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Factors Influencing Dividend Policy: Companies Listed in Sri Lanka

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The behavior of the dividend policy is the most deliberated issue in corporate finance. Many researchers attempt to expose the issue connected to the behavior of determinants of dividend policy, and dividend, no acceptable explanation was found. Therefore, the present research focused on analyzing the factors influence on dividend policy of Sri Lankan listed companies. This study was accomplished employing panel data measures for a sample of 120 companies listed in the Colombo Stock Exchange during 2015 – 2019. Secondary data collected from annual reports published by the Colombo Stock Exchange were regressed to find the influence on dividend policy. From the results, it was identified that the current earnings, free cash flows, and past dividend patterns have a significant positive influence on the dividend policy of companies listed at the Colombo stock exchange in Sri Lanka. Operating cash flows have a significant negative influence on the dividend policy of companies listed at the Colombo stock exchange in Sri Lanka. Findings will be benefited to the directors, top-level managers, shareholders, and potential investors for their decision-making.

Keywords: Cash Flows, Current earnings, Dividend policy, Listed companies, Sri Lanka

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Introduction

Determining how much earnings to be retained in the firm and how much of earning to be distributed to shareholders of the firm is called dividend policy. The director board has the freedom of choice to decide the distribution of the earnings of the firm. The payout ratio and retention ratio are important concepts in dividend policy. Some companies are practiced a greater payout ratio and minor retention ratio while other companies are practiced a minor payout ratio and greater retention ratio.

The higher share price might be produced by a low payout policy since it rushes earning growth. It is quite hard to separate the long-run effect of dividend payout since many factors are caused to reflect the share price. Low retained earnings might be caused to decline the share price in the market and to slow the speed of growth. Distributing more current dividends is caused by a larger payout ratio. Some investors may prefer the companies which have a larger payout ratio while other investors prefer the companies which have a worse payout ratio. The financing decision and investment decision will be influenced by firms' divided decisions. The limited amount of cash available in the firm is used for investments, dividend payments, and financing. The factors that should be considered when formulating a dividend policy in the firm are questionable as the modifications in the dividend policy solely influence the firm value.

Dividend policy has inferences for diverse parties who are interested in the firm such as managers, investors, and borrowers. The argument on the relevance of dividend policy is going on as the revolutionary works of Linter (1956, 1962), Miller and Modigliani (1958, 1961), and Gordon (1959).For any firm an optimum dividend policy is critical. Past studies have stated that various factors may be determined the dividend decisions such as current earnings, cash flows, investment opportunities and growth opportunities, large shareholder, firm size, liquidity, leverage, and lagged dividends(Husain & Javed, 2019). Many researchers have studied the determinants Of dividend policy over the decades. Despite ample research on dividend policy, the evidence stated leftovers questionable. For instance, Charitou (2000), Pandey (2001), Al-Malkawi (2007), Kowalewski et al. (2007), Ramli (2010), and Mehrani et al. (2011) identified the significant positive influence of current earnings on dividend policy whereas Gill et al. (2010) concluded that current earnings have no significant influence on Dividend Policy.

So far no acceptable explanation identified for the behavior of dividend policy, though numerous researchers attempted to discover the issue related to the behavior of dividend policy and dividend determinants. Therefore, this study tries to analyze the influences of the dividend policy of Sri Lanka.

Literature Review

The value of a firm depends on the earnings of the firm as a consequence of the investment policy of the firm. Some companies which are operating their business under perfect capital market condition may have adequate amounts of cash to pay dividends or otherwise they do not have adequate amounts of cash to pay dividends. Some companies will issue new shares to find money to pay dividends. Some other companies will not pay dividends though shareholders need money (Miller & Modigliani, 1961).

Gordon (1962) develops a model which relates the dividend policy and the firm’s market value. He developed this model grounded on few assumptions. The first assumption is that the company is an all-equity company with no debt in the capital. Secondly, Gordon assumes that all investments of the firm are funded by retained earnings of the firm with no outside funding(Javed, Husain, & Ali, 2020). The third assumption is that a constant internal rate of return, disregarding the investment’s diminishing marginal. The next assumption is that a constant rate of cost of capital, applying the same business risk for all the investments in the firm. This model accepts the theory of perpetual earnings as true for the company. This model assumes that

In the model itself it is not accounted for the corporate taxes. This model assumes that a constant rate of retention when it noticeable by the firm.

