analyses show the existence of a statistically significant negative impact of the previous year's dividend on the current year's dividend policy, expressed by the dividend payout rate. The results of the non-parametric Mann-Whitney U test show the existence of a statistically significant difference in the distribution of the dividend policy variable between insurance companies and banks.

Key words: financial institutions, insurance companies, banks, dividend policy.

* Corresponding author: Aleksandra Radojević, University in Kragujevac, Faculty of Law, Liceja Kneževine Srbije 1, 34000 Kragujevac, Serbia | aleksandra.radojevic@ekonomski.org

ДЕТЕРМИНАНТЕ ПОЛИТИКЕ ДИВИДЕНДИ – СЛУЧАЈ ФИНАНСИЈСКИХ ИНСТИТУЦИЈА РЕПУБЛИКЕ СРБИЈЕ

Апстракт

Одлука о дивидендној политици једна је од значајних одлука коју треба донети и која може утицати на будући положај и развој предузећа. Велики број аутопара вршио је истраживања која су приказала утицај различитих фактора на дивидендну политику. Резултати тих истраживања су исказали другачије утицаје, а у зависности од предузећа над којима је анализа вршена. Емпиријска анализа у овом раду извршена је на случају финансијских институција у Републици Србији, а као основ за њихов избор јавља се значај ових институција за функционисање свих сегмената једне привреде. Предмет рада јесте дивидендна политика која се примењује код финансијских институција у Републици Србији. У складу са предметом истраживања, циљ рада јесте утврђивање утицаја профитабилности, ликвидности, леверица, величине предузећа и дивиденде у претходној години на дивидендну политику текуће године. Извршена је корелациона анализа, панел регресиона анализа и Mann-Whitney U тест, а резултати који су на бази спроведене анализе добијени показују постојање статистички значајног негативног утицаја дивиденде из претходне године на дивидендну политику текуће године, изражену стопом исплате дивиденде. Резултати непараметарског Mann-Whitney U теста показују постојање статистички значајне разлике расподеле променљиве 'дивидендна политика' између друштава за осигурање и банака.

Кључне речи: финансијске институције, осигуравајуће компаније, банке, дивидендна политика.

INTRODUCTION

The results of a company's operations are of significant relevance to all stakeholders associated with it. The optimal decision of pay dividends is of utmost importance for maintaining stability, and for the further growth of the company – its payment means fewer opportunities for future investments and the growth of the company, but it allows higher satisfaction of existing and potential investors, managers and other stakeholders. A dividend, in essence, represents the company's earnings distributed to shareholders, and this payment limits the capacity to support investments from internal financing sources. Dividend policy, therefore, involves the company's decision on which part of its earnings should be distributed as dividends and which part should be retained, i.e. reinvested in future development. The factors influencing a company's dividend policy can be categorised into factors related to the company's characteristics, and those related to corporate governance (Trang, 2012).

The National Bank of Serbia has the responsibility of adopting measures that influence the preservation and strengthening of the financial system in the Republic of Serbia. Research related to dividend policies in the Republic of Serbia is limited due to the underdeveloped stock market,

where the number of publicly traded joint-stock companies has been steadily declining, with only a few companies regularly paying dividends (Jovković & Vržina, 2021). The general assemblies of financial institutions in the Republic of Serbia frequently do not make decisions regarding dividend distribution despite achieving positive business results. This trend in the market may represent a constraint on the development of financial institutions as well as other enterprises. One of the factors that can increase the value of a bank is its dividend policy, i.e. the investor's goal is to achieve returns in the form of dividends, and a higher dividend leads to an increase in the stock price of the company held by the investor (Putri & Wiksuana, 2021).

Dividends represent a very important indicator of the organisation and business results of a company, as well as the management style and culture that prevails within the company. The aim of the work is to determine the impact of various factors on dividend policy. The aim is to identify which factors have a dominant influence on dividend policy and what should be paid attention when considering dividends.

LITERATURE REVIEW

One of the fundamental aims of a company is to achieve the best possible business results, that is, to maximise profits. The profitability of banks is one of the key indicators of their success (Lekpek & Šabotić, 2023). The fulfillment of this aim will enable larger amounts of funds that will be available for payment to shareholders, which will have an impact on increasing trust in the company, increasing stability and the possibility for further growth. It is essential that there is a clear plan, and that there are policies and procedures within the company that regulate the objectives, timing, and the process of dividend payment.

