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The impact of board composition on dividend payout policy: evidence from Turkey

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Abstract: Examining the effect of board composition on dividend payment policies was the aim of this study. A sample of non-financial companies listed between 2016 and 2020 on the Borsa Istanbul Stock Exchange (BIST) was used in the study. To reflect board composition in the study, the following metrics were used: board size (BSIZE), board independence (BIND), board expertise (BEXP), and board age diversity (BAGE). In addition, a number of control variables were incorporated, such as profitability (PROFTA), firm age (FAGE), and firm size (FSIZE). The dividend per share, which indicated the company's dividend distribution policy, served as the study's dependent variable. The findings highlight the significance of board composition in explaining dividend policy variations among Turkey firms. More specifically, the frequency of board size, firm age, and board age diversity are all positively and significantly correlated with the propensity to pay dividends, while the degree of board expertise and profitability are negatively correlated with dividend policy. The research's conclusions are consistent with the agency theory, and resource dependence theory of dividend policy.

أثر تكوين مجلس الإدارة على سياسة توزيع الأرباح: أدلة من تركيا

هيوا حمة زياد	سردار فاضل قاسم	بيار جمعة خضر
مديرية الشؤون الادارية والمالية	المعهد التقني بردرش	المعهد التقني ناكري
وزارة التعليم العالي والبحث العلمي	جامعة ناكري للعلوم التطبيقية	جامعة ناكري للعلوم التطبيقية

المستخلص

تهدف هذه الدراسة إلى فحص تأثير تكوين مجلس الإدارة على سياسات توزيع الأرباح. استخدمت عينة من الشركات غير المالية المدرجة بين عامي 2016 و 2020 في بورصة إسطنبول (BIST). لتعكس تكوين مجلس الإدارة في الدراسة، تم استخدام المقاييس التالية: حجم المجلس (BSIZE)، استقلالية المجلس (BIND)، خبرة المجلس (BEXP)، وتنوع الأعمار في المجلس (BAGE). بالإضافة إلى ذلك، تم دمج عدد من المتغيرات التحكيمية، مثل الربحية (PROFTA)، عمر الشركة (FAGE)، وحجم الشركة (FSIZE) تمثل توزيعات الأرباح لكل سهم، التي تشير إلى سياسة توزيع الأرباح الخاصة بالشركة، المتغير التابع للدراسة. تبرز النتائج أهمية تكوين مجلس الإدارة في تفسير تبانيات سياسة توزيع الأرباح بين الشركات التركية. بشكل أكثر تحديداً، يرتبط حجم المجلس، وعمر الشركة، وتنوع الأعمار في المجلس بشكل إيجابي ومهم مع الميل لدفع الأرباح، في حين أن درجة خبرة المجلس والربحية غير ذات دلالة وسلبية الارتباط بسياسة توزيع الأرباح. تتسق استنتاجات البحث مع نظرية الوكالة ونظرية الاعتماد على الموارد في سياسة توزيع الأرباح.

الكلمات المفتاحية: تكوين مجلس الإدارة، سياسة توزيع الأرباح، بورصة إسطنبول (BIST).

1. Introduction

The makeup of the board and ownership stakes have a significant impact on managers' incentives and, consequently, the effectiveness of the company (Jensen and Meckling, 1976: 323-329). One of the most studied and controversial topics in corporate finance is dividend policy, which is essential to business strategy. A dividend is a portion of income given to stockholders in return for taking a financial risk. In addition to possible capital gains, maximizing total returns—a crucial aspect of compensation—allows shareholders to optimize their wealth. For businesses that wish to keep money to support long-term growth while simultaneously distributing earnings as dividends, there is a major trade-off. Therefore, dividend policy is a challenging balancing act for management to uphold the confidence of shareholders while guaranteeing investment income and business.

