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ROLES OF CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE IN DIVIDEND SMOOTHING BEHAVIOR OF ASIAN FIRMS

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ABSTRACT

The study explores the determinants of dividend smoothing behavior of Asian firms for 2009-2018. The study used a firm's specific characteristics, corporate governance, and ownership structure variables as determinants of dividend smoothing in some Asian markets (Pakistan, India, Sri Lanka, Malaysia, and Singapore). Based on gender critical mass theory, the study finds the presence of gender-critical mass is positive and significantly associated with firm dividend smoothing behavior; whereas, the presence of fewer women depicts a negative or insignificant association with dividend smoothing behavior. The moderating role of gender diversity between family ownership and dividend smoothing is also examined. Further, contrary to the agency theory-based explanations of dividend smoothing, we find that family firms follow a smooth dividend policy. These findings suggest that gender-critical mass, family ownership, and higher market to book value contribute positively to dividend smoothing behavior in the Asian market.

Disciplinary: Business and Financial Management.

1 INTRODUCTION

In the area of corporate finance, dividend behavior is considered an important topic of research, but we still do not have sufficient explanation for the dividend behavior of firms (Hussainey et al., (2011). It is one of the ten unresolved puzzles in corporate finance literature as we obtain different views of its determinants. Miller and Modigliani (1961) believe that dividend is irrelevant while Lintner (1956), Fama and Babiak (1968), and Brav et al., (2005) strongly favor the relevancy hypothesis. It is not the dividend that has remained controversial but the assumptions about markets make dividend policy more complicated since we have not been able to have conclusive evidence in

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respect of dividend policy. Studies explored that firms prefer to distribute smoothly divided. The signaling hypothesis suggests that management smooth dividends relative to earnings. They increase dividend payout ratio only when they are self-assured for a sustainable increase in firm's earnings and are reluctant to cut dividends except adverse conditions are likely to persevere, as dividend cuts may be perceived as a bad signal about firm's performances and result in lower share price due to market negative response. The study confers with the theory of dividend payout. For smoothing behaviors of firms (Brav et al., 2005), the literature is unable to resolve the controversies among dividend smoothing determinants due to differences in investors horizon, market behavior, and economic condition in which the firm is operating or the overall governance mechanism of the economy (Leary and Michaely, 2011). Also, most studies focused on US and western markets where the conditions are significantly different from Asian markets.

Among other theories of finance, agency theory is used to explain and resolve issues in the relationship between stakeholders and their agents. Corporate governance represents a system of principles, policies, and clear accountabilities and responsibilities used by shareholders to overawe the conflicts of interest inherent. The classical principal-agent conflicts between managers and stockholders may be an outcome of separation of ownership. Agency costs may be larger than the cost of any other conflict of interest. The ownership structure has a significant role in dividend smoothing in Asian due to family dominance, group affiliations, and growing subsidiary pattern in Asian. At the same time, dispersed structures are less typical, though there are noteworthy differences between jurisdictions among Asian countries. While China and Vietnam, for instance, are categorized by sizable state ownership, while India and Korea preserve substantial family ownership structures. Accepting ownership structures in Asian is precarious to confirming the advance of operational corporate governance standards. So, it is very important to test the ownership role in dividend smoothing for Asian.

The study has several significant contributions. It highlights the roles of governance and ownership structure in dividend smoothing. More importantly, it provides new evidence relating to the significant role of gender diversity on firms' smoothing behavior in Asian. Also, the moderating effect of board diversity between family ownership and dividend smoothing is explored by the current research.

2 THEORETICAL FRAMEWORK

Three different schools regarding dividend policy prevail (Damodaran, 2010). First, the dividend irrelevance theory proposes that dividends do not influence the market price of a firm's stock; henceforth the firm's value in a perfect capital market remains unaffected (Miller and Modigliani, 1961; Black and Scholes, 1974). The second school of thought takes into consideration the tax disadvantage and claims that dividends are not useful for stockholders who fall in higher tax brackets; thus resulting in lower stock prices (Berger and Ramaswamy, 1979). Finally, dividends are encouraging as an increase in stockholders' wealth through their influence on stock price (Woolridge, 1983). Also, how any change in dividend payout conveys bad/good signals to the stock markets associated with the company's prospects (Miller and Rock, 1985) which ultimately explain into upward/downward movements of the stock value. Accordingly, dividend payments curtail agency costs between the management and shareholders (Moh'd et al., 1995).

