Corporate Governance Quality, Board Gender Diversity and Corporate Dividend Policy: Evidence from Jordan

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Abstract

This paper examines the impact of corporate governance quality and board gender diversity on the corporate dividend policy for a set of all non-financial companies listed on Amman Stock Exchange (ASE) during the period 2009-2015. The results documented that corporate governance quality and board gender diversity proxies have positive impact on corporate dividend policy. The results also showed that the women representation on the boards of non-financial companies in Jordan is considered low relative to other countries. Particularly, the causes of the poor board gender diversity in Jordan range from lack of awareness about the benefits of gender diversity to the lack of legislation that regulates this issue. It is recommended to non-financial companies in Jordan to boost their compliance with the corporate governance code and adopt diversity policies to enhance the effectiveness of the boards and keep favorable relationships with their shareholders. Furthermore, regulatory bodies in Jordan should take a step towards encouraging gender diversity on boards.

JEL Classification: G34

Keywords: Corporate Governance Quality, Board Gender Diversity, Women on Boards, Female Directors, Corporate Dividend Policy

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Introduction

The ultimate economic goal for corporations is to make profit where such profit can be held in the corporation and used in its activities or it can be distributed to shareholders in form of dividends which requires a trade-off between the payable amount value and the value to retain (Almeida et al, 2015). Kaźmierska-Jóźwiak (2015) suggested that dividend policy is considered a controversial issue in corporate finance, and the investment, financing and dividend decisions are considered the major pillars of decision making in corporate finance. Whereas, Jensen (1986) suggested that the conflict of interest between shareholders and managers could have an impact on the corporate dividend policy since managers prefer to retain earnings instead of distributing the earnings to the shareholders in form of dividends. In contrast, shareholders prefer higher level of cash distributions especially when the firm has few internal positive net present value (NPV) investment opportunities.

The issue of women on boards gained much attention over the last ten years and now at least 12 countries are regularly reviewing the gender balance of their top boards. Particularly, different actions have been taken by countries in order to increase the women representation at boards and top management level where some countries force a quota or consider legislation for quotas while other countries adopt alternative action through "comply or explain" approach or the "if not, why not" approach, (Davies, 2011) . Board gender diversity is considered a key factor contributing to the quality of corporate governance where several corporate governance codes in developed countries emphasized the importance of gender diversity to avoid the problems arising from like-minded individuals and thus enhance the effectiveness of the boards. For instance; the UK corporate governance code (2016) stated that "The problems arising from "groupthink" have been exposed in particular as a result of the financial crisis. One of the ways in which constructive debate can be encouraged is through having sufficient diversity on the board. This includes, but is not limited to, gender and race"; Japan's corporate governance code (2015) stated in "Principle 2.4 Ensuring Diversity, Including Active Participation of Women: Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women."

German corporate governance code (2014) stated that "When appointing the Management Board, the Supervisory Board shall also respect diversity and in particular, aim for an appropriate consideration of women"; In Australian, Corporate Governance Principles and Recommendations (2014) stated in Recommendation 1.5 "A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them". However, in less developed countries (such as Jordan) less attention has been paid to the issue of board gender diversity. So far, the existing legislations in Jordan and the corporate governance code issued by Jordan Securities Commission (JSC) have not yet taken any step towards the issue of board gender diversity. Despite that the International Finance Corporation (IFC) in 2014 recommended developing and emerging markets including Jordan to encourage board diversity by promoting women's leadership; providing and sharing arguments on the benefits of board

diversity; and starting a policy-level dialogue aimed at increasing the number of women on boards.

The literature in Jordan reveals that there is linkage between corporate governance and dividend policy. However, less attention has been paid to the area regarding the linkage between the quality of corporate governance and the corporate dividend policy. As well, to the best of researcher knowledge, there is no other study examined the impact of board gender diversity on corporate dividend policy which resulted in a gap in the existing literature which this paper is motivated to fill. Particularly, the purpose of this paper is to examine the impact of corporate governance quality and board gender diversity on the corporate dividend policy. This paper is mainly motivated by the international interest to the corporate governance as well to the gender diversity on boards as an important factor contributing to the quality of corporate governance.