Since (Miller and Modigliani, 1961: 411-433) comments on the dividend puzzle, a number of academics have put forth a variety of theories regarding dividend policies, with the goal of suggesting a "one-size-fits-all"

approach without giving careful thought to how sensitive dividend decisions are to board diversity (Baker, et al 2008: 171-186). Moreover, prior studies have concentrated on the effects of diverse boards in developed economies. Though research has been done to examine the effects of tenure diversity, age, and nationality on dividend policy, their main focus has been on gender diversity. (Ain et al. 2021; Baker et al. 2020; Byoun, Chang, and Kim 2016; Chen, Leung, and Goergen 2017; McGuinness, Lam, and Vieito 2015; Sharma 2011; Ye et al. 2019: 1-26). However, there aren't many research that examine how diversity in nationality and gender affects dividend policy in emerging markets, and the results aren't entirely consistent. (Ararat et al., 2015; Kagzi and Guha, 2018; Setiawan and Aslam, 2018: 133-146). Given that there are a lot of family-owned enterprises and a high degree of ownership concentration in emerging markets, it is crucial to take these factors into account because they have a substantial impact on how companies in these regions pay out dividends in comparison to those in developed markets. (Al-Najjar and Kilincarslan 2016: 135-161). Because of this, there is currently a deficiency in the body of research on corporate board decision-making when it comes to developing dividend payout policies that guarantee the long-term viability of businesses.

There are two reasons why Turkey is a promising market. First, since 2003, Turkish capital markets have significantly improved in terms of both market performance and legal framework modifications to conform to corporate governance norms and regulations from the European Union. The dividend policies of businesses listed on BIST have undergone major modifications by regulatory agencies, hence establishing an experimental field for investigating the effects of regulatory changes on dividend payments. Second, there is a significant concentration of ownership and the majority of the companies listed on BIST are family-owned. This is important because controlling shareholders often try to sway the board in order to reduce dividend payments. (La Porta et al. 2000: 40; Su et al. 2014: 260-272).

Financial market integration and social transformations fueled by globalization have greatly increased business competitiveness. Diverse perspectives must now be included in company decision-making processes, especially at the board level, as a result of these developments. Board member diversity is a critical element of corporate governance in order to

maintain competitiveness and enhance business performance, as the board of directors plays a major role in expressing shareholder expectations. (Carter, Simkins, and Simpson 2003; Khan, Yilmaz, and Aksoy 2022; Mustafa, Yusoff, and Mustafa 2023b: 11-21).

Dividend policies of corporations have a significant impact on corporate share prices and thus market value (Baker, Dutta, and Saadi 2008; Berezinets, Ilina, and Alekseeva 2017; Mustafa, Yusoff, and Mustafa 2023a:1-14). The international literature on dividend policy drivers is well developed (Adjaoud and Hermassi 2017; Bataineh 2021; Berezinets, Ilina, and Alekseeva 2017; Glen et al. 1995; Juhmani 2020; La Porta et al. 2000; Thanatawee 2013: 121-132). The majority of research, however, focuses on industrialized nations with widely distributed ownership and well-regulated financial markets; emerging nation literature is still in its infancy. There is a dearth of comprehensive research on emerging markets, and there are notable national variations in the factors influencing dividend policy. (Abdullah 2021; Al-Najjar and Kilincarslan 2019; Bataineh 2021; Khan, Yilmaz, and Aksoy 2022; Mustafa, Yusoff, and Mustafa 2023a: 1-14)

By restricting managers' capacity to use excess cash flows for their personal gain while not providing a sizable reward to stakeholders, dividends help to mitigate the agency problem. Moreover, the capital market will closely examine management's dividend policy when companies raise money through the issuance of fresh stock, creating a connection between corporate governance and dividends. (Mustafa, Yusoff, and Mustafa 2023a: 1-14).

Examining the impact of board composition on dividend policy in non-financial companies listed on the Borsa Istanbul (BIST) is the main objective of this study. Determining the relationship between dividend policy and board composition is the primary objective. This study's secondary objective is to determine how board composition and dividend policy are related.

2. Literature Review

This study aims to ascertain how board composition, board size (BSIZE), board independence (BIND), board expertise (BEXP), and board age diversity (BAGE), affects dividend payment policy. Consequently, a great deal of research has been done to understand the key factors determining dividend policy. Because dividend policy permits large

shareholders to restrict the amount of wealth they extract through dividend payments, it is essential for managing possible conflicts between large and small shareholders. (Jensen 1986). As per certain writers, large shareholders possess a dominant position; hence, controlling shareholders may get dividends to compensate minority shareholders. ((Faccio, Lang, and Young 2001: 54-78).

