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IMPACT OF DIVIDEND POLICY ON SHAREHOLDER'S WEALTH IN POWERGENERATION AND DISTRIBUTION FIRMS IN PAKISTAN

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Abstract

This article investigates the effect of dividend policy on shareholder wealth inside the energy generation and distribution corporations in Pakistan. The examination is carried out using a pattern of 12 organizations listed on the Pakistan Stock Exchange in the course of 2013-2017. The research employs both descriptive information and panel facts regression analysis to examine the relationship between dividend policy and shareholder wealth. The results endorse that dividend policy has a substantial effect on shareholder wealth in the strong technology and distribution companies in Pakistan. The findings reveal that corporations with an excessive dividend payout ratio generate better returns for their shareholders. Furthermore, the studies additionally examine the impact of other firm-particular elements, along with company size, income consistent with percentage, and rate-to-profits ratio, on shareholder wealth. The outcomes propose that those factors also have a widespread superb effect on shareholder wealth. The study has crucial implications for each investor and companies within the electricity technology and distribution area in Pakistan. The findings recommend that firms ought to adopt a dividend policy that maximizes shareholder wealth. This may be accomplished by way of preserving a high dividend payout ratio and making sure that the company-particular elements that impact shareholder wealth also are well-managed. The research also highlights the significance of understanding the specific characteristics of the power generation and distribution zone in Pakistan while developing a dividend policy. This region is noticeably regulated and challenges government rules, which may impact the financial performance of corporations in this sector. Therefore, firms running on this zone should carefully bear in mind the impact of regulatory and policy adjustments when developing their dividend policy.

Keywords: Dividend Policy, Shareholder Wealth, Power Generation, Distribution Firms

Introduction

It is a debatable matter that the relationship between dividend policy and investors wealth and this matter was debated in various thought (Hamza, S.M 2017). Chiedu christian (2020) dividend is an amount of earning paid by company to its shareholders on the basis of Quarterly, Half yearly and annually. Dividend policy is always concern about the major judgement which includes Financial, investment and liquidity judgement. The growth of a firm is depending on theseresults It's totally depend on firm dividend policy either to distribute dividend to its

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shareholdersor to retain in reserve fund for future growth. Financial managers play an important role to increase or decrease the wealth of investors of the any organization. Finance Manager must aware of dividend policy which can affect the shareholder's investment (Nizam et al., 2022). Chiedu christian (2020) As per shareholder's point of view that share price is of the firm a major reason to increase their wealth. Dividend play an important role to increase the wealth of investors of an organization.

For acquiring best dividend policy, it is a crucial task for Financial Managers how to maximized the shareholder's wealth. After maximized the shareholder's wealth the Manager's focus on how much should be save organization's profit for business operations and reinvestment (Oniyama & et al,2021). Many research has been conducted on dividend policy after Lintner and Gordan Model in 1956 which state that the management is involved in distributing dividend or this decision is beyond their boundaries. (Oniyama, M. E.,et al 2021) The Miller Modigliani claimed in their theory that there is no relationship between dividend policy and value of the firm. it is common that dividend decision effect the stock price in the market. (Edore, Ujuju, 2020). Individend irrelevance theory in which Miller and Modigliani indicates that dividend policy is not applicable to core values under capital market assumptions for investors.

Dividend policies are created through agency theory. As per Fama and Jensen dividend policy is a main reason to decrease the agency cost so managers can utilize dividend efficiently to equity market. Some researches experienced that developed countries established verified policies related to dividend in their context (Faraz & et al,2017). In context of Pakistan who are part of developing countries where Finance managers are influenced for dividend policy. (Faraz & et al,2017). There are two approaches of dividend policy, the first approach is to distribute firm earning to its shareholders for increase their wealth and the second one is to retain earning in order to investing multiple options (Faraz & et al,2017). Dividend policy play an important role by finance manager because it indicates the risk which investors take to invest in the company share.(Faraz & et al,2017). Firm always try to opt the best possible dividend policy for its shareholders for achieving his longer period goals. (Faraz & et al,2017)