1. Theoretical Background

1.1.Corporate governance, Gender diversity and Dividend policy

Corporate governance is defined as “"the system by which companies are directed and controlled" (Cadbury, 1992). As well, the Organization for Economic Co-operation and Development (OECD) defined corporate governance as “Procedures and processes according to which an organisation is directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organisation – such as the board, managers, shareholders and other stakeholders – and lays down the rules and procedures for decision-making”. Particularly, as a result of the global financial crisis; the response of the regulatory authorities was directed to corporate governance (Rakin, et al., 2012). The agency problem arises from the separation of ownership from control, and corporate governance practices initially appeared to minimize the conflict of interest between managers and shareholders (Baydoun, et al., 2012; Al-Rahahleh, 2016). Agency relationship is defined as a contract between one party (the principal) and another party (the agent) to perform some services on their behalf. In other words, it is a delegation of decision-making authority given by principal to the agent. Particularly, the agency problem arises since the decisions taken by the agent affect both his own wealth and the wealth of shareholders (Jensen & Meckling 1976; McColgan, 2001).

Board gender diversity provides corporations with positive outcomes since diversity generates greater variety of perspectives and this increase the likelihood of creative and innovations in the board which reflects positively the effectiveness of the board and its decisions (Byoun et al., 2015). According to several authors (Croson & Gneezy, 2009; Faccio et al., 2012; Huang &Kisgen, 2013; Van pelt 2013; Van Uytbergen & Schoubben, 2015), there is a difference between men and women where women are more risk averse than men as well women will adopt less aggressive strategy choice and will invest in more sustainable projects than men. (Joecks et al., 2013; Van pelt, 2013) suggested that when proportion of women on board is small, this will reflect negatively the firm performance. In contrast, when this proportion increases, this will reflect positively the firm performance since presence of women become an advantage to the firm. In particular, the U shaped relation suggested that the firm performance will go down to a certain point after this point

the performance will go up where this point is considered when more than 40% of the board is women.(Van Uytbergen & Schoubben, 2015) indicated that gender diversity affects corporation decision making in particular the presence of women either in board of directors or in management positions affects the corporate governance and the corporate policy. Likewise, (Byoun et al., 2016) suggested that board diversity either gender or racial is considered an important factor contributing to good corporate governance.

Dividend policy can be defined as the policy a firm uses to decide how much it will pay to shareholders in dividends (Ranti, 2013). Dividends are considered an information signal of firm performance to financial markets where regular dividends is an indicator the firm is doing well (Al-Amarneh &Yaseen, 2014). Similarly, (Naser et al, 2013; Abu Manneh, 2014) suggested that dividend policy is considered important signal of company's prospect of stability and growth, and eliminating dividends is a signal of poor firm performance. Particularly, the dividend principle assumes that the firms have to return the generated cash to the shareholders as dividends when there are no investments opportunities (Almeida et al., 2015). However, the free cash flow hypothesis implies that managers tend to invest the free cash flow in negative net present value (NPV) projects instead of paying it out to the shareholders in form of dividends where the free cash flow is defined as "cash flow left after the firm has invested in all available positive NPV projects." (Jensen, 1988; Lang &Walkling, 1991). Furthermore, (Sindhu, 2014) indicated that the free cash flow hypothesis considered dividends as a way to prevent managers from investing the free cash flow in size-increasing but non profitable projects.

The bird-in-hand theory asserts that in the world of uncertainty and information asymmetry investors prefer dividend to retained earnings (Al-Malkawi, 2007). Likewise, (Van Uytbergen & Schoubben, 2015) suggested that investors in particular risk averse investors prefer dividends to capital gains since dividends are certain and capital gains are not. Whereas, (Naser et al., 2013) indicated that shareholders and potential investors formulate investment impressions about the company by looking into management's ability to generate dividends.

Dividend payout plays a key role in resolving the conflict of interest between managers and shareholders since dividends can reduce the free cash flow problem (Byoun et al., 2016). Corporate governance quality mitigates agency problems and board gender diversity contributes to the efficiency of corporate governance. Thus, it is expected the corporate governance and board gender diversity could have an impact on the corporate dividend policy.