Numerous research papers have examined the impact of board composition on dividend policy across developed and developing nations. While (Gill and Obradovich 2012: 60-71) show a positive association between US firm board size and chief executive officer (CEO) duality and dividends, (Borokhovich et al. 2005: 37-65) discover a negative relationship between US firm board independence and dividend payouts in developed capital markets. (Al-Najjar and Kilincarslan 2016: 135-161) examine Turkish companies and discover that while local financial institution ownership, family ownership, and the existence of minority shareholders have no influence, the presence of state and foreign ownership lowers the tendency to pay dividends. Conversely, there is a negative correlation between these ownership variables and dividend yields and payout ratios.

In terms of emerging capital markets, (Abdelsalam, El-Masry, and Elseini 2008: 953-964) find that greater institutional ownership increases the likelihood of dividend payments as well as the payout ratio in Egyptian firms, though they find no relationship between dividends and board composition. (Tahir, Masri, and Rahman 2020: 68-76) find a negative correlation with company leverage, a positive correlation between board size and profitability, and no correlation between dividend payout and board diversity in Malaysian firms. According to (Mehdi, Sahut, and Teulon 2017: 274-297), Firm dividends in East Asian and Gulf Cooperation Council nations increase in direct proportion to the level of institutional ownership. Conversely, dividends are unrelated to the frequency of board meetings, positively correlated with board size, and negatively correlated with board independence, according to (Juhmani 2020: 37-43). Bahraini businesses are owned by managers, institutions, and block holders in addition to themselves. In Jordanian companies, dividends are positively correlated with institutional ownership, duality, board size, and earnings per share (Shahwan and Almubaydeen 2020: 195-202). Additionally, (Ahmad, Khan, and Khan 2019: 55-73) look at Pakistani companies and find that more profitable

companies offer bigger dividends as a way to signal firm potential and resolve agency difficulties.

Looks at Indian companies and finds that while company liquidity and growth have a negative effect on dividend distribution, board size, director independence, and the share of non-executive directors on the board have a favorable impact. (Nguyen, Dang, and Dau 2021: 893-902) look at Vietnamese companies and discover that while firm profitability, leverage, size, and investment prospects have a favorable effect on dividends, role duality has a negative effect. In their study, (Shahwan and Almubaydeen 2020: 195-202) examine Bangladeshi businesses and conclude that while institutional and government ownership have a negative impact on dividends, family and public ownership have a positive one. Moreover, the global financial crisis, business age, profitability, leverage, and price-earnings ratio all had a beneficial impact on dividends.

(Chen, Leung, and Goergen 2017: 86-105) investigate the impact of the gender composition of the board on the payout to the board of directors and dividend policy. Another study identified a relationship between dividend distributions and the gender diversity of the board (Ye et al. 2019: 1-26). They found that bigger payouts are distributed by boards with a larger percentage of female directors. (Abdelsalam, El-Masry, and Elsegini 2008: 953-964) look into how 50 Egyptian companies' payment policies are affected by the size, independence, and dual role of their boards. They find little evidence of a meaningful connection between compensation policy and boards. Some measures of board quality indexes, such as the Globe and Mail governance rating, the GIM governance index, and so on, are used instead of direct board quality indexes in other research that have sought to examine boards and dividend policy. (Adjaoud and Hermassi 2017; Brown and Caylor 2006: 409-434; Jiraporn and Ning 2006; Mustafa, Yusoff, and Mustafa 2023b: 8-21).

3. Hypothesis Development

This section draws on a broad body of academic research examining the determinants of dividend policy to construct hypotheses in the context of Turkey. It focuses on the effects of corporate governance issues, namely board size and independence, board member experience, and board age diversity, on dividend policy.