Financial Manager are concern dividend policy is a major part for corporate governance. Dividend policy indicates those shareholders who are taking risk to invest the firm. (Faraz & et al,2017). Any changes in dividend policies in all over the world indicates towards shareholder's different behavior and thought. (Faraz & et al,2017). Business links to shareholders with goal of a firms through opting best suitable dividend policy (Faraz & et al,2017). Khan, & et all (2018) Mostly shareholders prefer capital gain in their investment as well as cash dividend among different types of dividend policies which includes no dividend, constant and regular dividend policy. Policy maker have a chance to reinvest their profit into different options to grow their business. Firm share price changes due to any variation dividend policy. Firm influence their shareholders to reinvest in the firm by paying dividend on regular basis but thy have less chances to further grow. Policy maker avail the optimal policy related to dividend in order to balance between value of the firm and shareholder's wealth (Nizam and Liaqat, 2022).

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Problem Statement

It is a debatable and crucial topic for Financial Manager of any firm to take a decision related to dividend distribution to its shareholders. Some of scholar's study that there is no impactof dividend distribution on shareholder's wealth and some of think that there is positive impact ofdividend policy of a firm on wealth of their equity holders. As per Walter and Gordon's Theory inwhich they determine that firm develop a better image in the mind of investors if they pay dividend.

It is always created doubtful image in investor 's mind when they are not paid dividend by a firm.Because dividend distribution always attracts to shareholders, but it is a decision of company financial Managers either to distribute dividend or to reinvest firm profit in business.

The aim of this study is to analyze how these independent variables affect the dependentvariable which is investor's wealth but, some research gaps are exist to explore some others factors which effect on investment wealth in order to get proper picture of this study. In this studyDividend policy, Risk, Efficiency, firm performance and cash holding of Power Generation and Distribution companies are independent variables whereas Investor's wealth is a dependentvariable.

Research Questions

1. What is the impact of dividend policy on shareholders' investment in power generationfirms in Pakistan?

2. What is the relationship among dividend policy, Risk, Financial Leverage, Retention Ratioand Firm performance on Shareholder wealth?

Research Objectives

- To identify the impact of dividend policy on shareholders' investment in power generation firms in Pakistan.

- To examine the result of dividend policy, Risk, Leverage, Retention Ratio and Firm Performance on Investor wealth.

Significance of Study

This research helps to find out the causes to increase the wealth of the shareholder with independent variables which includes Dividend policy, Risk, Firm Performance, Financial Leverage of firm and Retention Ratio in Power Generation and Distribution firm in Pakistan.

Definitions of the Terms

Wealth of the investors: It explain how much shareholders get return against theirinvestments.

Dividend policy: It indicates that how much a company distributes his earning in orderto maximize its shareholder's wealth.

Risk: How much uncertainty exists in company with respect to its short-term obligations.

Financial Leverage: It explains the firm financially stable through debt ratio.

Firm Performance: Firm performance can be measuring how much firm is capable toutilize Assets through earning.

Retention Ratio: It refers that how much firm retain its earning part for future growthand investment.

Literature Review

Theoretical Framework

Dividends and Risk Theory

This theory is belonging to age of a firm which states that if any firm pay high dividend which indicates expected cash flow of the firm. The risk factor is less in high dividend companies which result company has less duration effect. Firm has always risk in the firm ability to generate better profit. Variation in rate of return is causes to increase and decrease the share price of the firm. There is a significant investment opportunity exist in the firm when firm reach at their growthstage. For this aim firm maintain retain earning rather to pay dividend to shareholders because raising fund through debt is costlier than the cost of equity Gordon (1963) Investors has a perception that company generates better cash inflow even though they expect return more than current rate when firm pay less dividend to its shareholders through Investing in the firm. Firm's growth forecast through its dividend policy. Low Dividend payment indicates high investment opportunity whereas high dividend payment results low growth in the firm. Low dividend payment only has a high risk when firm generate low earning as compare to previous earning on the other hand share price can be low risky when dividend is paid by the firm at developing phase which explain insignificant relation between dividend policy and market share of the firm. (MuhammadMushtaq et al, 2016)

Dividend relevance theory

Walter (1963) and Gordon (1962) According to relevance theory investors get attraction when they are paid dividend regularly. Share price of the firm increase due to payment of dividend.

If dividend is not paid then its causes to create risk in investment (Senevirathana & vijekoon,2019).