Investors expect companies in which they invest their capital to lead a stable dividend policy (Pieloch-Babiarz, 2021). Lee (2009) states that dividends can provide important information to shareholders about the company's performance, a concept known as the signaling effect. Through this effect, managers are under the impact and pressure of the capital market to pay the optimal amount of dividends to shareholders. This mechanism has the role of monitoring the manager, and thus solves the so-called agency problem. Patra, Poshakwale, and Ow-Yong (2012) state that the signaling effect stems from the view that dividend announcements provide information to outside investors about the company's current performance. These authors explain that information about future results can be estimated from known current results. Following the mentioned relations, the dividend is a signal of the company's future earnings. The set of all decisions on dividends is contained in the dividend policy (Jovković, Vasić, &

Bogićević, 2021), where the decision to distribute earnings as dividends to shareholders is a component of this policy.

The types of dividend policies used by companies can be classified into several categories (Uzomah & Ihe, 2021). According to the first type of dividend policy, the dividend is paid to shareholders at a regular rate, which requires consistent earning on the part of the company. The second type of dividend policy involves the regular payment of a certain amount of money to shareholders. The third type means that the dividend is not paid regularly due to the company's unstable earnings and lack of liquid assets. The last case is non-payment of dividends to shareholders due to the company's need for funds from which to finance further growth and development. This classification is not applicable in all countries, some countries, such as Chile, require companies that achieve positive business results to pay dividends, i.e. Chilean law mandates that companies distribute 30% of their profits in the form of dividends. In the Republic of Serbia, there is no obligation to pay dividends – considering the data on dividend payments by financial institutions, it can be said that there is no established practice of dividend distribution. Dividend payments are sporadic and often do not occur even in situations of significant positive business results.

Jaara, Alashhab, and Jaara (2018) state that company managers have superior information compared to other stakeholders. Therefore, any change related to dividends should be announced and publicly available, such as increases or decreases in dividends, payment of dividends after a long break, and the like, and in accordance with announcements and notices regarding dividends, the share price will also change. The existence of competition requires the company management to make efforts in increasing the value of the company, and this value is also expressed through the price of shares (Setyabudi, 2021).

Hasanuddin (2021) concludes that the dividend policy has a significant positive impact on the company's value, i.e. with an increase in dividend payouts, the company's value will also increase, which will further attract investors. This is the result of a situation where dividend distributions can reduce uncertainty for investors. Shareholders of companies, including banks, as rational investors, expect to receive compensation for their investment, and the bank's ability to pay dividends will depend on the achieved results (Agyei & Marfo-Yiadom, 2011).

A large number of studies have been conducted to determine the various factors affecting dividend policy. Factors such as profitability, leverage, company size, growth potential and the maturity of the company affect dividend policy (Thakur & Kannadhasan, 2018). Profitability is considered a factor that significantly influences dividend policy, i.e. more profitable companies have the ability to pay higher dividend amounts, and hence a positive relationship between profitability and dividends is expected (Al-Najjar & Hussainey, 2009). Another argument in favor of a pos-

itive relation between profitability and dividend payout is that highly profitable companies are in a better position to obtain funds from banks and other external sources of financing at lower interest rates and, therefore, pay high dividends to their shareholders (Tahir & Mushtaq, 2016). Companies with high liquidity, i.e. those with greater availability of cash will pay more dividends (Al-Najjar & Hussainey, 2009), that is, a poor liquidity position means less dividend payouts due to lack of cash (Amidu & Abor, 2006). Leverage, as the total debt to total assets ratio, has a significant role in determining company performance (Bista, Bartaula, Shrestha, Gnawali, Lamichhanem, & Parajuli, 2019). Regarding the size of the company, it can be said that better business results are expected from big companies, and accordingly, a higher amount of funds will be available for payment to shareholders in the form of dividends. Since large companies generally have a larger number of investors and easier access to the capital market, a logical consequence is the more frequent dividend payments (Patra et al., 2012), assuming positive business performance and satisfactory liquidity. It is believed that companies tend to pay dividends continuously, as investors perceive companies with stable dividend payments as stronger and more valuable (Maladjian & Khoury, 2014). If the company has a history of dividend payments, it is expected that in the majority of cases, when it achieves a positive result, it will repeat the payment.

