

The relationship between ownership structures and dividend policy in the oil marketing industry in Kenya.

Author: Ntoiti, Rahab

Abstract:

The objective of the study was to establish the relationship between ownership structures and dividend policy, with particular reference to oil companies in Nairobi Kenya, since most of these oil companies operate in Nairobi. The ownership structure within the oil marketing companies in Kenya varies from Private/Family, Public, State/Government, Managerial to Institutional ownership. The study of the relationship between ownership structures and dividend policy is important since it will enable decision makers to understand the basis of their decisions. Oil marketing companies were chosen due to the good availability of ownership information and also because oil is the major source of energy which is a major stimulant of a country's economic growth. The general objective of the study was to establish the relationship between ownership structures and dividend policy in oil marketing industry in Kenya. To meet this broad objective, the study derived data from secondary data of the companies' audited financial statements and reports for 5 years (2006 to 2010). The study design that was adopted was descriptive research design. The target population of the study was all the 38 oil marketing companies in Nairobi registered by Petroleum Institute of East Africa as at December 2008.

The study further used census to collect the information where by all the 38 oil companies were studied. The study employed quantitative data analysis techniques; univariate, descriptive statistics, chi square test respectively were done using SPSS software. Results of data analysis were interpreted in line with the research objectives and findings recommendations and conclusions reported. The findings of the study showed that state ownership, private ownership and public ownership were positively related with dividend policy, whereas the institutional and managerial ownership structures were found to be negatively related. The findings also provide partial evidence that the ownership structure does not influence dividend payout policy uniformly. The impact changes over the change in size of the holdings as well as their identity.