3 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

3.1 FIRM'S DIVIDEND SMOOTHING

Lintner (1956) extensively studied the phenomenon of dividend smoothing. As dividend changes may respond slowly to change in earnings, the management is reluctant to a dividend cut and they are often ready to bear the cost to avoid dividend cut even if the cost is significant. The evidence suggests that managers peruse dividend smoothing only because they are in the belief that investors prefer smooth dividends. In this vein, Brav and Michaely (2005) exhibited that executives are aware of a significant asymmetry between dividend cut and increases: hence, they perceive a nominal return for increasing dividends but a heavy penalty for a dividend cut. So far, there is little (if any) empirical evidence in the Asian context that describes the mechanism through which stockholders control management dividend smoothing behavior. Berk and De Marzo (2013) stated that even more than fifty years after Lintner's seminal work, we did not find any conclusiveness evidence explain the dividend smoothing behavior of firms.

3.1.1 CORPORATE GOVERNANCE AND DIVIDEND SMOOTHING

Corporate governance is a mechanism by which corporations are governed. Corporate governance primarily attempts to guard stockholders and then other stakeholders' interests by making certain transparency and enforcing accountability. In the meantime, the dividend-paying behavior in Asian firms is different from that of the western because of the difference in tax, information asymmetry, and market volatility (AlKuwari, 2009; Wardhana et al., 2014). There is a probability that dividend payout is more vulnerable in playing the monitoring role which ultimately enables minority stockholders to control managers' discretionary action to avoid any manipulation in the firm's resources. As the literature depicts that higher and stable dividends are the most appropriate mechanism to control agency conflicts (Easterbrook, 1984; Jensen, 1986); firms with higher agency conflicts have higher degrees of dividend smoothing and firms with weak governance mechanism tend to opt for a higher degree of dividend smoothing (Leary and Michaely, 2011; Javakhadze et al., 2014). Hence, dividend and agency conflicts can serve as a substitute for each other. Conversely, it is also believed that stockholders can influence firms' dividend policy by their strong shareholdings and influential role on the corporate board (Mirza & Malik, 2019); they can force the management to pay stable dividend resulting dividend smoothing as an outcome of a strong corporate governance mechanism.

3.1.2 BOARD SIZE AND FIRM'S DIVIDEND SMOOTHING

According to the resource dependency theory, board size provides different resources to them and enables them to make timely and useful decisions. Similarly, as per agency theory, a larger board is more likely to reduce agency conflicts between management and stakeholders by better monitoring and reducing information asymmetry. Board size has positive and significant effects on dividend smoothing and firm performance according to resource dependency theory and reducing agency conflicts as per agency theory, empirically proved by various studies. The Board of directors and its size makes significant efforts to reduce agency problems and make better relations between management and stockholders. In contrast, some views that small typically produces better returns in comparison to larger-firms. A small board spends less time in discussions and is more likely to make

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timely decisions (Bopin, 2011). The current study is mainly concerned with the agency conflicts model; therefore, we confer positive associations between board size and dividend smoothing behavior of the firms in Asian. This is in line with earlier findings (Batool & Javid 2014). Thus, we hypnotized as

H#1: The board size has a significant positive influence on the dividend smoothing behavior of Asian firms.

3.1.3 ROLE OF GENDER DIVERSITY IN DIVIDEND SMOOTHING

In modern business, gender equality is one of the most important factors that promote ethics in the corporate board. Board with gender diversity is more likely to have fewer agency conflicts. Good governance mechanism does not call for dissent in the corporate board, but it often calls for gender diversity. A female presence on the corporate board is good, as it is beneficial for internal and external stakeholders. Its presence is more pronounced and useful in firms and markets where shareholders' protection rights are on the lower side or/and agency conflicts prevail due to information asymmetry. Moreover, it is also observed that female directors are more helpful for smoothing dividends and reducing agency conflicts (Ararat et al., 2015). The stakeholders can reduce agency costs by increasing the proportion of female directors on the board. Similarly, it is evidenced that boards with female directors have more effective monitoring mechanisms as compare to the boards with male directors and more female directors in the board strengthen the corporate governance and dividend smoothing practices (Rozeff, 1982). Contrary, the literature also evidenced that due to the presence of more female directors decision making is difficult because female directors are difficult to reach a single decision, thus

H#2: Board diversity has a significant positive influence on the dividend smoothing behavior of Asian firms.

