

Research Article

The Effects of Dividend Policy on the Growth of Micro Financial Institutions in Bamenda

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Abstract

This paper titled the effects of dividend policy on the growth of micro financial institutions in Bamenda has the objectives to look at the effects of dividend rate on the growth of MFIs Bamenda and the effect of decision of dividend payment on the growth of MFIs in Bamenda. The paper employed the use of secondary data which was accumulated through from 49 Micro Financial Institutions in Bamenda which was the population, the ordinarily least squares model was used. Descriptive statistics was utilized and analysis was done using the SPSS25 program application. Moreover, interpretations were made based on the results gotten. The study demonstrated that dividend rate and decision of dividend payment had a positive and significant effect on the growth of Micro Financial Institutions in Bamenda, the results also revealed that Access to capital markets has a negative insignificant effect on assets, therefore policies that enhance participation in capital markets will lead to a decrease in assets. The paper suggests that MFIs should set appropriate dividend rates so as to continue growing their institutions. MFIs that don't pay dividend but aim to grow ought to begin paying dividend to members.

Keywords

Dividend Rate, Decision of Dividend Payment Growth, Micro Financial Institutions

1. Introduction

Micro-finance is a term used to describe financial services offered by financial organizations such as bank and savings accounts, cash loans, and insurance and is only slightly available to minority communities. Financial services are necessary in emerging nations in order to invest in various initiatives and generate a sustainable quantity of profit. Fluctuating investments run the risk of hurting a company's performance. Microfinance activities are viewed as providing low-income people with financial services such as credit, savings, cash transfers, pensions, insurance, and remittances in both urban and rural settings, Gamayuni R. [13].

Microfinance aims to fight poverty by creating a financial

system with institutional capability. A microfinance institution's goal is to help the disadvantaged by offering them affordable financial solutions. In order to provide poor people with a credit facility, the microfinance organization must first assess their existing situation in terms of their financial situation and ability to repay the loan. For the loan return policy, the majority of these banks look for their clients' revenue. For MFIs to be long-term viable, loan payback is seen as a crucial criterion to gauge the quality of their portfolio.

According to Coleman M. [10], credit risk and portfolio at risk are indicators for the viewpoint of loan repayment. It has been noted that a deposit collection of customers in the form

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of shares and savings results in a favourable consequence. The use of member savings and cash-based activities are the main components of microfinance operations. On the other hand, the requirement for access to financial resources through borrowing or saving might imitate certain types of investment in a formal setting.

Due to expanding consideration from worldwide bodies and Decision-makers, the field of microfinance has reached a critical point in its evolution. Microfinance experts have suggested that it is the last hope for the poor and are currently divided between the camp that supports productivity and the current camp that combines benefit and social component. Commercial banks and other significant participants in the banking industry have recently considered microfinance as a business niche. As developing countries struggle to integrate microfinance into the traditional budgetary framework, states of mind continue to advance. Top performing Microfinance Institutions (MFIs) are being rebuilt at this stage of global development, their pay stream is being expanded, and they are not dependent on subsidies to conflict.

Since they were easy to work with and had access to a variety of funding sources, many ended up being profitable institutions. In Cameroon, microfinance administrations are no longer reserved for social non-governmental organizations (NGOs), as the line between their activities and those of commercial banking is becoming increasingly blurred. Following the founding of the first successful savings and credit institution (Credit Union) at Njinikom in the North West area of Cameroon by a Roman Catholic clergyman in 1963, the path of official microfinance activities could be followed.

As microfinance exercises picked up overwhelming weight within the monetary framework of the nation, the roles of diverse partners got to be clearly characterized as the supervisory specialists configured MFIs inside the national domain. For numerous a long time In Cameroon, the microfinance sector has developed and transformed into a framework for managing short-term loans, investment funds, credits, and cash exchanges, thanks in large part to various budgetary segment policies and programs the government has tried since independence. MFIs are currently the primary sources of funding for small and medium-sized businesses in Cameroon and other developing countries. Although back writing makes clear that the micro-finance industry developed as a response to an unmet need (Rosenberg and Littlefield) [25]. MFIs are not evenly distributed throughout the world and in Cameroon.