2. Previous Research

Previous research asserts that dividend policy is one of most debated topics in corporate finance. Debate about what drive firms to pay out dividends is still valid question (Ranti, 2013). Several empirical studies documented that corporate governance practices and presence of women on boards is considered determinants of corporate dividend policy. In this regards, Mitton (2004) studied the impact of corporate governance on dividend policy across 365 firms from 19 countries, the results showed a positive relationship between corporate governance and dividend payouts. Al-Malkawi (2007) studied the determinants of corporate

dividend policy across set of all companies listed on the Amman Stock Exchange during the period (1998 to 2000).The results revealed that the dividend payout is affected by insider ownership and state ownership which supports agency cost theories. Furthermore, the outcomes showed that firm size, age and profitability are considered determinants factors of corporate dividend policy. Kowalewski et al. (2008) studied the determinants of dividend policy and whether corporate governance is considered as a determinant of companies' dividend policy across 110 non-financial companies listed on Warsaw Stock Exchange in Poland during the period (1998-2004). The study used Transparency and Disclosure Index (TDI) to measure corporate governance quality where the results revealed that an increase in TDI increased the dividend payout ratio.

Sawicki (2009) examined the association between corporate governance and dividend policy across five East Asian countries during the period 1994–2003. The results showed a negative association between corporate governance and dividend policy across prior crisis period. However, the results revealed that dividend policy is affected positively by corporate governance across post crisis period. Van Pelt (2013) studied the impact of board characteristics on dividend policy for a sample of all S&P 500 firms during the period 2008 - 2011. In particular, the final number of companies included in the analysis was 436 firms with 1350 firm year observations. The results showed a positive association between board size and dividend policy. However, the results showed that the percentage of inside directors, the percentage of women, insiders' ownership and Directors' tenure are statistically insignificant related to dividend policy. Setiawan et al., (2013) tested the impact of corporate governance on dividend policy for a sample of 248 manufacturing firms listed on Indonesian Stock Exchange during the period 2004-2006. The study used Transparency and Disclosure Index (TDI) to measure corporate governance in Indonesia. The results revealed that the dividend policy is affected negatively by corporate governance which supports substation theory. Al-Amarneh&Yaseen (2014) examined the association between corporate governance and dividend policy among 47 industrial companies in Jordan listed on Amman Stock Exchange during the period 2005-2011. Corporate governance was measured based on four factors namely; corporate holdings, financial institution holdings, insiders holding and foreign holding while dividend policy was measured based on dividend yield. The outcomes showed a positive association between insider holding and dividend yield. In contrast, the results showed a negative association among foreign holdings and dividend yield.

Van Uytbergen & Schoubben (2015) studied whether gender diversity in corporations affects companies' financial policy for a sample of non-financial European companies from 14 countries during the period 2008-2012. The results showed that firms with board gender diversity affects cash policy not through risk aversion but through increased board effectiveness. Whereas, after controlling corporate governance quality, the results showed that board size and insider ownership have a positive impact on cash policy. Byoun et al. (2016) studied the impact of board of directors diversity and dividend policy for a sample of 2,234 unique firms with 13,325 firm-year observations during the period 1997-2008. The results pointed out that firms with diverse boards are more likely to pay dividends especially when the firm generate large free cash flows. Furthermore, the results suggested that diverse boards play a positive role in enhancing the monitoring and disciplining functions of the boards for the benefits of shareholders. Pucheta-Martínez&Bel-Oms (2015) studies the effect of gender diversity on dividend policy across Spanish companies. The outcomes showed that dividend payout is affected positively the percentage of female directors and by proportion of

shares held by female directors. However, the dividend policy is affected negatively by percentage of institutional female directors. Whereas, the percentage of independent and executive female directors have no effect on dividend payout. Yusof & Ismail (2016) studied the determinants of dividend policy for a sample of 147 publically listed firms in Malaysia. The results showed that dividend policy is affected positively by earnings, debt, size and investment. However, the outcomes showed that dividend policy is affected negatively by debt and large shareholders.