Walter (1963) claims that the selection of dividend decisions mostly affects the firm value.Walter says that when defining the dividend policy which maximizing the shareholder's wealth, his model displays the significance of the association among cost of capital and rate of return of the firm. Based on few assumptions(Husain & Javed, 2019; Javed, Atallah, Aldalaien, & Husain, 2019; Javed et al., 2020) Walter's model has been developed. Walter assumes that all the investments of company funds by using the retained earnings of the company without issuing any new equity or debt. Walter's model assumes a constant rate of cost of capital of the firm and a constant rate of internal return. The model assumes that the business risk is the same for all the investment decisions of the company. Walter's *model assumes that no modification in the o*pening earnings and dividends of the firm. The model assumes that though diverse earnings per share and diverse dividends per share are used, they will remain constant until determining the value. Walter's model assumes that all the earnings of the company will be reinvested internally or will be distributed as dividends. Walter's model trusts that the Company has an infinite lifetime or long lifetime.

Lintner (1956) claimed that managers are with sensibly prearranged dividend payout ratios and the prevailing dividend policy arranges the benchmark for upcoming dividend payout. Linter found that for scaling the firm's dividend payout managers are probably smooth previous and forthcoming earnings. Linter developed the partially adjusted model to clarify the dividend payout process for paying or not paying dividends. Lintner stylized his suggestions after introducing signaling and relevance theories. Bulan and Hull (2013) claimed that managers are unenthusiastic to decrease or neglect dividends until creditors strengthen them to do such.

Miller and Modigliani (1961)

Highlighted the tax clientele and the informational content of the dividend. They claimed that the change of dividend rate is frequently affected to change in market price in the real world. Miller and Modigliani named it as informational content of dividends though the phenomenon is mismatched with significance. Miller and Modigliani claimed that imperfection occurs with an error term and they recognized that only imperfection leads a shareholder to hold a systematic preference is produced when deliberating the imperfections. Miller and Modigliani recognized the imperfection of tax alteration among capital gains and dividends when it was illustrated the clientele effect.

Few factors which can convert irrelevance as relevance was recognized by Rubinstein (1976). Black (1976) proposed that when considering the tax disadvantage, the dividends payments may damage the firm value. DeAngelo and DeAngelo (2006) declared that dividend policy is not related and investment policy is not the single element for determining the value of a firm even in a nonresistance market by criticizing the arguments of Miller and Modigliani. According to Miller and Modigliani (1961), when the assumptions are violated the dividend irrelevance position deviated.

Based on asymmetric information, Bhattacharyya (1979) suggested a novel description for the dividend policy. Managers signal their awareness of the distributional support of the plan cash flow on the distributional support of the dividend payout. More dividends signal a greater value of the support by the signaling equilibrium. Miller and Kewin (1985) stated that the opportunity cost of the next top alternative investment is the signaling cost. Aharony and Swary (1980) suggested testing the signaling hypothesis by using dividend and earnings announcements and support for the findings of trivial after controlling the simultaneous announcements of earnings.

De Angelo et al. (1996) stated that because of some reasons the dividends do not tend to give reliable signals. They claimed that managers lead to overestimating future earnings because of behavioral

Bias and when growth predictions disappear and managers make diverse cash promises when they increase dividend payment due to reliability of signals. Miller and Modigliani (1961) suggested arguments for irrelevance assumptions. These arguments have a problem when the ownership and management are not the same because managers are agents of the shareholders.

Jensen and Mecling (1976) state the concept of agency costs. They display the relationship between agency cost and the separation and issue of control. They investigated the nature of agency costs created by external parties and existing debt. Rozeff (1982) claimed an opposite relationship between dividend payment and the agency cost though he was unable to find the mechanism. He identified the best dividend policy with two market imperfections of transaction cost and agency cost related to outside financing. Easterbrook (1984) studied to find whether dividends are the method of line up the interest of managers with the interest of investors. He identified that the agency cost of management can be reduced by using dividends.