Hardy *et al.* [14], by contrasting Cameroon and Gabon, it is found that, despite the similarities between the two countries (same currency, similar per capita wages), Cameroon has a larger microfinance sector than Gabon. The working environment of MFIs is crucial to understanding cross-country contrasts. The majority of research in the microfinance sector focuses on how organizations are managed (Hudon) [15]. The effect of MFIs on destitution diminish-

ment, financial development and ladies strengthening has progressively gotten more noteworthy consideration in numerous developing nations like Cameroon. Considering Cameroon, it isn't exceptionally clear which macro-environments are more favourable for developing successful MFIs. How are these institutions faring financially at this stage of growth, where extending access to financial services in rural areas is becoming more crucial?

Vanroose A. [27] has determined some potential causes of the uneven growth of MFIs in Latin America. What exactly determines how microfinance is carried out in Cameroon? The Cameroon microfinance division has made exceptional advancement amid the past years, due to the dynamism of the most performing artists who are the State, the MFI and improvement partners.

According to Fotabong [12], the number of microfinance activities, the proximity of the vulnerable customers who are the focus, and the adaptation of the conditions to the services that provide aid in the fight against poverty make clear the over progress. However, the segment has been dealing with real problems since 1990 as a result of the economic crisis that forced Cameroon to weaken its currency in 1994. Numerous microfinance foundations failed to meet the desired requirement for the solidarity finance due to specific prudential standards as well.

The challenges can be categorized as issues with sector governance and supervision, the regulatory environment, and the establishment of microfinance firms. In Cameroon, the microfinance industry is still not subject to unethical behaviour. Similar unauthorised operations are carried out by all the foundations approved for the primary category and the second category. Because of essentially insufficient financial, human, and material resources at the time of the transfer of the management and supervision offices, the microfinance division's lack of control has remained a major problem.

The dilemma for management is almost between paying a large, little, or nil percentage of their returns as dividends or keeping them for future endeavours. This resulted from management's requirement to meet the various needs of shareholders.

The banking commission [9] in Cameroon evaluated the number of microfinance institutions operating in Cameroon at 652 as oppose to 510 in the year 2010. According to the Cameroon Tribune on the 31st Dec 2020, it reported a total of 419 micro financial institutions in Cameroon and as of 2021 there were 415 MFIs in Cameroon as per MINFI. On an overall base, given the statistics above MFIs have experienced a draw back in terms of growth in Cameroon and Bamenda in particular. Hence, not forgetting the relevance of dividend policy to these institutions, it is important to investigate more on this issue so as to better understand the reason for the drawdown and possibly come out with solutions to address the problem.

A number of research studies are being conducted worldwide in this area, but there is no general consensus between

them. Furthermore, most researches or findings that have been done on this particular topic are mostly centered on developed countries and some few African countries but little has been done as far as Cameroon is concerned. Therefore, there is a need to investigate how Cameroonian firms handle dividend policy in relation to the growth of its firms.

This paper has as main objective to determine the effects of dividend policy on the growth of Micro Financial Institutions in Bamenda and the specific objectives: to evaluate the effect of dividend rate on the growth of MFI and to assess the effect of decision of dividend payment on the growth of MFI in Bamenda.

2. Literature Review

2.1. Theoretical Literature

2.1.1. Dividend Irrelevance Theory

The argument in favour of the dividend's negligibility in valuation is that a company's dividend policy may influence its choice of financing to some extent. The firm's dividend strategy may be a leftover choice and dividends may be an inactive leftover as part of the financing decision. It suggests that when a firm has adequate venture openings, it'll hold the dividend to plough back. On the other hand, on the off chance that worthy speculation openings are lacking, the suggestion is that the dividend would be conveyed to the shareholders. The test of satisfactory venture openings is the correlation between the cost of capital and the return on speculations (r), (k). A firm has adequate speculative opportunities as long as (r) is greater than (k).

The idea that these dividends are insignificant or passive residual is based on the premise that financial experts don't care whether they make a profit or not. The speculators would be content for as long as the company can generate profits greater than the equity capitalization rate (k_e) while keeping the profit for itself. Financial experts prefer to receive the reward in the form of profits, in contrast, if the return is less than the (k_e).

The Modigliani and Miller (MM) hypothesis provides the most thorough defence of the significance of dividends.

According to Modigliani and Miller, the profit strategy has no bearing on the firm's share price and is therefore of no relevance. They assert that a company's reputation is based on its ability to make money, which results from its speculative strategy. Profit decision is therefore irrelevant when the firm's speculation is chosen.