4. Research Design and Variables Measurement

4.1. Study sample

The study sample consisted of all non-financial (i.e. industrial and service) companies listed on Amman Stock Exchange (ASE) during the period (2009 – 2015). Consistent with (Fama& French, 2002; Van pelt, 2013), financial companies were excluded from the study sample due to their different accounting and reporting rules. The reason behind starting the study period from 2009 is that corporate governance code for shareholding companies listed on the ASE was issued by JSC in 2009. In order to include the company in the study sample, required data to calculate all study variables should be available for the study period. A sample of 110 companies met the required criterion with 770 firm-year observations. To avoid the impact of extreme values, the values in the 99th percentile and those in the 1st percentile for each of the study variables were considered as missing values.

4.2. Variables measurement

4.2.1. Dependent variable: Corporate Dividend Policy

Following (Byoun et al., 2016), corporate dividend policy is measured based on three proxies namely; *Div_Dum*: is a dummy variable that equals one if a firm pays a cash dividend and zero otherwise; *Div_TA*: is dividend-to-asset ratio; *Div_E*: is dividend per share divided by earnings per share before extraordinary items. These measures take into account the propensity to pay dividends and the amount of dividend payouts.

4.2.2. Independent variables: Corporate Governance Quality and Board Gender Diversity

4.2.2.1 Corporate Governance Quality

Corporate governance quality is measured based on governance index that used by (Prommin et al., 2014) in measuring corporate governance quality. Consistent with (Abbadi et al., 2016; Al-Rahahleh, 2016), the index is modified in accordance with the rules required by corporate governance code issued by JSC. The governance index is classified into 4 categories with a total of 10 standards where one point is awarded for each standard that is satisfied and hence zero point otherwise. All these standards are required by corporate governance code issued by JSC under "comply or explain" approach except standard 9 which is voluntarily adopted. Table 1 provides the governance standards that range from 1 to 10 as well the table also provides the rule on each standard that is required by corporate governance code for shareholding companies listed on the ASE.

4.2.2.2. Board Gender Diversity

Board gender diversity is measured based on four proxies namely; *W_B*: is proportion of women on boards; *W_EXE*: is proportion of executive women on boards; W_OWN: is Percentage of shares held by women on boards; *WM_OWN*: is percentage of shares owned by company's women major shareholders.

Table 1. corporate governance quality index

Category	Governance standard	Rule in Corporate governance Code
Board of directors	1) Member of board of directors are not less than five and not more than thirteen	"The administration of the Company is entrusted to a board of directors whose members shall be not less than five and not more than thirteen"
	2) One-third of the directors are independent directors	"at least one third of the board members are independent members."
	3) Chairman and CEO positions are separated	"It is not allowed for one person to hold the positions of chairman of the board of directors and any executive position in the company at the same time"
Board meetings	4) Disclosure about number of the board meetings	"The board of directors shall meet at least once every two months, provided that the number of meetings in the fiscal year must not be less than six and the number of meetings shall be disclosed in the company's annual report"
	5) The number of board meetings is not less than six	
Audit	6) Existence of Audit Committee	The board of directors shall form the following permanent committees: The Audit Committee that shall undertake the task of overseeing and monitoring accounting and internal control and auditing activities in the company
	7) Disclosure of frequency of Audit Committee meetings	The Committee shall meet regularly, not less than four times a year, and minutes of its meetings must be taken appropriately
	8) Expertise of Audit Committee	. All members of the Audit Committee must have knowledge and experience in finance and accounting, and at least one of them must have worked previously in accounting or finance fields, or that person must have an academic or professional certificate in accounting, finance or related fields
	9) Engagement of Big 4 auditors (PWC, KPMG, E&Y or Deloitte)	The company's external auditor should: A. Possess a valid license to practice the profession. B. Be a member of the Jordan Association of Certified

		Public Accountants. C. Have practiced the profession on a full time basis for at least three consecutive years, after receiving his license to practice the auditing profession. D. Have in his firm at least one partner or employee who must also meet the above- mentioned requirements.
Nominations and Compensations	10) Existence of Nominations and Remunerations Committee	The board of directors shall form the following permanent committees: The Nominations and Remunerations Committee, whose main tasks are: 1. Ensuring the independence of independent members on a continuous basis. 2. Setting the policy of compensations, privileges, incentives, and salaries and to review them on a yearly basis. 3. Defining the company's needs of qualifications at the upper executive management and employees levels, and the criteria for their selection. 4. Drawing the company's human resources and training policy, monitoring its implementation, and reviewing it on an annual basis