Dividend Irrelevant Theory

Lintner was the first researcher who established dividend theory in 1956. Miller and Modigliani presented dividend irrelevance theory in which it is debated share price of a firm do not decide by dividend policy. So that there is no relation exist between dividend policy and shareholder's wealth. Investors do not pay taxes or

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extra cost against selling their share. (Arnold and Wijekoon 2019) Pruitt and Wijekoon (2019) prove that there are many reasons of dividend payment to shareholders which includes historical trend of firm earning and capability of firm to generate expected earnings.

Bird-in-hand theory

Okoye (2016), As per theory of Bird in the hand developed by Lintner and Gordon (1956 and 1959) in which they explain that shareholders mostly prefer to dividend despite capital gain on their investment because capital gain is riskier than dividend gain. These types of investors are known as risk avoiders. Furthermore, in this theory Capital gain is relate with bird in the bush whereas bird in the hand means dividend gain which explain dividends are considered safe return as compare to capital appreciation.

Signaling effect Theory

Mostly scholars state base on their study in which they indicate that Investors have less information than Manager of a company who have relevant knowledge about share price. Managers give signal to investors through announcement of dividend which pointed to firm growth(Noreen et al., 2016) because as per EMH and MM (1961) share price absorb any news related tocompany. Nabeel Younus Ansar & et al, (2017) reference of signaling theory payment of dividend

give signal to investor to predict the company's expected earnings. Various researchers define dividend provide signals to shareholders. When firm announces any dividend to shareholders it's pointed out that in future firm will grow as well as increase the share price in the market. If paymentof dividend high, it gives signal to high earning in the future.

Empirical Literature

It is a debatable matter that the relationship between dividend policy and investors wealth and this matter was debated in various thought (Hassan & Hamza, S.M 2017). Dividend is definedis a part of firm profit to shareholders to fulfilling the requirement of income. Dividend policy is a technique to increase the investor's wealth which is acquired by firm's Financial Managers. These Managers must focus on maximum dividend payment against their investment. that's why dividend policy is known as dividend Payout ratio. Firm's Managers grow the investor's wealth on the basis of either to distribute the earning to shareholders or to retain earning. It's totally depended on Mangers to declares all earnings of the firm to its shareholders or some part of earningand some part to be retained. (I.Justina, 2020). Dividend policy play an important role by finance manager because it indicates the risk which investors take to invest in the company share. (Asad Khan & et al,2017).

Many research has been conducted on dividend policy after Lintner and Gordan Model in 1956 which state that the management is involved in distributing dividend or this decision is beyond their boundaries. (Oniyama & et al,2021) There are two modes of dividend payment, firstone is cash dividend to its shareholders and second is to offer more share from reserve fund whichget the attraction of investors.

(Edore & Ujuju,2020) I. Justina & O (2020) firms always try to create strong dividend policy in order build the confidence of shareholders to invest in the firm. I. Justina & O (2020) some others scholars identify that there is a positive effect of dividend policy on investors wealth of a firm. Dividend is a tool to increase the wealth of shareholders of the firm.

Either to cash to its shareholders or offer more share from reserve fund which get the attraction ofinvestors. (Edore & Ujuju,2020).

Dividend payment is depended on the company's profit by approval of board of directors at particular time. When firm generate profit from its business then they pay dividend to its shareholders. (Edore & Ujuju,2020). Firm cannot withdraw from their commitment to pay dividend because it creates a liability against their shareholder. Dividend policy influence to shareholders. (Edore & Ujuju,2020). Many of companies have more focus on their growth as a result they do not pay dividend according to their shareholders exactions. (Edore & Ujuju,2020). When any firm have scare resources to raise the capital for their growth then they pay less dividend to its shareholders and retain the high earning to capital expenditures. (Edore & Ujuju,2020). The goal of a firm is to increase the wealth of investors because Shareholders' wealth help to firm to set the financial position. (Oniyama,et al,2021). Frankfurter et al., (2018) verified the historic development of dividend policy. Mostly firms allow trend to pay dividend on regular basis which give positive signal to shareholders. Shareholder's choice changes due to tax applied on dividend (Allen et al,.2018). Shareholder's major focus on dividend instead of capital gain when they bearlow trading share cost (Bishop et al,.2018). Miller and Modigliani theory's major focus is not on cost of selling share which shareholders face