Assumptions:

Perfect capital markets with rational investors.

Taxes do not exist. Alternatively, the tax rates that apply to capital gains and dividends are the same.

A company has an investing strategy that does not change which implies that business risk complexion of the firm will not change.

The arbitrage argument is the crux of the MM view on the irrelevant nature of dividends. Arbitrage is the simultaneous entry into two transactions that perfectly balance or completely oppose one another. Here, the actions of paying out profits and raising money outside of the establishments constitute the two exchanges. The market value of a share will drop as profits are distributed to the shareholders. The decrease in the market value of shares will completely destroy all that investors' gain as a result of increased earnings. After the installation of profit, the final value would be identical to that before. In this way, the financial experts would not care if dividends were paid or profit levels were maintained. Since the shareholders are disinterested, the wealth would not be influenced by the company's present and potential future profit decisions. It would entirely depend on the firm's predicted future profit.

2.1.2. Dividend Relevance Theory

There are a few hypotheses that sharply contrast the MM theory by considering dividend decisions to be an active variable in determining the firm's value. Therefore, the decision regarding profit is crucial. The following two hypotheses back up the importance of dividends: Modeled after Walters the idea that profits are significant is supported by this model. A company's dividend policy and investment strategy are intertwined and cannot be separated from one another. The relationship between the return on a firm's venture (r) and its cost of capital/required rate of return (k) is the main argument in favour of the significance of Walter's theory. In case a firm's investment $>$ cost of capital (growth of businesses), the firm should maintain its profitability or the D/P ratio should be zero because it is able to benefit more than what the shareholders might by investing separately. If $r < k$ (declining firms), it implies that shareholders can contribute elsewhere and receive the next return. As a result, they should receive the entire profit (the D/P ration should be 100%). Finally, it may not matter whether profits are retained or distributed when $r = k$ (typical companies). This is possible because the market cost of offers will be constant across the board for all D/P proportions (ranging from zero to one hundred). For such firms, there's no ideal profit arrangement (D/P proportion). By taking after such a approach in all the three cases, the showcase cost of offers will be maximised.

Assumptions:

- 1) Retained earnings are used for all funding.
- 2) The firm's business risk remains the same while more investments are made. It suggests that r and k are fixed.
- 3) The business is eternal.

Gordon's model:

Gordon's model is another idea that claims dividends are important. This model, which contends that a company's dividend policy influences its value, is founded on the following assumptions.

Assumptions:

- 1) The company is an all-equity company. The only source

of funding for investment programs is retained earnings; no outside capital is employed.

- 2) The investment of the firm (r) and the rate of equity capitalization (k_e) are constant.
- 3) The company has an eternal life.
- 4) The retention ratio is fixed after it has been chosen. As a result, ($g = br$) is likewise a constant measure of growth.
- 5) $K_e > br$

Arguments: Gordon's demonstrate proposes that the dividend policy of a company is critical to speculators, which they put a premium on current earnings and dividends. Speculators need to avoid risk because it may be a potential danger to their benefits. Payment of current profits evacuates all hazards. In the event that profits are withheld from a company's shareowners, they may get a profit within the future. The future profit is dubious, with regard to both the sum and timing. The level headed financial specialists will likely lean toward current profits over future profits. The company is likely to put less accentuation on future profits as compared to current profits, which seem have an antagonistic impact on the share price. The contention fundamental Gordon's show of profit significance is that it is invaluable to hold a dividend-paying stock since it offers potential future benefits, such as expanded profit and stock cost appreciation, that a fowl within the hand is way better than two in the bush.

2.2. Empirical Literature

The study by Litner [20] is one of the most punctual studies on dividend policy, which pointed to examine corporate dividend behaviour in companies. The study was conducted on American companies. the study found that profitability and dividends for the current and past years are imperative components in deciding changes in current profits. Typically due to the believe of shareholders as they are more depended with a sensible profit rate. After discoveries and examination, he suggested that reserve funds for a given period be a by-product of profit conduct, for the most part taken from the viewpoint of reasonably built up hones and approaches. Profits are rarely a by-product of current choices regarding the specified estimate of investment funds. In this manner, the most affected of charges on a company's net reserve funds comes from net income.

