

The Determinants of Cash Holdings and Dividends: A Simultaneous Analysis of Non-Financial Firms Listed on Amman Stock Exchange

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Abstract

This study aimed to identify the effect of cash holdings and dividends payouts simultaneously in non-financial firms listed on Amman Stock Exchange (ASE), and used the generalized method of moments (GMM) to measure the effect between independent and dependent variables, and this study relied on the cross-sectional analysis of the Time series During the period (2014–2018) where the sample of the study consisted of all 92 non-financial companies listed on the ASE, the study used the analytical descriptive method for the purpose of collecting and analyzing the data to draw conclusions using many appropriate statistical methods.

The current study reached several results, one of the most important of which was the negative effect of dividends payouts on cash holdings at the level of significance (0.10), as well as showing a positive relationship between investment opportunities and cash holdings and shows a negative relationship between leverage and cash holdings, while showing a positive relationship between profitability and cash holdings. In addition, the size of the company shows a positive relationship between it and cash holdings. On the other hand, this study found a negative effect of cash holdings on dividend payouts, as well as showing a positive relationship of investment opportunities on dividend payouts and the study found a negative

relationship between leverage and dividend payouts, and show that profitability positively affects dividend payouts, as well as the size of the company positively affects dividend payouts.

In conclusion of the study results, the researcher recommends the important to exploiting investment opportunities to maximize the benefit of companies, as well as the need to develop policies to control debt in order to reduce the leverage, as well as recommend the researcher to work on the development of laws and legislation governing the dividend payouts.

Keywords: Cash holdings, Dividends, Non-Financial Firms, Simultaneously