Baker and Powel (1999) identified mixed results by strongly supporting signaling explanation and lease support for tax-preference, bird-in-hand theory, and agency costs explanations. Jasim and Hameeda (2011) studied Saudi firms and found that agency costs are not a serious factor of dividend payout and also they stated that Saudi firms have a more flexible dividend policy. Jean et al. (2011) developed a dynamic model which predicts cash varies on stock price and that produced a new understanding with asymmetric volatility and agency cost.

According to Jensen (1986), the agency problem will be increased after exhausting all the profitable growth opportunities and projects with positive net present values because the firm has excess cash flow. Jensen contended that debt can be successfully used to decrease the agency cost of free cash flows as a substitute for the dividend.

Finding a substitute for

Agency cost is another critical problem. Rozeff (1982) claimed that a large number of shareholders cause more spread the ownership and it is additional problematic to monitor by incurring more cost. That means agency costs rise with the spreading of ownership. That ownership spread firms will demand a greater dividend payout ratio to control agency costs related to managers and owners. Jensen and Meckling (1976) claimed that by increasing insider ownership, agency costs can be reduced since it will be caused to line up the interests of shareholders and managers. It is estimated to stand an inverse relationship between dividend payout and many insider ownerships.

Kadioglu and Yilmaz (2017) studied the hypothesis of free cash flows in Turkey. They identified a significant opposite association between free cash flow and dividend. The results are strongly supported by Jensen (1986) hypothesis. Anup and Narayanan (1994) found that dividends and debt can be applied for directing the agency cost of free cash flow. The findings are supported by Jensen (1986) hypothesis.

Al-Najjar and Kilincarslan (2016) found that both state ownership and foreign ownership have lesser chances of paying dividends. They further stated that it can be reduced the payment of dividend by increasing state ownership and overseas ownership in the Turkey stock market. In contrast, Setiawan et al. (2016) found a positive impact of ownership on dividend payment. They found that state ownership and overseas ownership have an affirmative influence on dividend payment whereas family ownership has an inverse impact on dividend payout with evidence from Indonesia. Miller and Modigliani (1961) stated that dividend payout policy and corporate investments are independent factors in a perfect capital market. Investment decisions and dividend decisions might be closely associated or interdependent with the market imperfections like agency costs and tax flotation costs(Khan & Javed, 2017).

The significant opposite association between investment opportunities and dividend

Payout ware identified by Alli et al. (1993), Jensen et al. (1992), Rozeff (1982). Barclay et al. (1995) stated that to determine the corporate dividend policy, investments are significant. Fama and French (2001) stated that investment decisions influence dividend decisions. Al-Najjar (2011) exposed that an investment has a significant favorable influence on corporate dividend decisions. Basiddiq and Hussainey (2012) found that investment opportunities influence dividend policy. Perretti et al. (2013) proposed that determining the dividend policy growth opportunities is significant in American firms. An inverse association between dividend policy and growth opportunities was found by Al-Kayed (2017), Yusof and Ismail (2016), and Arko et al. (2014).

Significant positive impact on dividend policy of current earnings was identified by Charitou (2000), Pandey (2001), Kowalewski et al. (2007), Al-Malkawi (2007), Ramli (2010), and Mehrani et al. (2011) while the insignificant impact of earnings on dividends was identified by Gill et al. (2010). Jensen (1986) stated that free cash flows have a significant affirmative impact on dividend policy. Mehrani et al. (2011) identified no significant impact on the dividend policy of free cash flows. The significant affirmative influence of investment opportunities and growth opportunities on dividend payout was identified by Al-Malkawi (2007) whereas Rozeff (1982), Chang and Rhee (1990), and Jensen et al. (1992) found significant negative influence. Loyd et al. (1985), Barclay et al. (1995), Reeding (1997), Holder et al. (1998), Fama and French (2001) identified a significant favorable impact on dividend decision of firm size. Jensen and Mackling (1976) and Mehrani et al. (2011) identified large shareholder has a significant favorable impact on dividend policy. Factors need to be verified with recent data to resolve the arguments

Methodology

This study aims to analyze the influences of dividend policy in the Colombo Stock Exchange. The population of this research was 290 companies listed on the Colombo Stock Exchange as of 30th September 2019. By using the probability sampling method researcher selected 120 companies as a sample which represent 40 percent of the total population. Since the total population consists of 20 different business sectors, the researcher used a stratified sampling method for selecting the sample(Javed & Khan, 2017). It has selected five years from 2015 to 2019 for this research study. In this research, the researcher used quantitative and secondary data. To collect the data researcher used annual reports published by each company. These data were collected from the Colombo Stock Exchange (CSE).