Anh Huu N. *et al.* [3] examined the impacts on the financial performance of a company's dividend programs. After examining the research gap, they created a research model with profit rate and the choice to pay dividends as independent variables, and ROA, ROE, and Tobin's Q as dependent variables. From 2008 to 2019, they gathered data and financial records from 450 businesses that were publishing on Vietnam's stock exchange. Following analysis, it was discovered that the choice of dividend payment has a detrimental impact on Vietnamese firms as assessed by bookkeeping-based execution, but this moves the needle in terms of firm

advertiser desire. They discovered that Vietnamese businesses are expanding at a low profit rate, which has a favourable influence on accounting-based performance but a negative impact on consumer demand. Based on the findings, they made a few recommendations, including more suited profit structures, a lower profit rate, and a clear choice of profit sharing.

Edwins [11] examined and highlighted the effect of dividend policy on the expansion of the microfinance institutional sector. His study's goal was to analyse the significance and influence of dividend policy on the operation of the micro lending organization. For the sake of the fundamental analysis in terms of a subjective and quantitative method, the data were gathered from secondary sources. The outcome showed that capital size and total resource availability have a significant impact on how well commercial microfinance institutions execute their budgets. In order to advance their profit sharing, the organization is focusing their company's liquidity percentage and obligation position, as demonstrated by his conclusion.

Amidu [2] examined the impact of Ghanaian corporate performance on dividend policy. For an eight-year period, financial data on the government-sponsored activities was obtained from listed corporations. The association between dividend policy and sharing was evaluated using the Ordinary Least Squares approach. According to the findings, businesses that offer high returns on resources and maintain liberal profit sharing policies are more likely to have faster sales growth. Surprisingly, the study discovered that larger GSE enterprises do worse in terms of return on resources. This occurs to reveal unfavourable relationships between utilization, profit payout ratio, and return on resources. The most advantageous aspect of this study is the distinct evidence of how beneficial it is, considering the significant data that is available to the Board of Administrators for defining and examining the dividend policy, taking into thought the factors that had been showed up to have a critical impact on the separate policy which influences the company.

Arif [4] by analyzing panel data of 20 non-financial enterprises for the years 2011 to 2016, this study examined factors influencing the dividend policy of non-financial food companies listed on the Pakistan Stock Exchange (PSE). Interviews were used to gather the data, which was then analyzed using the Tobit model. Fixed effect model estimation findings showed (E-views) that while company risk and growth opportunity are adversely and significantly connected to dividend pay-out, profitability, liquidity, and leverage are positively and significantly related to dividend pay-out. One may therefore claim that boosting the firm's profitability, liquidity, and leverage eventually boosted the dividend payment to shareholders. The study gave the Board of Directors important information for developing and evaluating the dividend policy, taking into consideration the variables that had been demonstrated to have a big impact on the dividend pay-out. In particular, the profitability, leverage, liquidity, growth

opportunity, and business risk considerations must be carefully taken into account if the Board of Directors decides to increase the dividend payment to shareholders.

Imran *et al.* [16] recognized the elements of dividend policy in construction companies between 1996 and 2008. Both the fixed effects and the random effects techniques were used. They discovered a positive correlation between profit per share and the previous year's dividend, as well as a negative correlation between cash flow and earnings per share, sales growth, firm size, and profitability. The findings looked at a negative correlation between dividend payment and cash flow, which suggests that investors should reinvest their saved money. Additionally, they understood that a corporation would pay out more money in dividends to its shareholders when its sales and profitability increased. The company did not have to pay dividends that were lower than in the previous year.

Batool *et al.* [6] examined the elements influencing the corporate dividend policies of financial and non-financial corporations on the companies listed on the Tehran stock exchange. Profits payable as options for variable profit approach were taken into consideration as a result. Through the use of a computer program, experimental data on inquiries was gathered from 70 companies within the Tehran Security Exchange (TSE) between 2009 and 2013 as well as the location of the Tehran Stock Exchange. The data was analysed using a variety of regression techniques. The findings showed that the company's fluctuating size and liquidity had a significant favourable impact on the payable profit. On the odd event that a firm is making a profit, it might be argued that the corporation will grow in size and liquidity.

Miller and Modigliani [21] examined the variables that influence a company's dividend policy. Findings were made and the information collected through the survey was examined using ordinary least-squares models to show that productivity was inversely related to dividend payments overall. There was a significant negative impact of usage on the percentage of dividend payments (meaning that financial firms with high commitments were not providing support to firms through profit payments). They keep dividends to reinvest in productive ventures. They also found that liquidity contrasted with profit payouts. Findings showed that the profit-payment rate was independent of the rate of return (P/E) and fixed quotes. They selected 60 material companies from 156 randomly selected firms from Stock Exchange.