3.1.4 ROLE OF BOARD INDEPENDENCE IN DIVIDEND SMOOTHING

Sometimes, a board itself creates agency conflicts. There are many shareholders in large companies, and the structure of the ownership frequently changes even by minute on the stock market. In such a situation, it becomes almost impossible for stockholders to directly manage the company. Thus, shareholders hire independent directors, to minimize such agency conflicts between shareholders and management (Armstrong et al., 2014). The literature evidenced a positive relationship between board independence and dividend policy (Yarram and Dollery, 2015). Board independency is very supportive to minority shareholders for paying stable and consistent dividends and performs as a bridge between managers and shareholders to mitigate agency conflict (Shrader et al., 2003). In the Asian context, the importance of board independence is more important because legal protection is on the weaker side and information asymmetry has been a problem for decades due to market imperfections. Thus, the hypothesis is

H#3: The board's independence has a significant positive influence on the dividend smoothing behavior of Asian firms.

3.1.5 OWNERSHIP STRUCTURE AND DIVIDEND SMOOTHING

A concentrated ownership structure can help to reduce the agency conflicts since greater monitoring efforts by large shareholders is a key feature of concentrated ownership (Jensen &

Meckling 1976). In contrast, ownership concentration also has costs, not least that it can lead to the expropriation of minority rights (La Porta et al., 1999), with perhaps negative outcomes on firm performance. Ownership structure emerges as an important factor that could influence various financial decisions taken by the firms including dividend payments. The ownership pattern whether it is institutional, family, or blockholders determines the control and influence of shareholders in the firm (Mehboob et al. 2015).

3.1.6 FAMILY OWNERSHIP AND DIVIDEND SMOOTHING

Family ownership is characterized as the control and management of family members (Kraiczy, 2013). The first school of thought declares family ownership as a mechanism to reduce agency conflicts resulting from information asymmetry; hence, resulting in better performance and alignment of resources. In such firms, the board of director remains under the scrutiny of family ownership, and the interest of both groups are better aligned. Another school states that in family-owned firms, the rights of minority shareholders are less protected and management is reluctant to distribute dividends. Thus, we find two controversial findings. Some view presence of family ownership as positive determinants of dividend smoothing (Masset et al., 2019). On the other hand, family-owned firms pay lower dividends to the minority shareholders and retain more amount of free cash flow for their benefits (De Cesari, 2012). With a positive view, the hypothesis

H#4: There is a significant and positive association between family ownership and dividend smoothing behavior of Asian firms.

3.1.7 ROLE OF INSTITUTIONAL OWNERSHIP IN DIVIDEND SMOOTHING

Since institutions (e.g. mutual funds, pension funds, hedge funds, and private equity firms) often occupy a significant portion of money at their disposal, they are always welcomed by the equity market and their role is more pronounced than any other type of investor. They are considered as a mechanism to reduce the agency conflict because their vocally stated benefits are aligned with those of smaller stockholders (Celik and Isaksson, 2014). Institutional ownership plays an influential role in the financial decision-making process, firms having large institutional participation provide higher dividends to shareholders due to the dominant role of institutional shareholders, in light of institutional theory (Thanatawee, 2013). In most Asian countries, institutional investors directly influence policies made by the board of directors, thus

H#5: Institutional ownership has a significant positive influence on the dividend smoothing behavior of Asian firms.

3.1.8 BLOCK-HOLDER OWNERSHIP AND DIVIDEND SMOOTHING

A block-holder is an influential shareholder because of the significant block of the company's stock that they own. Generally, there is not a specific number of shares owned by the blockholders. These blockholders play a crucial role in the financial decision-making process of firms. In most firms, blockholders may influence corporate decisions such as capital structure, dividend distribution, etc. (Franks et al., 1997). Dividend smoothing is important in firms controlled by institutional investors because it mitigates agency problems (Gugler, 2003). Similarly, Edmans, (2014) evaluate that firms pay stable and consistent dividends to the shareholders due to the dominant role of

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institutional block holders in the board, strong influence of institutional block holders on some of the financial decisions including dividend payments (Amihud and Murgia, 1997). Moreover, the negative impact of blockholders within family-owned firms on the dividend smoothing behavior of firms is empirically proved by different studies which show that firms pay fewer dividends to minority shareholders due to the dominant role of blockholders in boards (Godard and Schatt, 2005; Maury and Pajuste, 2002). Thus, the relationship in the Asian context,

H#6: Blockholders have a significant negative influence on the dividend smoothing behavior of Asian firms.