4.2.3. Control variables

Consistent with prior studies, the study employed three control variables namely; Firm Size (FS); Financial Leverage (LVG); and Return on Assets (ROA). Firm size measured as the natural logarithm of firm's total assets. Kuzucu (2015) argued that large companies tend to pay higher amount of dividends to decrease agency costs. Whereas, (Dickens et al., 2002; Maladjian& El Khoury, 2014) argued that large companies pay higher amount of dividends since these companies tend to be more competitive and attract investors. Financial leverage is also included as a control variable which measured as the ratio of total debt to total assets. It is expected that firms with high financial leverage are less likely to pay dividends since these firms need funding and thus are not able to pay dividends to their shareholders. Kuzucu (2015) indicated that firms that need fund either retain more earnings or issue more debt consequently firms with less financial leverage are more likely to pay dividends to their shareholders. Return on Assets (ROA), calculated by dividing net income plus interest expense on the average total assets, is employed as a proxy of firm profitability. It is expected that profitable firms are more likely to be able to pay higher amount of dividends. (Ho, 2003; Aivazian et al., 2003) argued that profitable firms pay higher amount of dividends to convey their strong financial performance.

5. Analyses and Discussion

5.1. Descriptive statistics

Table (2) depicts the descriptive statistics for the study variables related to 770 firm-year observations of 110 non-financial companies listed on ASE during the period (2009-2015). The proportion of women on boards ranges from 0 to 0.50 with an average of 0.043, which implies that the presence of women on the boards of non-financial companies listed on the ASE is considered low. Furthermore, the proportion of executive women on boards ranges from 0 to 0.22 with an average of 0.0044, an indication that across the study sample the dominant women on boards are non-executive board members. As can be noticed from table (2), percentage of shares held by women on boards ranges from 0 to 0.20 with an average of 0.0031. Moreover, percentage of shares held by company's women major shareholders ranges from 0 to 0.59 with an average of 0.02. Table (2) also showed that the governance quality ranges from 2 to 10 with an average of (5.678) an indication that part of companies within sample over the study period violates the rules of corporate governance code. So far, Jordanian companies have not yet reached the phase of full compliance with corporate governance code issued by JSC.

As reflected in table (2), the dividend to assets ratio ranges from 0 to 0.30 with an average of 0.025; dividend per share to EPS, which shows how much of a firm's earnings are returned to shareholders in the form of dividends, ranges from 0 to 454.09 with an average of 37.14. As well, the table also showed that 42.7% of the sample indicated that the firms' strategy was to divide the profit between payments to shareholders and retained earnings and thus try to satisfy their shareholders' need (i.e. Dividend payers) while 57.3% of the sample showed that the firms' strategy was to retain the profit instead of distrusting it to shareholders in form of dividends (i.e. non-dividend payers).

Table 2: Descriptive Statistics for the study variables

Variables	Minimum	Mean	Maximum	Std. Deviation
GOV	2.00	5.678	10	1.78
W_B	.00	.043	.50	.089
W_EXE	.00	.0044	.22	.024
W_OWN	.00	.0031	.20	.015
WM_OWN	.0000	.02	.59	.073
FS	5.67	7.37	9.25	.597
LVG	.00107	.341	1.08	.229
ROA	-45.49	2.42	36.02	9.36
Div_TA	.00	.025	.30	.0434
Div_E	.00	37.14	454.09	52.1
Div_Dum	0	.427	1	.495

5.2. Correlation matrix

Table (3) provides the correlation coefficients between the study variables. As can be observed from table (3) there are significant positive correlation coefficients between corporate governance quality, board gender diversity proxies and corporate dividend policy measures, an indication that strong corporate governance and diverse boards induce the firms not only to pay dividends but also to pay higher amount of dividends.

Table (3) also showed that there is significant positive correlation coefficient between presence of women on boards and ROA which indicates that companies with diverse boards are more profitable than companies with non-diverse boards. Furthermore, the significant positive correlation coefficient between presence of women on boards and corporate governance quality implies that the presence of women on boards is considered a factor contributing to good corporate governance quality which supports the arguments of (Van Uytbergen&Schoubben, 2015; Byoun et al., 2016). As well, the significant negative correlation coefficient between percentage of women on boards and financial leverage is an indication that women are more conservative than men which supports (Croson&Gneezy, 2009; Faccio et al., 2012; Huang &Kisgen, 2013; Van pelt 2013; Van Uytbergen&Schoubben, 2015) who argued that women are more risk averse in their financial decisions.