Amidu *et al.* [1] examined the factors that affect the Ghanaian listed companies' dividend pay-out policies. The data was obtained from the six-year financial statement of enrolled enterprises on the GSE. They used the conventional least squares approach. They discovered that the dividend payout was positively correlated with profitability, cash flow, and tax. According to the findings, the profit policy was adversely correlated with risk, growth, market-to-book value, and organization shareholding.

Rehan [24] investigated the variables affecting the choice

to give out dividends. Surveys were used to gather information, and analysis was done. The results showed that sale growth had a negative link with the decision to distribute profits, whereas earnings per share, liquidity, size, and productivity had favourable relationships. Budgetary use was also negatively correlated with the pay-out percentage. They examined dividend policy in their study using the probit model. In their investigation, they included both financial and non-financial KSE 100 firms.

Sanjari *et al.* [26] looked at factors influencing dividend policy, data was gathered from budgetary and non-financial companies chosen in the Tehran Stock Exchange, and it was examined the factors impacting profit policy. They discovered that whereas profitability and growth had a substantial negative association with the dividend policy, liquidity, leverage, and firm size had large favourable relationships. They also discovered that as debt, liquidity, and firm size increase, so do dividend payments by companies. The corporation reduces dividend payments as growth and profitability go up. From 2009 to 2013, they examined 70 financial and non-financial companies listed on the Tehran Stock Exchange. They conducted their analysis using the multiple regression approach.

Bushra *et al.* [8] investigated the factors that affect dividend policy. For the analysis of dividend pay-out, they used two model yields and a dividend pay-out model. They discovered that the payment of dividends had a strong positive link with return on equity (ROE) and return on asset (ROA). The corporations paid more profits as their revenue increased. Huge corporations have large liabilities, which showed a negative and significant link with dividend payment. Additionally, there was a strong correlation between the growth of sales and dividend payout. Ownership concentration has a major impact on dividend pay-out as well. Additionally, they discovered a negative correlation between dividend payments and growth. They used data from 2005 to 2010 and 75 companies from the KSE 100.

Ayub [5] investigated how company-specific factors affected corporate dividend payments. They gathered data and used regression analysis to analyse it. They discovered a positive correlation between profitability, ownership, and retained profit as well as a negative correlation between liquidity and the profit pay-out proportion. In total, 23% of the 180 companies that joined the KSE between 1981 and 2002 paid dividends on their profits. Companies start paying dividends if they have experienced some growth through additional investments made with earnings.

Kumar [18] investigated the relationships among ownership structure, corporate management, and profit distribution strategy in the context of the expanding Indian market. They collected data from 2575 recorded companies between 1994 and 2000. They discovered that proprietorship plays a big role in dividend policy. They also discovered that Organization owners had a bad relationship with the dividend policy. There was no correlation between remote ownership and the

dividend pay-out percentage.

Nazir [22] acknowledged the role of dividend policy in determining Pakistan's stock market's volatility. They discovered that dividend policies had a positive and substantial relationship with stock price volatility, and that the stock price and firm size had a positive and significant relationship with profit pay-out and profit yield. On the data, they performed fixed impact and irregular impact models. They gathered the data from 73 registered companies between 2003 and 2008.

Kuwari [19] investigated the factors influencing dividend policy. They used non-financial companies registered with the GCC to gather data, and they performed a multi regression analysis to check their findings. In their investigation, they discovered that businesses make profits to lessen the agency problem. Companies listed in the GCC countries routinely change their dividend pay-out strategy, and they don't aim for a long-term dividend pay-out strategy. They discovered that the dividend policy was fundamentally and favourably related to business size, government ownership, and profitability. Additionally, they discovered that the dividend policy and leverage were at odds with one another.

3. Methodology and Data Used

The scope of this study is limited to MFIs in Bamenda who carryout financial transactions during the year. The use of descriptive study was used to describe the phenomena which is often helpful in understanding the subject. The main purpose of descriptive research is to describe, document, analyse and report existing conditions [17]. According to Yin [28], there are three types of case studies, depending on the purpose. The purpose of this study is to study and evaluate the effects of dividend policy on the growth of MFIs in Bamenda. This study will explore the effects of dividend policy MFIs.