Research Model

$$DPS_{it} = \beta_0 + \beta_1 EPS_{it} + \beta_2 OCFPS_{it} + \beta_3 FCFPS_{it} + \beta_4 GR_{it} + \beta_5 INV_{it} + \beta_6 LEV_{it} + \beta_7 LIQ_{it} + \beta_8 SIZE_{it} + \beta_9 DIV_{i(t-1)} + \beta_{10} LARGE_{it} + \varepsilon_{it}$$

Where:

DPS_{it} = dividend per share of firm i at time t

EPS_{it} = earnings per share of firm i at time t

$OCFPS_{it}$ = operating cash flow per share of firm i at time t

$FCFPS_{it}$ = free cash flow per share of firm i at time t

GR_{it} = growth opportunity of firm i at time t

INV_{it} = investment opportunity of firm i at time t

LEV_{it} = leverage of firm i at time t

LIQ_{it} = current ratio of firm i at time t

$SIZE_{it}$ = size of firm i at time t

$DIV_{i(t-1)}$ = dividend per share of firm i at time t-1

$LARGE_{it}$ = percentage shares owned by largest shareholder of firm i at time t

E_{it} = the error term

$B_0..\beta_{10}$ = coefficients

Figure 1: Conceptual Framework (Insert Here)

Table 1: Operationalization (Insert Here)

Data Analysis

Descriptive statistics have been used to display quantitative explanations in a manageable form. Panel data methodology has been employed to analyses secondary data because the sample contained data across 120 firms over five years. For identifying the impact of descriptive variables on dividend policy, the researcher used three types of estimation models. They are, the fixed-effect model, and the random-effect model, pooled ordinary least squares (OLS) model. To determine which estimation model explains greatest, either fixed-effect model or random-effect model, the Hausman (1978) specification test was performed. Residual analysis has been performed to check the normality, heteroscedasticity, and serial correlation of residuals(Malik, Khan, Faisal, Javed, & Faridi, 2020). EViews statistical package was applied by the researcher to analyze data.

Results and Discussion

The amount of declared dividends issued by a firm for each share of common stock outstanding is called dividend per share (DPS). DPS is the dependent variable of this research. The maximum DPS of the companies listed in Sri Lanka is 65 while the minimum DPS is zero. It says that some of the listed companies pay a dividend of 65 rupees per share while some of the companies did not pay a dividend for shareholders. The mean value of DPS is 3.71 while the standard deviation is 8.578. That means an average of listed companies pays dividends for their shareholders around 3.71 per share. EPS, OCF, FCF, GR, INV, LEV, LIQ, SIZE, LAGDPS, and LARGE are the independent variables of the research. The proportion of a firm profit assigned to each outstanding ordinary share is called earnings per share (EPS). The maximum EPS of the listed Sri Lankan companies is 326.76 and the minimum is -60.21, while the mean value of EPS is 13.127. It shows the highest variation of EPS among the listed companies. So the standard deviation is 32.103. Some of the listed companies earn more while some others incur losses.

A measure of the amount of cash generated by a firm with a regular business Process is called operating cash flows (OCF). The maximum Operating Cash Flows per share (OCFPS) of companies listed in Sri Lanka is 981.44 while the minimum of -757.74. The mean value of OCFPS is 5.42 and has huge variation resulting in a standard deviation of 87.72. Free cash flows per share (FCFPS) is a degree of the financial flexibility of the firm. The maximum FCFPS is 463.26 and the minimum value is -783.21. The mean value of FCFPS is -5.92 and the standard deviation is 75.83. The maximum Growth rate (GR) is 24.9 and the minimum is -0.81. The mean value of GR is 0.279 and the standard deviation is 1.325. The maximum Investment Opportunities (INV) of the companies listed in the Colombo stock exchange is 0.93 and the minimum -2.44. The mean value of INV is 0.189 and the standard deviation is 0.36.