Table 3: Correlation between study variables

Variables	*Div_ Dum*	*Div_ TA*	*Div_ E*	*GOV*	*W_B*	*W-EXE*	*W_OWN*	*WM_ OWN*	*FS*	*LVG*	*ROA*
Div_Dum	1										
Div_TA	.629**	1									
Div_EPS	.789**	.571**	1								
GOV	.132**	.132**	.127**	1							
W_B	.074*	.200**	.143**	.106**	1						
W_EXE	.167**	.192**	.138**	.116**	.350**	1					
W_OWN	.133**	.104**	.093**	.035	.405**	.314**	1				
WM_OWN	.124**	.112**	.169**	-.03	.168**	.07	.095**	1			
FS	.322**	.255**	.185**	.118**	.012	.02	.023	-.004	1		
LVG	-.195**	-.246**	-.168**	-.091*	-.172**	-.147**	-.076*	.077*	.261**	1	
ROA	.541**	.605**	.364**	.078*	.143**	.155**	.034	.093**	.340**	-.209**	1

** Correlation is significant at the 0.01 level (2-tailed); * Correlation is significant at the 0.05 level (2-tailed).

5.3. Results Discussion

5.3.1 Logistic regression

Table (4) depicts the results of logistic regression which aims to examine the impact of corporate governance quality and board gender diversity proxies on the likelihood of dividend payout taking into consideration firm size, financial leverage and return on assets.

As can be observed from the table, the firm's likelihood to pay dividends is affected positively by corporate governance quality at 0.01level of significance, which indicates that strong corporate governance reduces the conflict of interest in the firms and thus induces the firms to pay dividends to their shareholders. This outcome supports (Mitton, 2004; Kowalewski et al., 2008; Sawicki, 2009) and contradicts (Setiawan et al., 2013) who provided evidence showed that dividend policy is affected negatively by corporate governance.

Table 4: Logistic regression results

Variables	***(1)***	***(2)***	***(3)***	***(4)***	***(5)***
	Div_Dum	***Div_Dum***	***Div_Dum***	***Div_Dum***	***Div_Dum***
GOV	.009**				
	(.161)				
W_B		.041*			
		(2.242)			
W_EXE			0.035*		
			(10.861)		
W_OWN				0.01**	
				(17.976)	
WM_OWN					.044*
					(2.866)
FS	.000**	.000**	0.000**	.000**	.000**
	(1.044)	(1.098)	(1.064)	(1.078)	(1.130)
LVG	.001	.000**	0.001**	.000**	.000**
	(-1.752)	(-2.058)	(-1.664)	(-1.698)	(-1.945)
ROA	.000**	.000**	0.000**	.000**	.000
	(.336)	(.340)	(.331)	(.334)	(.326)

Constant	.000	.000	0.000	.000	.000
	(-9.612)	(-8.899)	(-8.886)	(-8.989)	(-9.275)
COX & Snell R Square	.428	.426	.427	.428	.426

Note:
The table presents the logistic regression results; the dependent variable is dividend dummy (*DIV_dum*), which equals one if a firm pays cash dividend and zero otherwise; *GOV* is corporate governance quality which measured through governance index as shown in Table 1; *W_B*: is proportion of women on boards; *W_EXE*: is proportion of executive women on boards; *W_OWN*: is Percentage of shares held by women on boards; *WM_OWN*: is percentage of shares owned by company's women major shareholders; *FS* is firm size measure as the natural logarithm of firm's total assets; *LVG* is financial leverage measured as the ratio of total debt to total assets; *ROA* is return on assets calculated by dividing net income plus interest expense on the average total assets. The numbers in the parentheses are t -value.
** Significant at the 0.01 level (2-tailed).
* Significant at the 0.05 level (2-tailed).