Research carried out on insurance companies in Ethiopia showed a statistically significant relationship between the decision on dividend payment and profitability, i.e. an increase in profitability will affect an increase in dividend payments (Adimasu, 2019). Also, research conducted on the case of developed countries (Trang, 2012) showed a positive impact of profitability, measured by return on assets (ROA), on dividend payments. Research on the example of banks from Korea (Lee, 2009) shows a positive statistically significant influence of profitability measured by the ROA indicator on dividend policy. Nerviana (2015) finds that profitability measured by return on equity (ROE) has a positive statistically significant effect on the dividend policy of companies in Indonesia. In the case of companies in Sub-Saharan Africa, the decision to pay dividends is influenced by the level of profitability, leverage, as well as risk (Arko, Abor, Adjasi, & Amidu, 2014). In the USA, Canada, UK, Germany, France and Japan, the tendency to pay dividends is higher among larger and profitable companies (Denis & Osobov, 2008). The findings of a study conducted on the example of joint-stock companies in Ghana suggest that profitable companies tend to pay higher dividends, and that a strong liquidity position enhances the ability to pay dividends. (Amidu & Abor, 2006).

Based on the example of a company from Pakistan, it was shown that the dividend policy depends on several factors that have different effects. The positive influence of profitability and company size on dividend payout was shown, which means the tendency of larger and more profitable companies to

pay higher amounts of dividends to shareholders. Leverage has a negative effect on dividend payout, i.e. a higher degree of debt financing leads to a smaller dividend payout. In this paper, liquidity was not identified as a significant factor affecting dividend payout. (Tahir & Mushtaq, 2016)

The impact of various factors on the dividend was also examined in the case of companies in India (Singla & Samanta, 2019). This research showed a positive impact of profitability, liquidity, leverage, and company size on dividends. It is emphasised that profitability has the highest degree of influence on dividend payout compared to other variables. On the case of insurance companies and banks (Bista et al., 2019), the research highlighted the positive impact of company size, profitability and leverage on dividend payouts, as well as the negative impact of liquidity on dividend policy measured by the dividend payout rate. The negative impact of leverage and the positive impact of company size on dividend policy were shown in a study conducted on Indian companies (Rajesh Kumar & Sujit, 2018).

When defining dividend policy, companies should take into account dividend decisions from previous years in order to prevent negative reactions and inadequate market expectations (Arko et al., 2014). Baker, De-wasiri, Koralalage, and Azeez (2019) conclude that the crucial factors affecting dividend payout are, among others, the previous year's dividend, profitability and company size. This research showed a statistically significant positive impact of profitability and dividends from the previous year on the decision to pay dividends for the current year. The positive influence of company size on dividend payment was demonstrated on the example of public companies in Malaysia (Yusof & Ismail, 2016), while research conducted on the example of manufacturing companies in Indonesia found that company size does not affect dividend policy (Nerviana, 2015).

Based on the research subject and aim, and in accordance with the review of previously research, the hypotheses from which the paper is based are as follows.

H1: Profitability has a statistically significant positive impact on the current year's dividend policy of financial institutions: (H1.1) measured by return on total assets (ROA); and (H1.2) measured by return on equity (ROE).

H2: Company size has a statistically significant positive impact on the current year's dividend policy of financial institutions.

H3: Liquidity has a statistically significant positive impact on the current year's dividend policy of financial institutions.

H4: Leverage has a statistically significant negative impact on the current year's dividend policy of financial institutions.

H5: The previous year's dividend has a statistically significant positive impact on the current year's dividend policy of financial institutions.

METHODOLOGY

In order to reveal the impact of various factors on dividend policy, an empirical study was conducted, which included financial institutions in the Republic of Serbia, that is, the research included a sample of 180 observations. The sample includes 11 insurance companies, 4 reinsurance companies, and 15 banks, and the research observes the time period between 2017 and 2022. The year 2023 was excluded from the research due to the unpublished dividend payout data, which will be provided in the Statement of changes in equity for the year 2024. The secondary data used for the research was collected from the website of the National Bank of Serbia and from the website of the Business Registers Agency. The sorted data was imported into the SPSS statistical software, where the analysis was performed. The relation between the independent variables, as well as between the independent and dependent variables, was examined using correlation analysis, applying the Spearman correlation coefficient. The impact of the independent variables on the current year's dividend policy was assessed using panel regression analysis. The model from which the work is based is

$$\text{DIV}_{i,t} = \beta_0 + \beta_1 \text{ROA}_{i,t} + \beta_2 \text{ROE2}_{i,t} + \beta_3 \text{SIZE}_{i,t} + \beta_4 \text{LIK}_{i,t} + \beta_5 \text{LEV}_{i,t} + \beta_6 \text{DIV}_{t-1,i,t} + \varepsilon_{i,t}$$