3.2 CONTROL FACTORS

The study used firms' characteristics such as market-to-book value, cash-to-total assets, firms' age, and firms' size as control variables. The market-to-book ratio represents the market performance of the firms. Cash flow to total asset ratio is used as a proxy of a financial metric that quantify such benefits. Different proxies can be used to measure the size of the firm such as total assets, total sales, number of employees, market capitalization. We also used the natural log of the firm's age that is measured as a difference in date of incorporation and year of observation.

4 RESEARCH METHODOLOGY

4.1 SAMPLING AND DATA COLLECTION

This study determines the role corporate governance and ownership structure in a firm's dividend smoothing behavior in Pakistan, India, Sri Lanka, Malaysia, and Singapore, selected based on some common economic characteristics and their recognition as important developing countries in Asian. We include only listed non-financial firms from the mentioned economies for the sample period. Fama and French (1992) suggest excluding financial firms from samples because they are normally high leveraged. We collected corporate governance and ownership data from the financial report of each firm, for 2009-2018. We used panel data analysis methodology as it assists to investigate the time-series as well as cross-sectional data concurrently (Torre et al., 2012).

4.2 MEASUREMENT OF VARIABLES

We used the speed of adjustment (SOA) as a measure of dividend smoothing and it is used as a dependent variable in this study. Corporate governance (board-size, independent-directors, and board-diversity) and ownership structure (family-ownership, institutional-ownership, and blockholders-ownership) are used as independent variables. Similarly, we also used firm-level control variables (market-to-book ratio, cash-reserves available to the firm, size, and age of the firms) as control variables.

4.3 MODEL SPECIFICATION

we used panel data methodology, due to data characteristics, the formation of the panel, and observation of country effects. According to Baltagi (2005), fixed effect and random effect models are the most famous techniques used for panel data analysis. Hausman test (1978) test is used to select the most appropriate model. We used the regression model

$$SOA_{i,t} = \beta 0 + \beta 1 \text{ Corporate Governance} + \beta 2 \text{ Ownership Structure} + \varepsilon_{i,t} \quad (1),$$

where the subscript i and t represent the firm and year effect, The ε is an error term, β1 and β0 are the

regression coefficients and β0 is the model constant.

5 EMPIRICAL RESULTS

5.1 DESCRIPTIVE STATISTICS

Descriptive statistics are provided in Table 1, the results show that the average dividend per share (DPS) is 8.459 and ranges from 3.510-17.153, shows large differences in dividend per share paid by the firms. The average value of the market to book value (MTB) is 0.643 and ranges from 0.010-18.980. Cash available to total assets (CTA) has an average value of 0.847. The average value of firm age (AGE) is 30.429 and ranges from 7.000-124.00. The average size of the firm (SIZE) is 27.480 and ranges from 6.112-123.469 that shows a large variation in the size of firms.

Table 1 also shows the different characteristics of corporate governance. The average value of the board size (BS) is 12.653 while it ranges from 3.061-22.445. The average value of board independence (BI) is 0.612. The average value of board diversity (BD) is 0.602 with the range 0.00-3.00. Among ownership structure variables, the average value of blockholders (BH) is 82.235 with the range from 21.429-1504.082. The average value of family ownership (FO) is 64.296. Institutional ownership (IS) has an average value of 12.837 while it ranges from 1.000-1441.837.

Table 1: Descriptive Statistics

	DPS	**MTB**	**CTA**	**SIZE**	**AGE**	**BD**	**BH**	**BS**	**FO**	**ID**	**IS**
Mean	8.459	0.643	0.847	27.408	30.429	0.602	82.235	12.653	64.296	2.459	12.837
Maximum	17.153	18.980	23.051	123.469	124.00	3-00	1504.082	22.449	689.796	4.000	1441.837
Minimum	3.510	0.010	0.000	6.112	7.000	0.000	21.429	3.061	4.082	1.00	1.000
SD	7.673	1.020	0.592	21.602	23.510	0.500	18.092	1.041	10.592	0.520	14.633

5.2 CORRELATION ANALYSIS

Table 2 represents the correlation matrix. The correlation analysis is used to identify the presence of multicollinearity among firms' specific characteristics, corporate governance, ownership structure, and dividends paid by firms. The results show that all correlation coefficients are small and most of them are below 0.80. Hence, we are sure that there is no issue of multicollinearity in our main model.