3-1. Board Size and Dividend Payouts:

The board's size. Depending on the theoretical viewpoint, different board sizes have different effects on lowering agency conflicts. Agency theory states that larger boards are more conducive to poor performance of the firm, poor decision-making, inadequate monitoring, and free riding, which in turn drives up investor demands for higher dividend payments (Fama and Jensen 1983: 40; Jensen and Meckling 1976: 305-360). The resource dependence theory states that larger boards give the firm access to more outside information and resources as well as more skilled personnel (Dalton et al. 1998: 269-290). Due to growing management specialization and improved control by larger boards, lower dividends are necessary for monitoring purposes (Klein 2002: 375-400). Moreover, larger boards may provide a favorable signal to the market, reducing the need for greater dividends to cover agency costs, according to signaling theory. In actuality, emerging markets often have small boards, which lessens agency problems and the need for high dividend payments.

Most empirical research indicates that when board size grows, dividend payouts should also increase (Abdelsalam, El-Masry, and Elsegini 2008; Benjamin et al. 2016; Boshnak 2021: 446; Juhmani 2020: 37; Mehdi, Sahut, and Teulon 2017: 274; Roy 2015: 1-33; Soliman 2013; Xie, Davidson, and Dadalt 2003: 295), A minority, however, discovers a bad relationship (Khan 2022: 340; Roy 2015: 1-33). Additional investigation finds no such correlation between board size and dividend payout. (Alagathurai 2013: 221; Cheng 2008: 157) Smaller boards, according to agency theory, may incur higher agency costs, necessitating higher dividend payouts to investors. As a result, the following hypotheses are advanced:

H1: There is a negative relationship between board size and dividend payout.

3-2. Board Independence and Dividend Payouts

According to (Gregory 2000: 52-65), independent directors play a crucial role in internal control and monitoring that guarantees the accuracy of financial statement releases. When a company's management control systems are inadequate, investors rely on dividends to supervise management, and external directors are better able to protect shareholder wealth in terms of payout. (Al-Najjar and Hussainey 2009; Ntim 2011: 428-440). There is a negative correlation between performance and independence, and consequently dividend payout, when external directors

make poorer decisions than internal (executive) directors because they lack the firm's knowledge and experience. In line with substitution theory, (La Porta et al. 2000: 3-27) states that agency costs will decrease in a well-governed company, lowering the requirement for dividends in companies with more independent boards.

Several studies find a positive relationship between dividend payout and board independence (Abdelsalam, El-Masry, and Elsegini 2008; Roy 2015: 21), while others find a negative relationship and still others find no relationship (Al-Najjar and Hussainey 2009; Roy 2015; Shehu 2015: 35-40). (Benjamin et al. 2016; Elmagrhi et al. 2017; Juhmani 2020: 37-43). Using replacement theory, a negative association is predicted, and the following hypotheses are put forth:

H2: There is a negative relationship between Board independent and dividend payout.

3-3. Board Expertise and Dividend Payouts:

A diverse range of experience and perspectives are required in a complex business environment (Anderson et al. 2011: 5-35). Board members with diverse backgrounds in business and society offer a wealth of knowledge and experience to the table, helping organizations make smarter decisions that have a positive impact. According to (Post and Byron 2015: 1546-1571), a varied board experience enhances supervision and reduces free-riding behavior. Heterogeneity in experience also produces worthwhile opportunities that organizations can take advantage of when allocating resources and formulating policies, including dividend payouts. However, board members with varying specialties may cause disagreements and impede board decision-making due to a decline in teamwork and an increase in communication expenses (Baranchuk and Dybvig 2009: 715-747). Human capital theory, in contrast, contends that directors from a variety of experiences contribute to the board's increased effectiveness, which may have an impact on decisions on dividend policy (Singh 2007: 2128-2146). Consequently, we propose the following hypothesis:

H3: There is a positive relationship between board member experience and dividend payout.

3-4. Board Age diversity and Dividend Payouts

Diversity in board age suggests experience and productivity, which create synergy in companies (Morrow-Howell, Hinterlong, and Sherraden

2001: 285-311). Experienced directors offer a wealth of knowledge and strong networks that help businesses make the most of important resources, while younger directors are more risk-takers, flexible, productive, and receptive to new ideas and technologies (Mishra and Jhunjhunwala 2013; Salancik and Pfeffer 1978: 224-253). Mixed findings are found about the effect of age diversity on business value. While other research indicates a positive association (Darmadi 2011; Hassan and Marimuthu 2016; Mirza and Malik 2019: 1-17) between age diversity and business performance, Ali et al. (2014) and Talavera et al. (2018) find a negative relationship. The possibility of resource reliance is typically blamed for the favorable outcomes, with the argument that age variety increases access to resources and enhances decision-making (Mahadeo, Soobaroyen, and Hanuman 2012: 375-388). In view of the contradictory facts, we put out the following theory: **H4:** There is a positive relationship between Board age diversity and dividend payout.