In the presented model, DIV represents the dependent variable (current year's dividend policy), while ROA, ROE, VEL, LIK, LEV, and DIV_{t-1} are independent variables (profitability, company size, liquidity, leverage, and previous year's dividends). The symbols from β_0 to β_6 denote the regression coefficients, while $\varepsilon_{i,t}$ represents the random error term of the model. The sample units are indicated by the symbol i , whereas t denotes the time period during which the data is observed.

Based on some of the previously conducted research, a selection of independent variables was made whose influence on the current year's dividend policy will be monitored. The dividend policy is expressed by the dividend payout rate (Jovković & Vržina, 2021; Jovković et al., 2021). Profitability, liquidity, company size, leverage and dividend in the previous year are some of the factors whose influence on dividend policy has been examined by numerous authors (Arko et al., 2014; Bista et al., 2019; Maldjian & Khoury, 2014; Nerviana 2015), and the method of calculating these indicators is shown in Table 1.

Due to the specific nature of banks' operations, banks do not classify liabilities into short-term and long-term on the equity and liabilities side of the Balance sheet, and for the purpose of calculating liquidity, the position of short-term liabilities was not used, as the liquidity indicator recommended by the National Bank of Serbia was already used. Taking into account the Law on Accounting of the Republic of Serbia, companies are classified by size based on the average number of employees, operating

income during the financial year, and the value of total assets determined as per the balance sheet date of the regular annual financial statement (Law on Accounting, Article 6). However, following the approach of previously conducted research in the Republic of Serbia (Jovković & Vržina, 2021; Jovković et al., 2021), this study uses only one variable to represent company size, as presented in Table 1.

Table 1. Description of model variants

Variables	Symbol	Description
Depended Variable		
Current year's dividend policy	DIV	Dividend paid/Net income
Independend Variable		
Profitability	ROA	Net income/Total assets
	ROE	Net income/Shareholders equity
Company size	SIZE	Natural logarithm of total assets
Liquidity	LIK	Cash and cash equivalent/Total assets
Leverage	LEV	Total liability/Total assets
Previous year's dividends	DIVt-1	Last year dividend

Source: Authors

RESULTS AND DISCUSSION

The results of the conducted analysis are presented with descriptive statistics, followed by the results of the correlation analysis. The degree of the linear dependence of the model variables was examined using the Spearman correlation coefficient. Previously, the normality of the distribution was examined using the Kolmogorow-Smirnov and Shapiro-Wilk tests, where, in both cases, there was no normal data distribution. Finally, the results of the regression analysis are presented.

Table 2. Descriptive statistics

Variables (n=180)	\bar{X}	Minimum	Maximum	Median	Standard deviation
DIV	0.3211	-1.5087	3.1030	0	0.5303
ROA	0.0157	-0.0806	0.1205	0.0150	0.0244
ROE	0.1923	-0.1760	1.1610	0.1643	0.2153
SIZE	17.1229	13.8944	20.5307	16.7357	1.8397
LIK	0.1052	0.0062	0.9151	0.0941	0.1050
LEV	0.4555	0.0075	0.9537	0.3900	0.3700
DIVt-1	1,149,526.27	0	32,182,375	0	3,741,953.16

Source: Authors

The results of descriptive statistics show that the mean value of the dividend policy indicator for the analysed period is 0.3211. The minimum

value of the DIV indicator was negative, and the reason for this is that the dividend paid was from profits earned in previous years, while a loss was realised in the year of dividend paid. The minimum values for the variables ROA and ROE are negative, that is, some of the financial institutions included in the analysis (insurance companies, reinsurance companies, and banks) achieved a negative net result in one of the analysed years (from 2017 to 2022). The minimum value of DIVt-1 is 0, indicating that dividends were not paid in every year of the observation period. The reason for this can be found in the situation on the market, but also in the management of the joint stock company. In the conducted research, the term 'current year' refers to the years in the period between 2017 and 2022, while 'DIVt-1' refers to the dividend paid in the year immediately preceding each of these years.

