Peer-Reviewed Study Identifies Key Determinants of Dividend Policy in Zimbabwean Firms

Empirical analysis of 26 Zimbabwe Stock Exchange firms shows profitability, size, leverage, and free cash flow drive dividend payouts.

AUSTIN, TX, UNITED STATES, December 18, 2025 /EINPresswire.com/ -- A peer-reviewed empirical study examining dividend policy behavior among non-financial firms in Zimbabwe has identified profitability, firm size, leverage, and free cash flow as the most significant determinants influencing dividend payments.

> The findings show that dividend policy in emerging markets is driven primarily by firm fundamentals such as profitability, size, leverage, and free cash flow."
>
> *Alistar Tafadzwa Murapiro, Co-Author*

The study, titled "Research on Dividend Policy Determinants: Evidence from Non-Financial Firms in Zimbabwe," was published in the International Journal of Information, Business and Management (Vol. 13, No. 4, 2021; ISSN 2076-9202). Using panel data from 26 non-financial firms listed on the Zimbabwe Stock Exchange (ZSE) covering the period 2011–2020, the research provides new empirical insight into dividend decision-making in an emerging market context.

Key Findings
According to the study's regression analysis:

- Return on Equity (ROE) shows a positive and statistically significant relationship with dividend per share, indicating that more profitable firms tend to pay higher dividends.
- Firm size is positively associated with dividend payments, suggesting that larger firms are more likely to maintain consistent dividend policies.
- Financial leverage exhibits a negative and significant relationship with dividend payouts, reflecting the constraining effect of debt obligations.
- Free cash flow is positively linked to dividend payments, supporting agency theory arguments that excess cash enables higher distributions to shareholders.

Liquidity, investment opportunities, and firm risk were found to have no statistically significant effect on dividend per share within the sample, highlighting structural differences between emerging and developed capital markets.

Methodology and Scope
The researchers applied multiple linear regression analysis using secondary data from audited financial statements of ZSE-listed firms. Dividend per share (DPS) served as the dependent variable, while profitability, firm size, leverage, liquidity, risk, investment opportunities, and free cash flow were modeled as explanatory variables.

The findings align with established dividend policy theories, including signaling theory, pecking order theory, and dividend relevance theory, while extending their applicability to sub-Saharan African equity markets.

Policy and Investment Relevance
The study offers practical implications for:
- Corporate managers, in designing dividend policies aligned with firm fundamentals;
- Investors and analysts, assessing dividend sustainability in emerging markets;
- Policy makers and regulators, seeking to strengthen capital market transparency and investor confidence.

About the Research
The article was authored by Zhu Nai Ping and Alistar Tafadzwa Murapiro and is available through the International Journal of Information, Business and Management.
DOI and publication details are available via the journal's official platform

About GARI
The Global Association for Research & Innovation (GARI) is an international research organization committed to advancing interdisciplinary scholarship, research dissemination, and evidence-based policy dialogue across global contexts.

Horeb ANTHONY, Ph.D.
Global Association for Research and Innovation (GARI)
+1 512-228-0065
email us here