Table (4) also documented that the firm's propensity to pay dividends is affected positively by the percentage of women on boards at 0.05 level of significance, which implies that the presence of women on boards plays an effective role in increasing firm's likelihood to pay dividends to shareholders. This result is consistent with (Byoun et al., 2016; Pucheta-Martínez & Bel-Oms, 2015; Van Uytbergen & Schoubben 2015) who provided evidence showed that the presence of women on boards plays a role in corporate dividend policy.

The results also revealed that percentage of executive women on boards has a positive significant impact on the firm's likelihood to pay dividends to shareholders at 0.05 level of significance, which indicates that firms with more executive women on boards are more likely to pay dividends to their shareholders. This result is consistent with (Van Uytbergen&Schoubben, 2015) who argued that firms with female in executive positions have higher cash buffers and thus are more likely to pay dividends. However, this result is inconsistent with (Pucheta-Martínez & Bel-Oms, 2015). As reflected in table (4), the percentage of shares held by women on boards has a positive effect on the firm's propensity to pay dividends at 0.01 level of significance, an indication that women tend to increase the firm's likelihood to pay dividends when they own shares which supports agency theorists' argument in that having a considerable ownership of the company's capital is a way to solve agency conflict of interest (Kiel & Nicholson 2003; Kajananthan & Achchuthan,2013; Al-Rahahleh, 2015). The result is also consistent with (Al-Malkawi2007;Al-Amarneh &Yaseen 2014;Van Uytbergen & Schoubben, 2015; Pucheta-Martínez & Bel-Oms, 2015) and inconsistent with Van Pelt (2013). Table (4) also documented that the probability to pay dividends is affected positively by the percentage of shares owned by company's women major shareholders at 0.05 level of significance, which supports the argument that blockholders are probably to be more effective in monitoring management than dispersed and small shareholders since blockholders have essential investment and significant voting power to protect these investments (Sheikh et, al.2013; Al-Rahahleh, 2015).The result is also consistent with the outcomes of (Al-Amarneh &Yaseen 2014) and inconsistent with the outcome of (Yusof & Ismail 2016).

The results also pointed out that the propensity to pay dividends is affected positively by firm size and profitability at 0.01 level of significance, which indicate that large companies and profitable companies are more likely to pay dividends relative to small companies and less profitable companies. However, the firm's likelihood to pay dividends is affected negatively by firm's financial leverage at 0.01 level of significance, an indication that companies suffer from high debt are less likely to pay dividends to their shareholders. These results are consistent with (Dickens et al., 2002; Ho, 2003; Aivazian et al., 2003; Maladjian & El Khoury, 2014; Kuzucu, 2015; Yusof & Ismail 2016)

5.3.2 OLS regression

Table (5) presents the results of Ordinary Least Squares (OLS) regression analysis which aims to examine the impact of corporate governance quality and board gender diversity proxies on the amount of dividend payouts, using dividend to assets and dividend per share to EPS as proxies of dividend payout, taking into consideration firm size, financial leverage and return on assets.

Table (5) showed that the dividend payout proxies namely; dividend per share to EPS and dividend to assets; are affected positively by corporate governance quality and board gender diversity proxies. Furthermore, the results also showed that firm dividend payout proxies are affected positively by firm size and firm profitability but negatively by firm financial leverage. These outcomes support the previous outcomes of logistic regression. Accordingly, it can be concluded that corporate governance quality and board gender diversity have significant positive impact not only on the propensity to pay dividends but also on the amount of dividend payouts. This result is consistent with (Byoun et al., 2016).