4. Research Methodology

4-1. Data sample: The data sample used in this study spans the years 2016 through 2020 and comes from 150 Turkish companies that are listed on the Bursa Istanbul Stock Exchange (BIST). We selected this time frame because, in 2012, the Turkish government established new laws on capital markets and commerce that included new corporate governance guidelines. (Lewis 2020: 175). With the exception of companies that have incomplete financial information in annual reporting 145 companies and financial institutions and holding 150 companies financial and utility companies because of their particular financial information disclosure requirements and regulatory frameworks, the sample consists of 150 firms listed on Borsa Istanbul.

4-2. Model variable measurement: The dependent variables under study for dividend policy are the tendency to pay dividends and dividend per share. For businesses that have declared and paid dividends, the previous dichotomous variable is coded 1; for businesses that have not, it is coded 0. The latter is computed by dividing the total amount of outstanding shares by the level of cash dividends; a zero value denotes the absence of dividend payments by the corporation. (Al-Najjar and Kilincarslan 2016b; Shahwan and Almubaydeen 2020: 195-202).

The attributes of the corporate board makeup that are independent variables are the variety of board age, board member experience, and board

size and independence. Table 1 includes summary statistics from earlier research. (González et al. 2014; Juhmani 2020; Mehdi, Sahut, and Teulon 2017; Setiawan and Aslam 2018; Shahwan and Almubaydeen 2020: 195-202). Firm size, profitability, and age are the four firm characteristic control variables (Qa'dan and Suwaidan 2018: 28-46; Shahwan and Almubaydeen 2020: 198).

4-3. The research models:

In this study, models are developed for the dividend per share and the propensity to pay dividends, the two dependent variables. If the corporation pays dividends, dividends per share may be positive; if not, they may be zero. Model 1 models the dichotomous tendency to pay dividends using profit regression techniques, which is in line with previous research in the field. (Bataineh 2021; Franc-Dbrowska and Mađra-Sawicka 2020: 1108-1129), While the continuous dividend per share dependent is modeled using OLS and random effect regression techniques, in accordance with (Al-Najjar and Kilincarslan 2016a; Qa'dan and Suwaidan 2018: 28-46).

Table (1): Model variable definitions and measurement

S/n	Variables	Symbol	Measurement
Dependent variables			
1.	Dividend Policy	DVP	The summation of declared dividends of a company paid out per year divided by the number of common shares given.
Independent variables			
2.	Board Size	BSIZE	Total number of directors, both inside and outside the company, serving on the board for a financial year.
3.	Board Independence	BIND	Divide the whole number of independent outside directors by the number of directors serving on the board of a corporation for each fiscal year.
4.	Board Age Diversity	BAGE	The age of directors is classified into five categories (AGE1: 20– 30, AGE2: 30-40, AGE3: 40- 50, AGE4: 50-60 and AGE5: <60 years old.
5.	Board Expertise	BEXP	Total number of board of director who have educational backgrounds in accounting or a related discipline.

Control variables			
6.	Firm Size	FSIZE	Firm size is measured by the log of firm's total assets.
7.	Profitability	PROFTA	Return on Equity (ROE). Net income divided by shareholders' equity.
8.	Firm age	FAGE	This measure represents the number of years that have passed since the company was established.

Model:

$$DVP_{it} = \beta_0 + \beta_1 BORDSIZES_{it} + \beta_2 BIND_{it} + \beta_3 BAGED_{it} + \beta_4 BEXP_{it} + \beta_5 FSIZE_{it} + \beta_6 PROFTA_{it} + \beta_7 FAGE_{it} + \varepsilon_{it}$$

Where:

DVP = Dividend Policy; BSIZE = Board Size; BIND = Board Independence; BAGED = Board Age Diversity; BEXP = Board Expertise; FSIZE = Firm Size; PROFTA = Profitability; FAGE = Firm Age; ε_{it} = idiosyncratic shocks; $i = n^{th}$ firm; $t^{th} = t^{th}$ year.