The use of borrowed capital or numerous financial instruments to raise the possible return of an investment opportunity is called leverage (LEV). The maximum LEV is 1.9 and the minimum value is 0.00016. The mean value of LEV is 0.429 while the standard deviation is 0.29. A firm's capability to repay debt obligations and its margin of safety is measured by liquidity (LIQ) ratios. A firm's capacity to repay short-term and long-term liabilities is measured by the current ratio. The maximum LIQ is 939.84 and the minimum is -295.85. The mean value of LIQ is 9.5 while the standard deviation is 66.24. The maximum firm size of the companies listed in Sri Lanka is 11.94 and the minimum firm SIZE is 5.73. The mean value of the firm SIZE is 9.19 whereas the standard deviation is 1.25. The maximum lag dividend per share (LAGDPS) is 61 while the minimum is Zero. The mean value of LAGDPS is 3.49 while the standard deviation is 7.9. Large shareholder (LARGE) means the shareholders who hold more shares of the company. The maximum of LARGE is 96.27 and the minimum is 4.5. The mean value is 52.22 while the standard deviation 22.94. It is revealed that 52 percent of companies listed in Sri Lanka owing to one person or a corporate body.

Most of the variables get a higher standard deviation value than the Mean value

Because the data set is widely spread with positive values as well as negative values. It reveals that the data set is heterogeneous. It is needed to transform data to apply parametric statistics. The collected data were transformed by first differencing and log transforming before applying the panel regression analysis.

Table 2: Random Effect - Panel Regression Analysis Result (Insert Here)

Regression analysis allows defining the total appropriateness of the model and the comparative involvement of each of the forecasters to the overall variance explained. Earnings per share have a significant affirmative influence on dividends per share. Here the coefficient of earnings per share is 0.11. That means when increase one unit of earnings per share, dividends per share will increase by 0.11 units.

Operating cash flows per share have a significant adverse influence on dividends per share in Sri Lankan listed companies. Here the coefficient of operating cash flows per share is -0.0084. That means when increase one unit of operating cash flows per share, the dividends per share will decrease by 0.0084 units. Free cash flows per share have a significant affirmative influence on dividends per share. Here the coefficient of free cash flows per share is 0.006. That means when increase one unit of free cash flows per share, dividends per share will increase by 0.006 units.

Lag dividends per share have a significant affirmative influence on dividends per share of the current year. The coefficient of lag dividends per share is 0.58. That means when increase one unit of lag dividends per share, dividends per share will increase by 0.58 units. Growth rates, investment opportunities, leverage, liquidity, firm size, and large shareholder have no significant positive influence on dividend per share. The coefficient of denomination (R- Squared) gives the proportion of variability in the dependent variable attributable to the independent variables. It means the proportion of variation in the response data described by the model. The value of the R-squared is 0.78. A value

Is close to 1 indicates a strong association between the independent variables and dependent variable. Here the F-statistic is Zero. So it is in a good position to accept this model.

Conclusion and Recommendations

Based on the data analysis, it reveals that current earnings, operating cash flows, free cash flows and past dividend patterns are significantly influenced by dividend policy in companies listed in Sri Lanka. Current earnings, free cash flows, and past dividend patterns have a significant affirmative influence on dividend policy in companies listed in Sri Lanka. Operating cash flows have a significant adverse impact on the dividend policy of companies listed in Sri Lanka.

If the company pays a higher dividend for their shareholders when higher current earnings, shows a good signal for firm performance. If current earnings have a significant affirmative impact on dividend policy, it shows that the increase in a firm's earnings leads to paying a higher dividend for their shareholders supporting the signaling theory. Firms can pay higher dividends for their shareholders when firms are performing well. The findings are consistent with prior studies such as Adaouglu (2000), Pandey (2001), Al-Malkawi (2007), and Mehrani *et al*. (2011) who stated that firms with greater profitability pay greater dividends to company shareholders.