Table 5: OLS Regression results

Variables	(1) Div_E	(2) Div_E	(3) Div_E	(4) Div_E	(5) Div_E	(6) Div_TA	(7) Div_TA	(8) Div_TA	(9) Div_TA	(10) Div_TA
Gov	0.018*					0.026*				
	(2.376)					(2.224)				
W_B		0.02*					.001**			
		(2.331)					(3.427)			
W_EXE			0.033*					.003**		
			(2.140)					(3.031)		
W_OWN				.036*					.012*	
				(2.104)					(2.529)	
WM_OWN					.000**					.007**
					(4.717)					2.716
Size	.005**	0.002**	0.002**	.002**	.000**	0.001**	.000**	.000**	.000**	.000**
	(2.843)	(3.156)	(3.171)	(3.099)	(3.588)	(3.330)	(3.627)	(3.646)	(3.558)	(3.871)
LVG	.001**	0.001**	.000**	.000**	.000**	0.000	.000**	.000**	.000**	.000**
	(-3.485)	(-3.427)	(-3.529)	(-3.612)	(-4.382)	(-5.067)	(-4.855)	(-5.010)	(-5.156)	(-5.671)
ROA	.000**	0.000**	.000**	.000**	.000**	0.000**	.000**	.000**	.000**	.000**
	(7.875)	7.614	(7.573)	(7.868)	(7.248)	(16.757)	(16.427)	(16.348)	(16.773)	(16.262)
Constant	.089	.127	.14	.16	.064	.024	.032	.038	.048	.025
	(-1.704)	(-1.528)	(-1.479)	(-1.407)	(-1.854)	(-2.258)	(-2.151)	(-2.076)	(-1.978)	(-2.246)
Adj-R^2	.154	.154	.153	.153	.172	.392	.397	.395	.393	.394

Note:
The table provides the OLS regression results. For Models (1) to (5), the dependent variable is *Div_E*calculated as dividend per share divided by earnings per share before extraordinary items. For Models (6) to (10), the dependent variable is *Div_TA* calculated as dividend-to-asset ratio. *GOV* is corporate governance quality which measured through governance index as shown in Table 1; *W_B:* is proportion of women on boards; *W_EXE*: is proportion of executive women on boards; *W_OWN*: is Percentage of shares held by women on boards; *WM_OWN*: is percentage of shares owned by company's women major shareholders; FS is firm size measure as the natural logarithm of firm's total assets; *LVG* is financial leverage measured as the ratio of total debt to total assets; *ROA* is return on assets calculated by dividing net income plus interest expense on the average total assets. The numbers in the parentheses are t -value.
** Significant at the 0.01 level (2-tailed).
* Significant at the 0.05 level (2-tailed).

6. Conclusion

This paper examines the impact of corporate governance quality and board gender diversity on corporate dividend policy for a set of all non-financial (i.e. industrial and service) companies listed on Amman Stock Exchange during the period (2009-2015). The results documented that corporate governance quality and board gender diversity proxies have positive impact not only on the propensity to pay dividends but also on the amount of dividend payouts. The outcomes also revealed that large companies and profitable companies are more likely to pay dividends to their shareholders, which may possibly refer that these companies tend to convey their good financial performance. Whereas, firms with high financial leverage are less likely to pay dividends to their shareholders, which may possibly refer that these companies need funds and thus tend to retain earnings instead of paying dividends. Moreover, the outcomes of the correlation matrix indicated that companies with diverse boards are more profitable than companies with non- diverse boards; the presence of women on boards is considered a factor contributing to good corporate governance quality; and women are more conservative and risk averse in their financial decisions relative to men.

The results of descriptive statistics showed that presence of women on the boards of non-financial companies in Jordan ranges from 0 to .50 with an average of 0.043, an indication that the women representation on the boards of non-financial companies in Jordan is considered low relative to other developing and developed countries, which implies that Jordanian companies are very far from achieving the quota of 40% women on boards. Particularly, the causes of poor gender diversity at the boards of Jordanian companies range from lack of awareness about the benefits of gender diversity on boards to the lack of legislations that regulate this issue where the existing legislations and the corporate governance code in Jordan have not yet taken any step towards the issue of gender diversity on boards. Furthermore, the descriptive statistics showed the corporate governance quality for companies within the sample ranges from 2 to 10, an indication that some of companies within the sample violate the rules of corporate governance code. So far, Jordanian companies have not yet reached the phase of full compliance with the corporate governance code, which may mainly refer to the flexibility given to Jordanian companies through the "comply or explain" approach instead of the "comply or penalty" approach.

The results of the study have implicit recommendations for regulatory bodies in Jordan and for non-financial companies listed on ASE. Particularly, regulatory bodies in Jordan should take a step towards encouraging gender diversity on boards initially through "comply or explain" approach. As well, non-financial companies should boost their compliance with corporate governance code and adopt diversity policies to enhance the effectiveness of the boards and keep favorable relationships with their shareholders.

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