Table 3. Correlation matrix

Variables	DIV	ROA	ROE	SIZE	LIK	LEV	DIVt-1
DIV	1						
ROA	0.395**	1					
ROE	0.517**	0.832**	1				
SIZE	0.234**	0.037	0.369**	1			
LIK	-0.064	-0.223**	-0.094	0.500**	1		
LEV	-0.031	-0.337**	-0.158*	0.622**	0.760**	1	
DIVt-1	0.599**	0.399**	0.549**	0.384**	-0.056	-0.020	1

*Note: Statistically significant at the 0.01 level (**)*

Statistically significant at the 0.05 level ()*

Source: Authors

The results of the correlation analysis presented in Table 3 show a positive statistically significant relationship between the dividend policy of the current year and profitability, measured by ROA and ROE indicators, the size of the financial institution and dividends in the previous year. This relation is of medium intensity in the first case, weak in the case of the connection DIV and SIZE, and strong in the case of the connection DIV and ROA, as well as DIV and DIVt-1. The correlation between the independent variables is not higher than 0.9, so multicollinearity problem is not expected. Multicollinearity exists when the independent variables are highly correlated ($r=0.9$ and higher) (Pallant, 2009, 151).

The value of the coefficient of determination (R^2) is 0.511, that is, 51.1% of the variability of the current year's dividend policy is influenced by the factors included in the model. When considering the adjusted R^2 , the value is 0.371, that is, 37.1% of the variability of the current year's dividend policy is influenced by the factors included in the model. The F value is 3.639, and the significance level is 0, which is less than 0.05, so it is concluded that the proposed model is statistically significant. The results of the conducted panel regression are shown in Table 4.

Table 4. Regression results

Independed Variable	Depended Variable		
	Beta	t	Sig.
ROA	0.160	1.196	0.234
ROE	-0.132	-0.932	0.353
SIZE	0.551	1.111	0.268
LIK	0.163	1.061	0.291
LEV	0.072	0.161	0.872
DIVt-1	-0.206	-2.262	0.025*

Note: Statistically significant at the 0.05 level (*)

Source: Authors

Based on Table 4, it is concluded that one variable (dividend from the previous year) has a statistically significant influence on the dividend policy of the current year, and the influence is negative ($\beta=-0.206$). This means that financial institutions with lower values of dividends payouts in the previous year will decide on higher amounts of dividends in the following year.

Based on the results of the research, it can be concluded that hypothesis H1 is rejected, i.e. profitability does not have a statistically significant impact on the current year's dividend policy of financial institutions in the Republic of Serbia. Actually, hypotheses H1.1 and H1.2 are rejected. The impact of the ROA on DIV is positive, while the impact of ROE on DIV is negative, but this influence is not statistically significant, i.e. $p>0.05$. Pattiuhu and Paais (2020) reached similar conclusions regarding the relationship between ROE and DIV, but the results do not agree regarding the relation between ROA and DIV, i.e. they determined the existence of a statistically significant relationship between these two variables. The results are not consistent with the results of research conducted on the examples of banks in Korea (Lee, 2009) and insurance companies of Ethiopia (Adimasu, 2019). The reason for this may be the different territorial units on which the research was conducted.

Company size has a positive, but not statistically significant effect on the current year's dividend policy of financial institutions, so hypothesis H2 is rejected. The results of an earlier study that examined this relation (Pattiuhu & Paais, 2020) are in accordance with the result obtained in our study. Jovković and Vržina (2021) showed a negative relation between SIZE and DIV, but it is not statistically significant, so it can be said that the obtained results partially agree with this research. In contrast, a statistically significant relation between the two mentioned variables was shown in a study conducted on the example of banks in Lebanon (Maladjian & Khoury, 2014). The absence of a statistically significant relation between company size and dividend policy is in accordance with the results obtained in the research conducted in Vietnam (Trang, 2012).

Liquidity does not show a statistically significant impact on the current year's dividend policy of financial institutions in the Republic of Ser-

bia, which concludes that hypothesis H3 is rejected. These results are contrary to the results of the research conducted on the case of Greece, which show a statistically significant relation between the LIK and DIV variables, but they agree that companies with higher liquidity will pay higher amounts of dividends (Patra et al., 2012). Tahir and Mushtaq (2016) show a statistically insignificant impact of liquidity on dividend policy, which is in line with the results of this research.