According to the findings, free cash flows have a significant affirmative impact on the dividend policy of companies listed on the Colombo Stock Exchange. Jensen (1986) stated that excess cash flow is the free cash flows. He identified that the control of managers can reduce the free cash flows by increasing the dividend payout. Agency costs related to managers and shareholders can be reduced by increasing dividend payments. Mehrani *et al*. (2011) stated that no significant association was found between free cash flows and dividend policy.

Results reveal that past dividend patterns have a significant positive

Impact on the dividend policy of companies listed in Sri Lanka. Lintner (1956) carried out an empirical study on American companies and exposed that existing profitability and past dividend are significant in defining the dividend policy. Pruitt and Gitman (1991) studied the interaction of the financing decision, an investment decision on dividend decisions of USA major firms. They found that the determinants of the dividend decision are current earnings and past dividends instead of the financing decisions and investment decisions of the firms.

Investment and growth opportunities are determinants of dividend policy. Based on the agency cost theory, the firms which have no growth opportunities or have few investment opportunities lead for greater disclosure to agency costs. Jensen (1986) to reduce agency costs, firms will pay greater dividends for their shareholders than the firms which have higher investment and growth opportunities. Rozeff (1982) and Jensen *et al.* (1992) stated that the negative significant influence of investment and growth opportunities on dividend payments whereas Al-Malkawi (2007) stated a positive significant influence of growth opportunities and investment opportunities on dividend policy.

Growth opportunities and investment opportunities of the firm, leverage of the company, firm size, and the preference of the large shareholder have no significant influence on the dividend policy of companies listed on the Colombo Stock Exchange. Though firm size has an insignificant influence on the dividend policy of companies listed in the Colombo Stock Exchange. Barclay et al. (1995), Fama and French (2001) recognized that firm size has a significant positive influence on a firm's dividend policy.The large shareholder has an insignificant influence on the dividend policy of companies listed in the Colombo Stock Exchange. As per an agency cost theory the firms that have large shareholders, pay higher dividends. Large shareholders have a high proportion of shares, therefore they have greater control over the management to influence them for distributing higher dividends. The outcome opposes the Findings of Jensen and Mackling (1976) and Mehrani et al. (2011).

The dividend policy is a vital factor to retain present investors of the firm as well as to attract new investors to the firm. This research study provides a vital contribution for the director board to revise the existing dividend policy and to formulate a new dividend policy by identifying the factors which exist a significant control on dividend policy. When the board of directors is decided to increase the dividend payment for their shareholders, current earnings, free cash flows, operating cash flows, and past dividend patterns of the company need to be careful attention since current earnings, free cash flows, and past dividend patterns have a significant affirmative influence on dividend policy and operating cash flows has inverse significant influence on dividend policy. If the company has sufficient earnings and free cash flows and the past dividends pattern is increasing, the board of directors can decide to increase the dividend payment

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Figure 1: Conceptual Framework