Management decision of dividend policy effect the shareholder's wealth. Investor's wealth determines the Net present value of all future cash flow which is also known as intrinsic value of the firm (Oniyama,et al 2021). Dividend policy is created according to the requirement of shareholders. Guidelines are provided related to dividend under the dividend policy by firm. Moreover, dividend related issues are identified when dividend policy is established in which firm state their strategy to shareholders about dividend. (Edore & Ujuju,2020) Oniyama et al, (2021) If any investor who is ready to trade share in market at articular price it is refer is Market value of that share. Oniyama et al, (2021) Share price of a company indicates not only the earing but also tells us the ability to generate the expected earnings. Share price pointed out how well a firm can generate future earnings in respect to use their assets.

Independent Variables

Dividend Policy

Zubair Hassan & Sahibzada Muhammad Hamza (2017) Dividend policy is made by a firmin which they mentioned policies about dividend. Dividends are return of the investment who invest the company.it can be in the form of cash or stock. Firm always try to opt the best possible dividend policy for its shareholders for achieving his longer period goals. (Asad Khan & et al, 2017) Company's earning is distributed among shareholder because these earning to be recognized as an incentive which is

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paid to those shareholders who take risk in their investment. (Chandani et al, 2017) Using dividend policy as an independent variable measuring with dividend payout ratio. Its indicates that how much a company distributes his earning in order to maximize its shareholder's wealth.

Risk

Risk has been taken as a dependent variable which has measured through current ratio. Lintner and Gordon (1956), Bird in the hand theory explains that shareholders mostly prefer dividend rather capital gain on their investment because it has riskier than dividend. Pruitt et al., (2016) according to perking order theory that firms pay lower dividend to shareholders because try to maintain the free cash flow for internal financing. If any firm raise fund from external financing It will impact on their finance cost. Al-Shubiri et al., (2016) firms pay low dividends in order to mitigate risk if high risk is existing so it increase the chances to bankruptcy

Financial leverage

Jensen (1986) discovered the study in which it is explain that firms pay low dividend if they depend on creditors financing. Aivazian et al. (2016) follows the theory which indicates if a firm have less depended on their short-term debt finance then dividend payment will be high.

Deshmukh et al. (2016) firms scare use their free cash flow due to debt financing. Lie et al. (2016) establish the insignificant relationship between financial leverage and dividend policy.

Retain Earning

Retain earning play an important role to grow the business (A. Khan et al., 2017). Becauseshareholders prefer cash dividend as well as to grow the firms market share (Farrukh et al.,2017).

I. Justina (2020) The growth of a firm is depending on these results It's totally depend on firm dividend policy either to distribute dividend to its shareholders or to retain in reserve fund for future growth. Al-Hassan, et al., (2017) identify no insignificant relationship between retain earning and shareholder's wealth.

Firm Performance

Firm performance. Stable financial position attracts the investors towards firm Market When any firm have stable financial position than firm have an ability to pay dividend to its shareholder which explore that there is a positive relationship between Dividend policy and share of the firm so that they could maximize their wealth. Firm performance can be measure that firm efficiency to increase the wealth of shareholders. It indicates the ability of a firm to value its shareholder's wealth. (Porter, 2019)

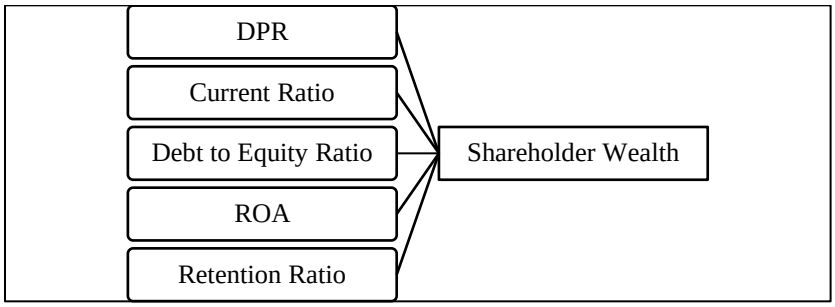
Dependent Variable

Shareholder Wealth

In this study Shareholder Wealth is measure by (EPS) Earning per share of investors whichexplain how much shareholders get return against their investments. Base on this study it is find out the positive relationship between dividend policy and shareholders wealth. Shareholders are attracts when the share price is low because shareholder has concern about their wealth rather to company's growth. Investing in any share give the reward to shareholders not only liquidity but also return. Shareholders take risk by paying the cost of equity so that they always alert at the time of buying share. (Ahuja et al, 2017) I. Justina (2020) shareholders point of view that share price is