Hypothesis H4 is rejected because the conducted research showed a positive impact of leverage, which is not statistically significant, on the current year's dividend policy. Similar conclusions were reached by Maldjian and Khoury (2014), who state that despite its positive sign, financial leverage is insignificant, suggesting that this variable is not an essential factor influencing the dividend payouts in Lebanese banks. Trang (2012) also did not find a statistically significant relation between these two variables. Bistra et al. (2019) show a positive impact of leverage on dividend policy on the example of financial institutions of Nepal, which is consistent with the results of this research, but the difference occurs in the existence of a statistical significance of this relation.

Hypothesis H5 is partially confirmed by the results of the empirical research, which show a statistically significant negative impact of DIVt-1 on the current year's dividend policy. A statistically significant impact was also shown in a research that followed the banking sector of the Republic of Serbia (Jovković et al., 2021). Regarding the direction of the relation DIV and DIVt-1, the obtained results do not agree with the results of the research carried out in Sri Lanka (Baker et al., 2019).

The reasons for the discrepancies between the obtained results and the results of previous research can be found in the different geographical areas in which the analysed companies operate, and the industry in which they are involved. Significant differences can also arise as a consequence of business conditions, regulations that affect them, the existence of a dividend payout tradition, and similar factors. Inconsistencies in the obtained results may also occur due to the use of several different time periods, in which there were various external factors and challenges.

Applying the Mann-Whitney U test, it was additionally examined whether there is a difference between banks and insurance companies in terms of the dividend payout ratios, also in the case of the previous year's dividend. The results of the conducted test are presented in Table 5.

Table 5. Mann-Whitney U test

Variables	Mann Whitney U	Z	Sig.	r	Median bank	Median insurance
DIV	3,371.000	-2.103	0.035	0.157	0.0000	0.0787
DIVt-1	3,704.500	-1.067	0.286	0.080	0.0000	42,676.00

Source: Authors

The results of the Mann-Whitney U test show the existence of statistically significant differences in the distribution of the DIV variable between banks and insurance companies in the Republic of Serbia ($p<0.05$). The differences observed in the case of DIV are of small intensity ($r=0.157$), that is, there is a small difference between the two groups of financial institutions. The intensity was determined based on the impact size indicator r (Pallant, 2009, 226).

CONCLUSION

Research on dividend policy and the factors influencing dividend payout decisions is extensive and has been conducted using examples from various companies and countries. The aim of the conducted research was to determine the influence of independent variables on the dividend policy of the current year. Of the six observed variables, only one showed a statistically significant impact on the dividend payout, namely the amount of the dividend in the previous year. It can be concluded that the obtained results are not unexpected considering the development of the market of the Republic of Serbia regarding dividend payout. Financial institutions in the Republic of Serbia, although in the form of joint-stock companies, do not have a tradition of continuous dividend payments, i.e. in a large number of cases, when net profit is made, it is not paid to shareholders but is retained within the company.

The scientific contribution of this paper is reflected in the expansion of existing knowledge about the impact of various factors on the dividend policy in the financial sector of the Republic of Serbia. The practical contribution of the research is reflected in the provision of information to investors suitable for making decisions about potential investments in the financial sector of the Republic of Serbia. Special attention should be paid to potential market movements, regulatory changes or some other factors that may affect companies and their decision to pay dividends. This could change the situation in the financial sector of the Republic of Serbia, as well as the impact of different factors on dividend policy. The limitations of the conducted research are related to the sample size, i.e. a longer observation period would have increased the sample and enabled the formulation of more comprehensive conclusions. Therefore, future research could include a wider sample, as well as financial institutions from countries surrounding the Republic of Serbia. It would be adequate to examine the potential influence of a number of factors on the decision to pay a dividend, such as business risk, investment opportunities, the quality of the performed audit, and others.