In statistics, the target population is the particular group about which data is sought. A population, according to Ngechu [23] is a clearly defined collection of the individuals, services, components, events, or households that are the sub-

ject of the investigation. In order to arrive at the result of these findings, the target population was 49 MFIs in Bamenda.

In conducting this research, a random and non-random sampling design was used. Under the random sampling category, there are several methods that can be applied. Systematic random sampling, cluster random sampling, simple random sampling, and stratified random sampling are a few of these techniques [7].

The necessary information for the analysis was gathered from secondary sources. Reviewing all of the literature that is accessible on the topic under research constitutes secondary data collecting. The secondary data gathering in this study involved the financial statements of MFIs in Bamenda.

The independent variable of the study is dividend policy with focus on dividend rate and decision of dividend payment. On the other hand, the dependent variable of the study is growth of MFIs which will be measured in terms of size, Assets, Return on Assets (ROA).

The regression model was employed in the study. Regression model was preferred to other models due to the nature of the study. The Ordinary least squares otherwise known as the equation of the line is denoted as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon$$

Where:

Y=growth (measured as size, assets and ROA); separate models were run for size, assets and ROA.

β_0 = Constant term

β_1 - β_6 = Coefficient of the independent variable.

X_1 =Dividend rate

X_2 = Decision of dividend payment

Control variables

X_3 = Capital market considerations

X_4 = Program of work and budget (PWB)

X_5 = Anglo

X_6 = Risk

ϵ = Error term

Table 1. Operationalisation of the Variables.

VARIABLES	HOW IT IS MEASURED
DEPENDENT VARIABLES	
Size	Number of members (Membership)
Assets	Shares and reserves (equity)
ROA	Net income and average total assets
INDEPENDENT VARIABLES	
Dividend rate	Annual dividend and current price of shares
Decision of Dividend payment	It takes value 1 if MFI pays dividend otherwise value 0.

VARIABLES	HOW IT IS MEASURED
CONTROL VARIABLES	
Access to Capital Market Consideration	It takes value 1 for MFI with access to Capital markets otherwise 0 for MFIs without access to capital markets.
Program of work and Budget (PWB)	Variances
Anglo	It takes value 1 if MFI is of English origin otherwise value 0.
Risk	Liquidity coverage

Source: by the Author, 2022

4. Empirical Results

Table 2. Linear Regression of the effect of dividend policy on the size of Micro Financial Institutions in Bamenda.

SIZE	Coef.	St. Err.	t-value	p-value	[95% Conf Interval]	Sig
dividend_amount	5.27e-09	8.20e-10	6.43	0.000	0 3.62e-09 6.93e-09	***
Acc_capital_mkt	-0.163	0.400	-0.41	0.686	-0.971 0.645	
dividend_decision	2.662	0.747	3.57	0.001	1.155 4.168	***
PWB	-2.7	0.921	-2.93	0.005	-4.56 -0.841	***
ANGLO	-1.182	0.291	-4.06	0.000	-1.77 -0.595	***
RISK	2.284	0.395	5.79	0.000	1.488 3.081	***
Constant	17.768	0.830	21.40	0.000	16.092 19.443	**
Mean dependent var	19.145		SD dependent var		1.827	
R-squared	0.799		Number of obs		49	
F-test	27.818		Prob > F		0.000	
Akaike crit. (AIC)	132.528		Bayesian crit. (BIC)		145.770	

*** p<.01, ** p<.05, * p<.1

Source: Computed by the Author, 2022

The table above shows that the amount of dividend paid has a positive effect on the size of Micro Financial Institutions in Bamenda; therefore a unit increase in the amount of dividend will lead to a marginal increase membership by 0.00000000527. Thus this result is significant at 1percent in explaining the dependent variable size. Access to capital market has a negative effect to membership, as such; more investments in capital markets will lead to a negative effect on membership by a marginal value of 0.163. Hence the p value of 0.686 indicates that access to capital markets is not significant to explain the dependent variable.

Dividend decision has a positive effect on membership which implies that Micro Financial Institutions in Bamenda that pay dividend have an edge over those who do not pay dividend and this result is significant at 1 percent. Program

of Work and Budget (PWB) has a negative effect on membership, therefore a unit increase in Program of work and Budget will lead to a decrease of -2.7 members, and the result is significant at 1percent.