of the firm a major reason to increase their wealth. Dividend plays an important role to increase the wealth of investors of an organization. Syeda Urooj Baber & et all (2018) Shareholders prefercapital gain in their investment as well as cash dividend.

Conceptual Framework



Hypotheses

The aim of this study to find out the relationship between Dividend Payout Ratio andEarning per Share. Base on this study there is a positive link between dividend policy andshareholder's wealth (Linter 1956 & Fama 1969) and (Baber et al, 2018). Mushtaq and Tahir (2016) two variables, Risk and Financial leverage show inverse relation on shareholder's wealth.Whereas other two variables which includes Firm performance and Retention Ratio indicate thepositive impact on Shareholder's wealth respectively (Senevirathana, 2019; Baber et al., 2018)

Hypotheses Development

H1: There is insignificant relationship between DPR and EPS.

H2: There is insignificant relationship between Current Ratio and EPS.

H3: There is insignificant relationship between Debt-to-Equity Ratio and EPS.

H4: There is significant relationship between Retain Earning Ratio and EPS.

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H5: There is significant relationship between Firm performance and EPS.

Methodology

Research Approach

The purpose of this study is to find out the relationship between dividend policy, Risk, Financial Leverage, Retention Ration and Firm performance on Shareholder's Wealth in Power Generation and Distribution Firms in Pakistan.

Research Method

There are two approaches to interpret the information either to use Quantitative orQualitative tool to analyze the relationship between variables. Base on this quantitative study the information is related to numbers so source of data collection will be from Financial Statement of Power generation and Distribution company Listed in Pakistan Stock Exchange.

Sources of Data Collection

The information of independent and dependent variables has been taken from annual reportof all listed Power Generation and Distribution firms in Pakistan as well as from SCS Trade website from 2014 to 2020. As per different companies and different time duration Panel data technique is best fit to figure out the relationship between independent variable and Dependent Variable through multiple least square regression

Statistical Technique

This research has find out whether the Independent Variables have a positive impact onDependent Variable. The Panel data model as follows.

EPS= $\alpha 0$ + β 1Dividend Policy IT + β 2Risk IT + β 3Financial leverage + + β 4RetentionRatio IT+ β 5Firm Performance IT + β

EPS= x0 + x1Dividend Payout ratio + x2 Current Ratio+ x3 Financial Leverage+ x4Retention Ratio+ x5 Return on assets

Variables	Measurement
Independ Variable 1-Shareholder's Wealth	1-EPS (Net Income / No. of OutstandingShares)
Independent Variables • Dividend Policy • Risk • Financial Leverage • Retention Ratio • Firm Performance	• Dividend Payout Ratio (DPS / EPS) • Current Ratio (Current Assets / CurrentLiabilities) • Debt to Equity Ratio (Total Debt / TotalEquity) • Retention Ratio (Net Income-Dividend /Net Income) • Return on Assets (Net Income / TotalAssets)

Results & Findings

Descriptive Profile of the Data

Table 1 Descriptive analysis of the variables included in the model

	Shareholder Wealth	Dividend Policy	Financial Leverage	Firm Performance	Retention Ratio	Risk
Mean	5.45	0.47	0.91	0.10	0.82	2.68
Median	5.50	0.00	0.73	0.08	0.99	1.36
Maximum	26.83	8.91	3.39	1.27	1.00	30.59
Minimum	-10.05	0.00	0.00	-0.28	-2.15	0.14
Std. Dev.	6.12	1.62	0.73	0.19	0.42	4.89
Observations	91	91	91	91	91	91