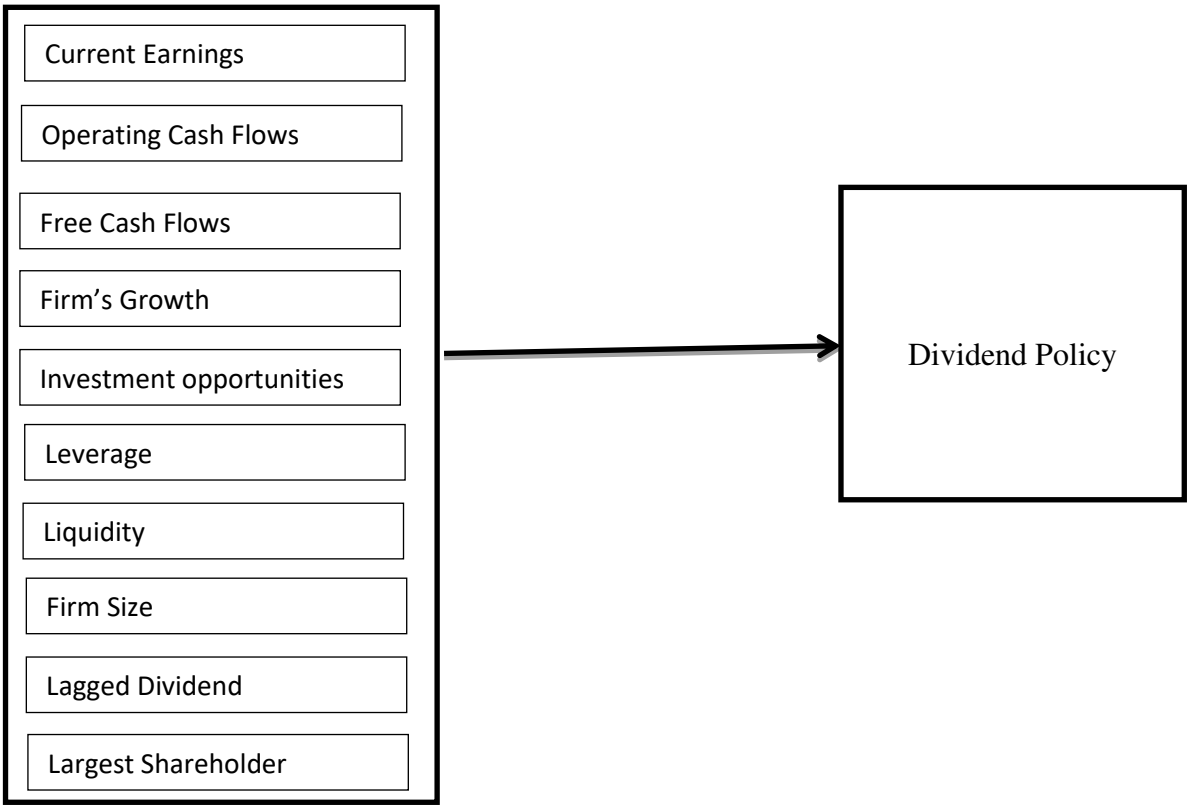

Table 1: Operationalization

Variable	Acronym	Description	Measure
Dividend Policy	DPS	Dividend Per Share	Dividends/(Average outstanding ordinary shares)
Current Earnings	EPS	Earnings Per Share	$\frac{\text{Net income} - \text{Dividends on preferred stock}}{\text{Average outstanding Ordinary shares}}$
Operating Cash Flows	OCFPS	Operating Cash Flows Per Share	$\frac{\text{Operating Cash Flow}}{\text{Average outstanding Ordinary shares}}$
Free Cash Flows	FCFPS	Free Cash Flows Per Share	$\frac{\text{Operating cash flows} - \text{Capital Expenditure}}{\text{Average outstanding Ordinary shares}}$
Firms Growth	GR	Growth Opportunity	$\frac{\text{Total Asset current Year} - \text{Total Asset Previous Year}}{\text{Number of Ordinary shares}}$
Investment Opportunities	INV	Investment Opportunity	(Retain Earnings)/(Total Asset)
Leverage	LEV	Debt Ratio	(Total Liabilities)/(Total Asset)
Liquidity	LIQ	Current Ratio	(Current Asset)/(Current Liabilities)
Firm Size	SIZE	Firm Size	log (Total Assets)
Lagged Dividend	DIV (t-1)	Lagged Dividend Per Share	Dividends/(Average outstanding ordinary shares)
Largest Shareholder	LARGE	Largest Shareholder	Percentage of shares owned by the largest shareholder

Source: Author Developed

Table 2: Random Effect - Panel Regression Analysis Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.893480	0.939399	-0.951119	0.341900
EPS	0.113921	0.005082	22.416240	0.000000**
OCFPS	-0.008486	0.002067	-4.104735	0.000000**
FCFPS	0.006313	0.002520	2.505085	0.012500*
GR	0.036979	0.086250	0.428746	0.668300
INV	0.386956	0.322830	1.198638	0.231200
LEV	0.528932	0.441422	1.198245	0.231300
LIQ	0.000924	0.001748	0.528965	0.597000
SIZE	0.048981	0.098551	0.497015	0.619400
LAGDPS	0.585982	0.019564	29.951730	0.000000**
8LARGE	0.007168	0.004932	1.453469	0.146600
R-squared				0.782559
Adjusted R-squared				0.778867
Prob(F-statistic)				0.000000

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

Source: Based on survey data.