Anglo has a negative effect on membership which shows that an increase in MFIs of English origin will lead to a marginal decrease of 1.182 in membership and the p value confirms that the result is significant at 1 percent. Risk has a positive effect on membership, this implies that a unit increase in risk will lead to 2.284 growth in membership, hence according to p value the result is significant at 1 percent.

The first model where dependent variable size has an R square of 0.799, implying that 79.9 percent of the variation on the dependent variable size is explained by the independ-

ent variables used in the model. The F statistics of 27.818 and p value of 0.000 indicate that our model is globally significant at 1%.

Log Linear regression of the effect of dividend policy on the assets of Micro Financial Institutions in Bamenda.

Table 3. Log Linear regression on the effect of dividend policy on the assets of Micro Financial Institutions in Bamenda.

Log of assets	Coef.	St. Err.	t-value	p-value	[95% Conf	Interval]	Sig
dividend_amount	5.27e-09	8.20e-10	6.43	0.000	3.62e-09	6.93e-09	***
Acc_capital_mkt	-0.163	.4	-0.41	0.686	-.971	.645	
dividend_decision	2.662	.747	3.57	0.001	1.155	4.168	***
PWB	-2.7	.921	-2.93	0.005	-4.56	-.841	***
ANGLO	-1.182	.291	-4.06	0.000	-1.77	-.595	***
RISK	2.284	.395	5.79	0.000	1.488	3.081	***
Constant	17.768	.83	21.40	0.000	16.092	19.443	***
Mean dependent var	19.145		SD dependent var		1.827		
R-squared	0.799		Number of obs		49		
F-test	27.818		Prob > F		0.000		
Akaike crit. (AIC)	132.528		Bayesian crit. (BIC)		145.770		

*** p<.01, ** p<.05, * p<.1

Source: Computed by the Author, 2022

From the table above, the coefficient 0.00000000527 indicates that there is a positive effect between the amount of dividend and assets, hence an increase in the amount of dividend will lead to an increase in assets. In other words, a unit increase in amount of dividend will lead to 0.000000527 increase in assets. This relationship is significant at 1%. Access to capital markets has a negative effect on assets, therefore policies that enhance participation in capital markets will cause a -16.3% decrease in assets. This result is insignificant in explaining the dependent variable which is asset.

Dividend decision has a positive effect on assets, this means that; good dividend decision will bring about an increase in assets by 26.62% and this result is significant at 1%. Program of Work and Budget (PWB) has a negative effect on asset, therefore a unit increase in Program of work and Budget will lead to a decrease of -2.7 in assets, the result is significant at 1percent.

Anglo has a negative effect on asset which shows that the more decisions that MFIs of English origin make based on their originality, the less performing they will be leading to -1.182% in assets and the p value confirms that the result is significant at 1 percent. Risk has a positive effect on assets, this implies that a unit increase in risk will lead to 2.284% increase in assets, hence according to p value the result is significant at 1 percent.

The second model where dependent variable is assets has an R square of 0.799, implying that 79.9 percent of the variation on the dependent variable assets is explained by the independent variables used in the model. The F statistics of 27.818 and p value of 0.000 indicate that our model is globally significant at 1%.

Linear Regression of the effect of dividend policy on Returns on Assets (ROA) of Micro Financial Institutions in Bamenda.

Table 4. Linear Regression on the effect of dividend policy on Returns on Assets (ROA) of Micro Financial Institutions in Bamenda.

ROA	Coef.	St. Err.	t-value	p-value	[95% Conf	Interval]	Sig
dividend_rate	7.75e-12	2.87e-11	0.27	0.789	-5.03e-11	6.57e-11	
Acc_capital_mkt	0.004	0.014	0.28	0.778	-0.024	0.032	
dividend_decision	0.108	0.026	4.12	0.000	0.055	0.161	***

ROA	Coef.	St. Err.	t-value	p-value	[95% Conf	Interval]	Sig
PWB	-0.024	0.032	-0.74	0.463	-0.089	0.041	
ANGLO	-0.001	0.01	-0.12	0.904	-0.022	0.019	
RISK	0.05	0.014	3.62	0.001	0.022	0.078	***
Constant	-0.03	0.029	-1.03	0.308	-0.089	0.029	
Mean dependent var	0.068		SD dependent var		0.036		
R-squared	0.378		Number of obs		49		
F-test	4.260		Prob > F		0.002		
Akaike crit. (AIC)	-197.813		Bayesian crit. (BIC)		-186.462		

*** p<.01, ** p<.05, * p<.1

Source: Computed by the Author, 2022

The table above shows that the amount of dividend paid has a positive effect on the Returns on Investment of Micro Financial Institutions in Bamenda; therefore a unit increase in the amount of dividend will lead to an increase in ROI by the coefficient of 0.0000000000775. Thus this result is insignificant in explaining the dependent variable ROI.