REFERENCES

- Adimasu, N. A. (2019). Dividend policy and firm's profitability: Evidence from Ethiopian private insurance companies. *Journal of Finance and Accounting*, 7(4), 116-121. Doi:10.11648/j.jfa.20190704.12
- Agyei, S. K., & Marfo-Yiadom, E. (2011). Dividend policy and bank performance in Ghana. *International Journal of Economics and finance*, 3(4), 202-207. Doi:10.5539/ijef.v3n4p202
- Al-Najjar, B., & Hussainey, K. (2009). The association between dividend payout and outside directorships. *Journal of Applied Accounting Research*, 10(1), 4-19. Doi:10.1108/09675420910963360
- Amidu, M., & Abor, J. (2006). Determinants of dividend payout ratios in Ghana. *The journal of risk finance*, 7(2), 136-145. Doi:10.1108/15265940610648580
- Arko, A. C., Abor, J., Adjasi, C. K., & Amidu, M. (2014). What influence dividend decisions of firms in Sub-Saharan African?. *Journal of Accounting in Emerging Economies*, 4(1), 57-78. Doi:10.1108/JAEE-12-2011-0053
- Baker, H. K., Dewasiri, N. J., Koralalage, W. B. Y., & Azeez, A. A. (2019). Dividend policy determinants of Sri Lankan firms: a triangulation approach. *Managerial Finance*, 45(1), 2-20. Doi:10.1108/MF-03-2018-0096
- Bista, N. B., Bartaula, N. R., Shrestha, O., Gnawali, P., Lamichhane, P., & Parajuli, P. (2019). Impact of corporate governance on dividend policy of Nepalese enterprises. *Business governance and society*, 377-397. Doi: 10.1007/978-3-319-94613-9_21
- Denis, D. J., & Osobov, I. (2008). Why do firms pay dividends? International evidence on the determinants of dividend policy. *Journal of Financial economics*, 89(1), 62-82. Doi:10.1016/j.jfineco.2007.06.006
- Hasanuddin, R. (2021). The Influence of Investment Decisions, Dividend Policy and Capital Structure on Firm Value. *Jurnal Economic Resource*, 4(1), 39-48. doi:10.33096/jer.v4i1.84
- Jaara, B., Alashhab, H., & Jaara, O. O. (2018). The determinants of dividend policy for non-financial companies in Jordan. *International Journal of Economics and Financial Issues*, 8(2), 198-209.
- Jovković, B., Vasić, A., & Bogićević, J. (2021). Determinants of Dividend Policy: A Case of Serbia's Banking Sector. *Naše gospodarstvo/Our economy*, 67(1), 13-22. Doi:10.2478/ngoe-2021-0002
- Jovković, B., & Vržina, S. (2021). Taxation and Dividend Payout: The Case of the Republic of Serbia. *Management: Journal of Sustainable Business and Management Solutions in Emerging Economies*, 26(3), 35-46. Doi:10.7595/management.fon.2021.0016
- Lee, S. W. (2009). Determinants of dividend policy in Korean banking industry. *Banks & bank systems*, 4(1), 67-71.
- Lekpek, A., & Šabotić, Z. (2023). The impact of economic trends on bank profitability – The case of Serbia and Croatia. *TEME*, 47(2), 317-336. Doi:10.22190/TEME210614021L
- Maladjian, C., & Khoury, R. E. (2014). Determinants of the dividend policy: an empirical study on the Lebanese listed banks. *International Journal of Economics and Finance*, 6(4), 240-256.
- Nerviana, R. (2015). The effect of financial ratios and company size on dividend policy. *The Indonesian Accounting Review*, 5(1), 23-32. Doi:10.14414/tiar.15.050103
- Pallant, J. (2009). *SPSS priručnik za preživljavanje*. Beograd: Mikro knjiga.
- Pattirihu, J. R., & Paais, M. (2020). Effect of liquidity, profitability, leverage, and firm size on dividend policy. *The Journal of Asian Finance, Economics, and Business*, 7(10), 35-42. Doi:10.13106/jafeb.2020.vol7.no10.035