5. Results and Discussion

5-1. Descriptive Statistics: The descriptive statistics for the study's variables are displayed in Table 2. For continuous measurements, we calculated the minimum, maximum, mean, and standard deviation. Below is a summary of the descriptive statistics for each variable in this study.

Table 2 displays the descriptive statistics for the study's variables. The data shows that the variable descriptive statistics are presented. 44% of sample enterprises pay dividends, according to the propensity to pay dividends (DVPY) dichotomous variable. The average board size (BS) of a board is approximately seven 6.989% directors and a minimum and maximum of 3 and 14 with a standard deviation of 2.216 respectively. Furthermore, with a minimum of 2 and a maximum of 4, the mean proportion of board independent directors (BIND) on the board of directors is 2.194, with a standard deviation of 0.498. In comparison to other countries, Turkish corporations have a lower number of independent directors on their corporate boards. Furthermore, the statistical data reveals that the Board Expertise (BEXP) has a mean of 0.730 percent, with a standard deviation of 0.872 and minimum and maximum values of 0 percent and 5 percent, respectively. The Board Age Diversity (BAGE) has a mean value of 4.810 and a standard deviation of 3.522, with a minimum and maximum value of 0 and 14, respectively. The range of firm sizes is 12 to 23.024, with an average of

18.860. Mean firm age (FAGE) is 40% and spans from 14 to 93, while mean profitability (PROFTA) is 0.212% and ranges from 0 to 1.899.

Table (2): Descriptive Statistics of Variables Test

Variable	N	Minimum	Maximum	Mean	Std. Deviation
DVPY	750	0	23.280	0.442	1.567
BSIZE	750	3	14	6.989	2.216
BIND	750	2	4	2.194	0.498
BEXP	750	0	5	0.730	0.872
BAGE	750	0	14	4.810	3.522
FSIZE	750	12	23.024	18.860	2.152
PROFTA	750	0	1.899	0.212	0.192
FAGE	750	14	93	40.744	16.460

5-2. correlation analysis: Table 3 displays a Pearson correlation matrix for the model variables. As predicted, there is a substantial positive correlation between the propensity to pay dividends (PPD) and dividends per share (DPS) (0.192) as well as a significant positive correlation between the propensity to pay dividends and company board (BSIZE) (0.528). strongly positive correlated with firm board Independent (BIND) (0.219), significantly positively correlated with Board Expertise (BEXP) (0.198) significantly negatively correlated with Board Age Diversity (BAGE) (0.128), strongly positive correlated with firm size (FSIZE) (0.043), and significantly positively correlated with profitability (PROFTA) (0.333), significantly positively correlated with firm age (FAGE) (0.556).

Table (3): Results of Pearson Correlation Analysis of the Study Variables
(N= 529)

Variables	1	2	3	4	5	6	7	8	9
1 DPAY	1								
1 DIVPAY	0.192	1							
2 BSISZ	0.084*	0.528	1						
3 BIND	0.174	0.089*	0.219	1					
4 BEXP	0.004*	0.240	0.211	0.198	1				
5 BAGE	-0.024**	-0.002***	-0.009	0.013**	-0.128**	1			
6 FSIZE	0.069*	0.107	0.064*	0.051*	-0.003***	-0.043**	1		
7 PROFTA	0.200	0.354	0.333	0.158	0.056*	0.008***	0.068*	1	
8 FAGE	0.556	0.342	0.453	0.245	0.056*	0.007***	0.075*	0.558	1

Notes:

*** Correlation is significant at the 0.01 level.

** Correlation is significant at the 0.05 level.

* Correlation is significant at the 0.