Access to capital market has a positive effect on ROI, therefore policies that enhance capital markets activities will lead to an increase in ROI by 0.163, and hence the p value of 0.778 indicates that access to capital markets is insignificant to explain the dependent variable.

Dividend decision has a positive effect on ROI which implies that Micro Financial Institutions in Bamenda that pay dividend have an edge to increase their ROI over those who do not pay dividend and this result is significant at 1 percent. Program of Work and Budget (PWB) has a negative effect on ROI, therefore a unit increase in Program of work and Budget will lead to a decrease of -0.024 in ROI, the result is insignificant.

Anglo has a negative effect on ROI which shows that Micro Financial Institutions in Bamenda that are of English origin do not have an edge on ROI over those that are not of English origin and the p value confirms that the result is insignificant at. Risk has a positive effect on ROI, this implies that a unit increase in risk will lead to 0.05 increase in ROI; hence according to p value the result is significant at 1 percent.

The third model where dependent variable ROI has an R square of 0.378, implying that 37.8 percent of the variation on the dependent variable ROI is explained by the independent variables used in the model. The F statistics of 4.260 and p value of 0.002 indicate that our model is globally significant at 1.

From the results of the analysis above, the effect of dividend policy on the growth of Micro Financial Institutions in Bamenda was done using the regression model at 1%, 5% and 10% levels of significance. The result obtained show that

an increase in the amount of dividend will increase growth by the odds 0.00000000527, the result is statistically insignificant at 1% we therefore reject the null hypothesis which state that dividend rate has no significant effect on the growth of Micro Financial Institutions in Bamenda. This shows that MFIs in Bamenda have been paying out dividend to members over the year; this result goes in line with dividend relevance theory of Walter's and Gordon's model. Also this result is similar to the findings of [20].

The results also showed that every good policy in respect to dividend decision payment will increase growth by a marginal value of 2.662, this is statistically significant at 1% level of significance we therefore reject the null hypothesis which state that dividend decision has no significant effect on the growth of Micro Financial Institutions in Bamenda and we accept the alternative hypothesis which state that dividend decision has a positive and significant effect on the growth of Micro Financial Institutions in Bamenda. This means that managers and owners of these institutions are quite aware that the more favourable dividend decisions they make the more likely they are to grow. This result also resonates with the dividend relevance theory. The findings of this work are different from the findings of [3] whereby to them decision of dividend payment has negative impact to Vietnamese firms.

The global significance of the regression model on the effect of dividend policy on the growth of Micro Financial Institutions in Bamenda is statistically significant at 1% as Prob> chi2 this show that we are 99% confident that the findings of this study are reliable for policy purposes.

5. Concluding Remarks and Policy Implimentaton

In the course of studying the effect of dividend policy on the growth of of Micro Financial Institutions in Bamenda in

which category 1 of Micro Financial Institutions were the targeted population the result showed that dividend rate and decision of dividend payment were statistically significant to the Micro Financial under study. For the global significance of this study, we conclude that dividend policy has a positive significant effect on the growth of Micro Financial in Bamenda and that at 99% confident level that the findings of this study are reliable for policy purposes.

The study recommends that there should be proper dividend rates in the financial institutions in Bamenda, this is because with a good dividend rate many members will be ready to save and hence growth of these institutions. By discussing and reviewing various ways to decide on a better dividend rate, more members will be interested in these institutions in Bamenda given that the present dividend rate used by these institutions is not bad at the moment.

The study also recommends that for those Micro Financial Institutions that do not pay dividend but aspire to grow, it would be better if the start paying dividend to their members because as per the result above; it has been confirmed that the Micro Financial Institutions that pay dividend to members have an edge to grow over those that do not pay dividend.

To add, further research can be carried out in this topic with a different target population like banks because little studies have been carried out on this topic especially in Cameroon.

Conflicts of Interest

The authors declare no conflicts of interest.

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