Interpretations

The Maximum value in whole table which is 30.59 on the other hand the Minimum value in *the*table is -10.05 both values related to Shareholder's wealth. The above mention table (Table 1) indicates thedescriptive statistics of our study. All the Mean variable values and the standard deviation Variable values are positive. The highest value of mean is 5.45 whereas the standard deviation highest value is 6.12 in the

whole table. Both these values belong to Shareholder's wealth on the other hand the lowest value for meanand standard deviation is 0.10 and 0.19 respectively which are for Firm Performance. The mean indicates the middle of the sample collected data. In this table the mean for our dependent variable EPS is 5.45 with standard deviation of 6.12. whereas independent variable DPR pointed out the mean of 0.47 along with thestandard deviation of 1.62 similarly, Debt to Equity ratio which

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is also our independent variable shows mean of 0.91 and standard deviation of 0.73. The mean of our remaining independent variables like ROA, Retention Ratio and Current Ratio for 0.10, 0.82 and 2.68 and Standard deviation are 0.19, 0.42 and 4.89 respectively.

Correlation Analysis

Table 3 Correlation Analysis

Variables	Shareholder Wealth	Dividend Policy	Financial Leverage	Firm Performance	Retention Ratio	Risk
						-0.23
Sig		-0.10	0.35	0.38	0.00	
Shareholder S_Wealth						-0.07
Sig			-0.04	-0.08	-0.29	
Dividend Policy	-0.10					-0.33
		-0.04		0.04	0.02	
Financial Leverage	0.35					-0.24
Sig		-0.08	0.04		-0.08	
Firm Performance	0.38					0.06
Sig		-0.29	0.02	-0.08		
Retention Ratio	0.00					
Sig		-0.07	-0.33	-0.24	0.06	
Risk	-0.23					

Interpretations

In above mentioned table represent the correlation among the variables. We have independent variables like Dividend Policy and Risk which has -0.10, and -0.23 values respectively. These negative values explain negative correlation with our dependent variable which is Shareholder's Wealth. Moreover, remaining other independent variables which has financial leverage, Retention ratio and Firm Performance. These variables have positive values of 0.35,0.38 and 0.00 which explain the positive correlation with shareholder's wealth because these values are less than 0.05 which is explain correlation exist in this research. Positively correlated variables explain next year shareholder's wealth will be increase by current year Financial Leverage, Firm performance and Retention ratio. whereas Dividend policy and risk will notbe the cause of increasing the next year shareholder's wealth.

Regression Analysis

Table 04: Method: Least Squares (OLS Pooled Data)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Dividend Policy	-0.23	0.36	-0.63	0.520
Financial Leverage	2.63	0.82	3.2	0.002
Firm Performance	11.42	3.07	3.71	0.000
Retention Ratio	0.15	1.39	0.1	0.910
Risk	-0.06	0.12	-0.5	0.610
C	1.97	1.7	1.15	0.240
Model Summary				
R-squared	0.27	Mean dependent var	5.45	
Adjusted R-squared	0.22	S.D. dependent var	6.12	
Included observations	91			

Interpretations

In above mentioned table our independent variables which includes Financial Leverage and Firm Performance which show sig value is 0.0019 and 0.0004 both values are less than 0.05. it is the indication for both variables are positively co related. Whereas remaining independent variables like Dividend Policy, Retention Ratio and Risk have sig values are more than 0.05 which show negative correlation among thesevariables. After considering sig values our focus will be for R-squared and Durbin-Watson stat. In this table R-square which describe those independent variables explaining the 27% to dependent variable which is Shareholder's Wealth. On the other hand, our Durbin-Watson value is less than 2 which is good enough forthis model and shows the auto-correlation exist among the variables. Furthermore, explaining that debt toequity ratio and return on assets both variables are cause to increase the Earning per share for next years onthe other hand retention ratio, current ratio and dividend payout ratio does not affect the earning per sharefor next year.

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Hypotheses Assessment Summary

Table 4: Hypotheses Assessment Summary

Hypothesis	Sig Value	Empirical Conclusion
H_1: There is a significant impact of dividend policy on shareholder's wealth.	0.529	Rejected
H_2: There is a significant impact of financial leverage on firm shareholder's wealth.	0.001	Accepted
H_3: There is a significant impact of firm performance on shareholder's wealth.	0.000	Accepted
H_4: There is a significant impact of retention on shareholder's wealth.	0.913	Rejected
H_5: There is a significant impact of board risk on shareholder'swealth.	0.611	Rejected

Interpretations

As per regression model in hypothesis of above-mentioned table which pointed those two variables have a positive relationship with our dependent variable which means current financial leverage and firm performance have valuable impact on next year's shareholder's wealth in power generation and distribution firm in Pakistan which could be beneficial for those investors who want to maximize their wealth through investing these firms.