5-3. Regression Models Results: The overall variance in the model, as indicated in Table 4, is R-squared 0.1569, which suggests that the combined effect of all explanatory and control components explained Prob > F 0.0000 of the model. The results show that, among the three interaction correlations examined, only one is significant at the 1% level. Two signs at the 5% level, three significant magnitudes at the 10% level, and three negligible magnitudes make up the remaining four interaction relationships. This section offers explanations for every relevant variable:

At the 1% level, there is a substantial positive correlation between board size (BSIZE) and dividend policy ($t = 5.34$; $p = 0.006$). This finding supports Hypothesis 1, outcome theory, and the assertion made by (Sawicki 2009) that managers may use dividend payments as a way of signaling to shareholders that their interests are being safeguarded in order to offset the increased frequency of board meetings that are linked to bad governance.

There is insufficient evidence to support Hypothesis 2 because board independence has a positive impact on dividend policy and is adversely significantly correlated with board independence at the 1% level. This finding means that the dividend payout will rise by per each unit rise in board member independence. The p-value for this association is 0.000 ($t = -11.97$), which is extremely negligible.

Board Expertise (BEXP) is non-significant negatively associated with the presence at the 5% level in models role increases the p-value for this association is 0.421 ($t = -0.90$), Firms pay smaller dividends as (BEXP) role increases, does not supporting Hypothesis 3 and agency theory. In line with the results of (Abor and Fiador 2013; Cheng 2008; Sumail 2018), and others, this result supports Jensen's (1993) claim that (BAGE) results in weaker internal control and more opportunities for (BEXP) to pursue their own interests at the expense of shareholders.

The impact of Board Age Diversity (BAGE) on dividend policy produced diverse results is strongly positive related to (BAGE) frequency (BM) at the 1% level ($t = 11.90$; $p = 0.000$) in models. The findings of this analysis are supported by (Ararat, Aksu, and Tansel Cetin 2015; Chen, Leung, and Goergen 2017) on these relationships This finding supports Hypothesis 4.

Firm age (FAGE) and firm size (FSIZE) have a strong positive correlation with the control variables at the 5% level ($t = 4.32$; $p = 0.012$) at

the 1% level ($t = 13.63$; $p = 0.000$) respectively in the models respectively, and non-significant negatively associated with firm profitability (PROFTA) at the 10% level ($t = -0.15$; $p = 0.891$) in models.

Table (4): Regression analysis Model

Variable	Coef.	Std. Err.	T	P> t
BSIZE	0.1382	0.2589	5.34	0.006***
BIND	-3.3223	0.2775	-11.97	0.000***
BEXP	-0.4517	0.5046	-0.90	0.421
BAGE	0.1080	0.0090	11.90	0.000***
BSIZE* DVP	-0.0110	0.1949	-0.06	0.958
BIND * DVP	-1.1858	0.5174	-2.29	0.084*
BEXP * DVP	0.7463	0.2028	3.68	0.021**
BAGE *DVP	0.0376	0.0137	2.74	0.052*
FSIZE	8.3820	1.9452	4.32	0.012**
PROFTA	-0.0894	0.6110	-0.15	0.891
FAGE	0.0311	0.0022	13.63	0.000***
R-squared	0.1569			
Prob > chi2	0.0000			

Notes: *=significant at 10%, ** =significant at 5% and *** =significant at 1%.

6. Conclusions

This study set out to examine how dividend payout policies are affected by the makeup of the board. A sample of non-financial companies listed on the Borsa Istanbul (BIST) between 2016 and 2020 was used in the study. The study employed several metrics to represent board composition, including board independent (BIND), board size (BSIZE), board expertise (BEXP), and board age diversity (BAGE). In addition, a number of control variables were incorporated, such as firm size (FSIZE), firm age (FAGE) and profitability (PROFTA). The dividend for each share, which indicated the company's dividend distribution policy, served as the study's dependent variable. The results highlight how important board composition is in understanding why Turkish companies have different dividend policies. Furthermore, the results of the regression show that the relationship between dividend policy and board size (BSIZE) is significantly positive; the

relationship between dividend policy and board independence is significantly negative, Board Expertise (BEXP) is non-significant negatively, Board Age Diversity (BAGE) on dividend policy produced diverse results is significantly positively related to (BAGE). For the control variables, firm size (FSIZE) and firm age (FAGE) is significantly positively and non-significant negatively associated with firm profitability (PROFTA) in models. The Borsa Istanbul (BIST) as well as regulatory organizations are affected by this conclusion.

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