- Patra, T., Poshakwale, S., & Ow-Yong K. (2012). Determinants of corporate dividend policy in Greece. *Applied Financial Economics*, 22(13), 1079-1087. Doi:10.1080/09603107.2011.639734
- Pieloch-Babiarz, A. (2021). The first-largest shareholder and the attractiveness of investing in Polish dividend companies. *Public Policy and Accounting*, 1(3), 3-11. Doi:10.26642/ppa-2021-1(3)-3-11
- Putri, M. O. D., & Wiksuana, I. G. B. (2021). The Effect of Liquidity and Profitability on Firm Value Mediated by Dividend Policy. *American Journal of Humanities and Social Sciences Research*, 5(1), 204-212.
- Rajesh Kumar, B., & Sujit, K. S. (2018). Determinants of dividends among Indian firms—An empirical study. *Cogent Economics & Finance*, 6(1), 1-18. Doi:10.1080/23322039.2018.1423895
- Saens, R., & Tigero, T. (2021). Mandatory dividend rules and the investment decision: The case of Chile. *The North American Journal of Economics and Finance*, 56, 1-12. Doi:10.1016/j.najef.2021.101373
- Singla, H. K., & Samanta, P. K. (2019). Determinants of dividend payout of construction companies: a panel data analysis. *Journal of Financial Management of Property and Construction*, 24(1), 19-38. Doi:10.1108/JFMP-06-2018-0030
- Setyabudi, T. (2021). The Effect of Institutional Ownership, Leverage, and Profitability on Firm Value with Dividend Policy as an Intervening Variable. *Journal of Business and Management Review*, 2(7), 457-469. Doi:10.47153/jbmr27.1632021
- Tahir, M., & Mushtaq, M. (2016). Determinants of dividend payout: Evidence from listed oil and gas companies of Pakistan. *The Journal of Asian Finance, Economics and Business*, 3(4), 25-37. Doi:10.13106/jafeb.2016.vol3.no4.25
- Thakur, B. P. S., & Kannadhasan, M. (2018). Determinants of dividend payout of Indian manufacturing companies: A quantile regression approach. *Journal of Indian Business Research*, 10(4), 364-376. Doi:10.1108/JIBR-02-2018-0079
- Trang, N. T. X. (2012). Determinants of dividend policy: The case of Vietnam. *International Journal of Business, Economics and Law*, 1(1), 48-57.
- Uzomah, I. A., & Ihe, J. (2021). Dividend policy as determinant for investment decision. *Middle European Scientific Bulletin*, 12, 192-201. Doi:10.47494/mesb.v12i.539
- Yusof, Y., & Ismail, S. (2016). Determinants of dividend policy of public listed companies in Malaysia. *Review of International Business and Strategy*, 26(1), 88-99. Doi:10.1108/RIBS-02-2014-0030
- Law on Accounting, Official Gazette of the Republic of Serbia, No. 73/2019 and 44/2021.

ДЕТЕРМИНАНТЕ ПОЛИТИКЕ ДИВИДЕНДИ - СЛУЧАЈ ФИНАНСИЈСКИХ ИНСТИТУЦИЈА РЕПУБЛИКЕ СРБИЈЕ

Александра Радојевић Марић, Биљана Јовковић, Александра Васић
Универзитет у Крагујевцу, Економски факултет, Крагујевац, Србија

Резиме

Природа пословања банака и осигуравајућих друштава одваја их од предузета из других области – пословни процеси ових институција се разликују од пословних процеса предузећа других делатности. Велике промене и изазови у пословању захтевају од њихових руководиоца да на адекватан начин доносе одлуке. Репутација финансијске институције од великог је значаја за успешност пословања, а одлука о исплати

дивиденде и њен тренд током година говоре о напорима менаџмента компаније да задовољи интересе инвеститора. Код финансијских институција могу се уочити честе промене у смислу пословног имена и њиховог броја кроз престанак пословања, оснивање нових или спајање постојећих институција, што усложњава процес доношења одлука. У Републици Србији, исплата дивиденде није дефинисана као обавеза, односно од тренутног стања банака и друштава за осигурање и њихових пословних планова зависи будућа исплата. Истраживање је показало да неке од ових институција исплаћују дивиденду у свакој години, неке то раде спорадично, а неке нису исплатиле дивиденду ни у једној од посматраних година иако су оствариле позитиван нето резултат. Заправо, резултати спроведеног истраживања указују да дивиденда у претходној години има утицај на дивиденду политику текуће године, односно да утиче на одлуку о исплати дивиденде. Показало се да профитабилност, ликвидност, величина финансијске институције и левериџ немају статистички значајан утицај на дивиденду политику. Добијени резултати су, такође, показали постојање статистички значајних разлика расподела променљиве 'дивиденду политику' између банака и друштава за осигурање у Републици Србији. Другим речима, постоји разлика малог интензитета између две групе финансијских институција.