Table 2: Correlation Matrix

	DPS	MTB	CTA	SIZE	AGE	BD	BH	BS	FO	ID	IS
DPS	1.000	-0.006	0.048	0.093	-0.068	-0.009	0.007	0.018	0.013	0.012	-0.011
MTB		1.000	0.118	0.032	-0.032	0.042	0.034	0.023	0.033	0.013	0.019
CTA			1.000	0.040	-0.087	-0.032	-0.016	-0.038	-0.018	0.020	-0.007
SIZE				1.000	-0.607	-0.027	-0.013	0.270	-0.037	0.075	0.010
AGE					1.000	0.016	0.008	-0.229	0.029	-0.076	-0.011
BD						1.000	0.024	-0.004	0.055	-0.133	-0.009
BH							1.000	-0.027	0.606	0.003	0.836
BS								1.000	-0.047	0.141	0.001
FO									1.000	-0.015	0.002
ID										1.000	0.014
IS											1.000

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5.3 ROLE OF CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE IN DIVIDEND SMOOTHING

Table 3 shows the relationship between different variables. We found that board size and independence do not affect the dividend smoothing behavior of firms. Hence, we did not find any support for our H#1 and H#3. However, the findings show that board gender diversity significantly and negatively impacts a firm's dividend smoothing behavior (β=-0.654 & p<.05). For further clarity, we include Board diversity_2 and Board diversity_3 and the findings show that board diversity has a positive association with dividend smoothing only when their presence is up to critical mass (three or more) (β=0.418& p<.01). Hence, H#2 is supported only when the female has a critical mass on the corporate board. The presence of one or two female does not support our H#2. Besides, we found a negative and significant association between board interlock and the firm's dividend smoothing behavior (β=-0.187& p<.05). As far as the ownership structure is concerned, we found a positive and significant association between family ownership and dividend smoothing (β=-0.187& p<.10); thus supporting our H#4. In contrast, we did not find any support for our H#5 as there is an insignificant impact of blockholders ownership on dividend smoothing. Further, we include the interaction term (board diversity (board diversity×family ownership) for the association of gender diversity and family ownership with dividend smoothing. The findings show that family ownership substitutes the negative relationship between gender dummy and dividend smoothing (β=0.6082 & p<.01). We also include firm characteristics as control factors and findings show that market-to-book value has a positive association (β=0.717& p<.05); whereas the firm size is negatively associated (β=-0.452& p<.01) with dividend smoothing. In contrast, cash to total assets and firm age have no impact on the dividend smoothing behavior of firms.

Table 3: Determinants of Dividend Smoothing.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Corporate governance				
Board diversity (dummy)	-0.654**	0.012	-2.832	0.036
Board diversity_2 (dummy)	0.008	0.926	0.008	0.381
Board diversity_3 (dummy)	0.418***	0.033	12.822	0.002
Board independence	-0.002	0.101	-0.018	0.186
Board size	-0.005	0.495	-0.010	0.635
Ownership structure				
Institutional ownership	-0.002	0.232	-0.009	0.163
Family ownership	0.187*	0.103	1.802	0.092
Block holders	-0.045	0.244	-4.231	0.228
Moderating Role				
Board diversity * Family ownership	0.608***	0.059	10.326	0.002
Firm's characteristics				
Market to book value	0.717**	0.243	2.948	0.032
Cash to total assets	0.008	1.442	0.006	0.938
Firm-size	-0.452***	0.224	-2.016	0.003
Firm-age	0.003	0.174	0.008	0.146

