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Ownership structure, capital structure and dividend policy: Evidence from the Iberian markets

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Introdução
Capital structure and dividend policy are among the widely addressed topics in corporate finance. Although the vast literature, the conclusions of the empirical studies are not consensual, as well as the determinants of these two strategic decisions. Regarding dividend policy, there are several studies supporting the relevance of dividend policy to firm's value. In addition, ownership structure is considered as a determinant factor in making strategic decisions, like capital structure and dividend policy. Thus, it will be interesting to analyze these three factors of corporate finance.
Problema de Pesquisa e Objetivo
The relationship among capital structure, dividend policy and ownership structure is crucial in finance. However, there is a gap in the empirical literature concerning this relationship, being in need of research. Thus, we would like to study the interrelationship among ownership structure, capital structure and dividend policy using approaches to remove simultaneous bias and studies the Iberian markets, which are in need of research.
Fundamentação Teórica
The main theories related to capital structure include the trade-off theory, the pecking order theory, and the agency theory. The trade-off theory balances the advantages (tax benefit) and disadvantages (agency and bankruptcy costs). The pecking order theory suggests a hierarchy of funding sources, and not an optimal debt ratio. Agency theory arise because of potential conflict of interest between the shareholders (principal) and the managers (agents).
Metodologia
The methodology used is based on panel data analysis, considering the more efficient model among the pooled ordinary least squares, the fixed effects model and the random effects model, according to the results of the F statistic, the Hausman and the Breusch-Pagan test. We also use the SEM, the 2SLS and the 3 SLS methods.
Análise dos Resultados
The results support the hypotheses that there is a negative relationship between managerial ownership and firms leverage. However, we find no support for the hypothesis that there is a negative relationship between managerial ownership and firms' dividend payout. In addition, we find no evidence supporting the hypothesis that there is a negative relationship between leverage and dividend payout, which is consistent with the recent conclusion of Purnamasari et al. (2020).
Conclusão
The results suggest that firms with managerial ownership are more prone to reduce leverage in order to reduce the agency costs of debt. The ROA coefficient is negative and statistically significant, which goes along with pecking order theory and previous evidence. The results show a positive effect of firms size on the dividend payout. This study represents a contribution to identify the nature of relation among the consider variables at the Iberian market, not yet explored in this context.
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