

THE EFFECT OF DIVIDEND POLICY ON THE GROWTH OF MICRO FINANCE ORGANIZATIONS

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ABSTRACT

This research emphasized the dividend policy impact on the microfinance institutional growth. Dividend policy considered as the key approach for the guideline and regulation process of the company that usually modified for the payment of dividend to their shareholders. The problem has been identified regarding the loan facilitation and provision of sustainable dividend to the investors and shareholders. The objective of this research is to analyze the significance and impact of dividend policy on the microfinance organization's performance. The data has been collected from the secondary sources for the critical analysis in terms of qualitative and quantitative method. The result showcased the investment of \$50,000 for every month and the current figures show the \$36 million for every month in total. Furthermore, the finding showcases the significant impact of dividend distribution to gain the external funds. Moreover, the result of this study showcases that capital adequacy and the total asset has a significant influence on the financial performance of the commercial microfinance institutes. The conclusion demonstrated that the organization is emphasizing their company's liquidity ratio and debt position in order to improve their dividend policies.

Keywords: Microfinance, dividend policy, financial performance, liquidity, investment.