*, **, *** denotes significance levels 10%, 5% and 1% respectively

5.4 ROLE OF MALE AND FEMALE CEO AND DIVIDEND SMOOTHING

We split the sample into male and female CEOs and comparative results are provided in Table 4 below. In comparison, we found that gender diversity measures (gender diversity, gender-2, and gender 3) are positively associated with dividend smoothing in panel A. On the other hand, we found

a negative impact of gender dummy on dividend smoothing (β=-0.039& p<.10; refer to panel B). In contrast, we found a positive and significant impact of Board diversity_3 (dummy) (β=0.181& p<.05; refer to panel B). In conclusion, the role of gender diversity is more pronounced in firms with male CEOs. In firms with female CEOs, the role of only gender-critical mass is more pronounced. Further, we did not find any significant difference in the impacts of board independence and board size. Institutional ownership has a significant inverse (-0.145) effect on dividend smoothing at a 10% level of significance in firms with male CEOs and no effect on the firms with female CEOs. Family ownership has a significant positive effect (0.160) at a 5% level of significance on the dividend smoothing behavior of firms with male CEOs, it also has a significant positive effect (0.039) at a 5% level of significance on the dividend smoothing behavior of firms with female CEOs, which show that family-owned firms with male or female CEOs give smooth dividends to the minority shareholders in an Asian context.

Table 4 shows the moderating role of board diversity and family ownership has a significant positive (0.009) effect at a 5% level of significance on the dividend smoothing behavior of firms with male CEOs and firms with female CEOs. Moreover, the effects of some important firm characteristics are also explained in Table 4. Market to book value has a positive effect on the dividend smoothing in both types of firms. Similarly, firm-size negatively impacts on dividend smoothing, shows that how firms with both male and female CEOs pay fewer dividends as the firms become mature in age. Table 5 summarizes the hypotheses testing.

Table 4: Dividend Smoothing (Male CEO versus Female CEO)

Variable	**Panel=A Firms with male CEO**		**Panel=B Firms with female CEO**	
	Coefficient	Std. Error	Coefficient	Std. Error
Corporate Governance				
Board diversity (dummy)	0.097*	0.055	-0.039*	0.021
Board diversity_2 (dummy)	0.162**	0.070	0.993	0.921
Board diversity_3 (dummy)	0.108***	0.023	0.181**	0.071
Board independence	-0.001	0.002	-0.313	0.220
Board size	-0.002	0.022	0.098	0.160
Ownership Structure				
Institutional Ownership	-0.145*	0.084	-0.015	0.611
Family Ownership	0.160**	0.076	0.049**	0.021
Block holders	-0.045	0.170	-0.263	0.213
Moderation Role				
Board diversity * Family ownership	0.0295**	0.015	0.128*	0.070
Firm's Characteristics				
Market to book value	0.103*	0.061	0.099**	0.043
Cash to total assets	0.001	0.033	-0.634	0.213
Firm-size	-0.148**	0.061	0.051**	0.025
Firm-age	0.001	0.043	-2.594	0.011

*, **, *** denotes significance levels 10%, 5% and 1% respectively

Table 5: Summary of hypotheses testing.

Hypothesis	Accepted/Rejected
H#1, H#3, H#6	Rejected
H#2, H#4, H#5	Accepted

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6 CONCLUSION

This study investigates the impacts of corporate governance and ownership structure on dividend smoothing behavior. Our findings depict that board gender diversity is a key determinant of dividend smoothing. Importantly, our findings show that gender diversity significantly impacts dividend smoothing when female achieves critical mass on the corporate board (female 3 or more). If their presence is below the critical mass, they serve as a token because of their insignificant role in corporate policies like dividend smoothing. The findings also support the maxim of tokenism that a female serve as a token since we found negative impacts of gender dummy on dividend smoothing. So, this study significantly contributes to the context of agency theory and gender-critical mass maxim in the Asian context. We include gender diversity as an interaction term between family-ownership and dividend smoothing, the findings show that family ownership substitutes its negative association with dividend smoothing. Hence, we can conclude family-owned firms are less likely to have agency conflicts. Importantly, our findings show that family-owned firms are more likely to have a smooth dividend policy in contrast to firms hold by blockholders. In the additional test, we also found that gender diversity has a significant role in firms with male CEO; whereas, in female CEO firms, the only gender-critical mass has a significant impact on dividend smoothing in Asian. We did not find any support for the association between board independence and board size, and dividend smoothing.

The study strongly recommends the presence of gender-critical mass to reduce agency conflicts among Asian firms and the authorities are required to force a significant portion of gender on the corporate board and mere a woman will serve as a token. The findings depict that board interlock serves as a negative determinant of dividend smoothing. This may have an impact on board independence also may be the reason for the insignificant association between board independence and dividend smoothing.

7 AVAILABILITY OF DATA

Data can be available by contacting the corresponding author.

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