Discussion

The investigation is conducted for the purpose to know the impact of Dividend policy on Shareholder's wealth in Power Generation and Distribution firm listed in Pakistan. It is also explored the impact of risk, Financial Leverage, Firm performance and Retention on these firm. Throughout our study the consequence that two major independent variables financial leverage and firm performance having more impact on shareholder's wealth. Further explains that dept to equity ratio and return on assets playing major

role to increasing the next years EPS in this sector as ROA causes to growth in next year's EPS. Return on assets shows that how this sector generates their profit margin by utilizing assets which means they are efficient in using their assets. Other variable which is dept to equity ratio also helping to maximizing the EPS of next years for investors. Rest of the other variable are not more reliable for generating the next year'sEPS as compare to ROA and Dept to equity ratio.

The aim of this study is to analyse how these independent variables affect the dependent variable which is investor's wealth but, some others factors which effect on investment wealth in order to get proper picture of this study. In this study Dividend policy, Risk, Efficiency, firm performance and cash holding of Power

Generation and Distribution companies are independent variables whereas Investor's wealth is a dependent variable. Dividend disbursement is depended on the company's profit by support of board of directors at particular time. When firm generate profit from its business then they pay dividend to its shareholders. Many of companies have more focus on their growth as a result they do not pay dividend according to their equity holders.

Low Dividend payment indicates high investment opportunity whereas high dividend payment results low growth in the firm. Low dividend payment only has a high risk when firm generate low earning as compare to previous earning on the other hand share price can be low riskywhen dividend is paid by the firm at developing phase which explain insignificant relation betweendividend policy and market share of the firm. In this research risk was measured by current ratio.

Conclusion

The study is indicated to distinguish the impact of dividend policy on Shareholder's wealth in Power Generation and Distribution firm listed in Pakistan Stock Exchange. Base on this research The Independent variables used which are Risk, Financial Leverage, Retention, Firm Performance and Dividend policy whereas Dependent variable is Shareholder's Wealth. The data was collected from 2014 to 2020 for PowerGeneration and Distribution firm listed in Pakistan Stock Exchange as well as different website which include SCS Trade.com. As per different companies and different time duration Panel data technique is bestfit to figure out the relationship between independent variable and Dependent Variable through multiple least square regression. Dividend policy and Risk are two variables which have sig value is less than 0.05 which conclude that positive impact on next year shareholder's wealth. Rest of variables have sig value is not less than 0.05 so these variables does not impact the next year shareholder's wealth in Power Generation and Distribution firms in Pakistan which are listed in Pakistan Stock Exchange. For improvement, making more reliable and for getting clear picture on this topic researcher can measure variables in a different wayor can extend time period of particular sector.

Managerial Implications

This research will be beneficial for those investors who are interested in Dividend Yield rather thanCapital gain as well as stakeholders of Power Generation and Generation Firm in Pakistan. in this researchit is explains that shareholders mostly prefer to dividend despite capital gain on their investment because capital gain is riskier than dividend gain. These types of investors are known as risk avoiders. This research can also help those students who are currently and about to research further in same Industry. Most of the firm try to pay Dividend for maintain trust of investors. This research will be beneficial for those firm who pays dividend in order to take sound decision for all the stakeholders.

Limitations

This study was conducted on real data basis as data was extract from given companies Financial Statement from PSX which indicates true picture of this study as well as shows our clear concept related tothis topic. Due to scare and small size of

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data sample there could be possibility to some lack of data. It is not possible that every study done on true and fair bases as many of research could not be absolutely fair enough. The study was conducted only on Pakistani Power Generation and Distribution firms which is generalized only particular country and sector because every country and sector have their own dividend policy. The aim of limitation of this research is that the outcome of this study base on methodology which is Panel data model. In nutshell we can say that the outcome of data showing true and reliable picture of this study.

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