The Impact of Dividend Payment on Share Price of Some Selected Listed Companies on the Ghana Stock Exchange

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Abstract

The paper tries to resolve the problems faced by companies listed on the Ghana Stock Exchangeby analysing their dividend payment and evaluate its effect on the share price of these companies. Management is usually caught up in dilemma on whether to pay large or small percentage of their earnings as dividends or to retain them for future investments. This has come out as a result of the need for management to satisfy the various needs of shareholders. The paper seeks to find out the impact of dividend payment and its relationship on the share price of some listed companies on the Ghana Stock Exchange (GSE) and how it helps shareholders to make an informed decision on whether to maintain or withdraw their investment and reinvest in other companies. For the purpose of the study, Eco bank, Cal Bank and AngloGold Ashanti were randomly selected out of the 36 companies listed on the Ghana Stock Exchange. About sixty (60) respondents (shareholders) were randomly selected out of the total number of shareholders of the companies mentioned above. The primary source of data was questionnaire whilst the secondary data consisted of information on dividend policy from the internet, journals such as the journal of risk finance, national tax journal, journal of finance and corporate finance. It was found out that as the dividend of companies increase, the share price also rises due to the pressure on the share. This suggest firms with higher dividend payment have their share price going up as well as a result of higher demand of shares and firms with lower dividend have their share price going down all else being equal.

Keywords: Earnings per Share, Dividend, Share Price, EBIT, CAPM, Stock Price

Introduction

Management of corporate organizations in emerging markets are faced with situation of determining the type of dividend policy to adopt in order to maximize shareholders wealth. A number of studies and comments from Jarrel (1991) and Ikenberry et al (1995, 2000) indicate that not much research has been done on the impact of dividend policy on share price. The topic of dividend policy remains one of the controversial issues in corporate finance.

Dividend policy is one of the most challenging topics of modern financial economics. Forty years of research has not been able to resolve it. Research in to dividend policy has shown not only that a general theory of dividend policy remains elusive, but also corporate dividend practice varies overtime between firms and across countries. Gen et al (1995), found out that dividend policy in emerging markets differ from those in developed markets. They reported that dividend pay-out ratios in developing countries were only about two thirds that of developed countries.

The owners or shareholders of any business expect their investments to earn a return that rewards them for bearing risk. The level of reward is expected to commensurate with the perceived riskiness of the investment. There are many alternative vehicles for the investment of capital, so a particular investment can often be said to carry an 'opportunity cost'. This is the difference between the actual return achieved and the potential return forgone from the alternative investment. Olowe, (1997) noted that the maximization of shareholders' wealth is the most superior of all the objectives of a firm. There is an important incentive faced by private sector companies. In the case of a company listed on the stock exchange, shareholders who are not satisfied with the performance of their investment are able to sell their shares and invest elsewhere. Ownership rights are readily tradable and this provides a strong incentive for managers to focus on enhancing the value of the company (shareholders' value).

It is in the light of this that dividend decision ought to be evaluated with the aim of maximizing the value of the firm to its shareholders through market price of the shares and the current dividend. Reynolds, (2004) noted that despite the common assertion that higher wealth gain to shareholders will result from the use of repurchases instead of dividends, firms continue to increase the size of dividends annually and not increase repurchase at an even faster rate. This indicates that dividends remain a mystery. The problem at hand, then, is to insight as to why some firms choose to pay cash dividends while others choose to repurchase their stock, and, consequently, whether the choice made is in the best interest of the firm's stockholders (that is, is it a wealth maximizing decision?).

Methods

The population of the research was made of the shareholders of Ecobank Ghana Limited, Cal Bank Ghana Limited and AngloGold Ashanti. A sample of sixty (60) respondents (shareholders) was conveniently selected out of the total shareholders of the selected companies and questionnaires administered to. . Fifty eight (58) shareholders responded to the questionnaire out of a total of sixty (60) administered, and this represents a response rate of 97 per cent. The research design was survey based. The study also drew on secondary data in the form of documents on dividend policy among others. The sources of secondary were issues on dividend policy on the internet, journals such as journal of risk finance, national tax journal, and journal of finance, Ghana Stock Exchange (GSE) fact book and the financial reports of selected companies, graphic business newspaper and corporate finance textbooks. From the Ghana Stock Exchange fact book and the financial reports of the selected companies, the share prices and dividend per share from 2005—2009 were used for the analysis. The main research instrument was questionnaire. The results or findings of the research work were analysed using qualitative and quantitative methods. Descriptive analysis was used to analysis the data in the form of tables, pie charts, bar charts, line graphs and histogram.

Results

Table 4.1 shows the quantitative analysis of the questionnaire responses.

Table 4.1 Analyses of Responses to Section A

(Questions 1 and 2- Ages and Sex of Shareholders)

Ages and Sex of Shareholders

Ages of Shareholders	Sex of Shareholders		Total
	Male	Female	
18-45	15	8	23
46-60	26	7	33
Above 60	0	2	2
Total	**41**	**17**	**58**
	71%	29%	100%

Source: Field Survey2014

As shown in table 4.1 above, a total of 23 (comprising male and female) out of the 58 respondents are aged between 46--60 years. Only 2 of the female are aged above 60 years. This depicts that in an organizational set up majority of the workforce normally invest in shares or plan towards their retirement in that age group (46—60). The above situation also confirms the assertion that ‘’ life begins at age 40’’.

Below 40 years, majority of the workforce are spendthrifts, they do not save, let alone investing in shares either for dividend payment or for capital gains.

Most of them rather prefer buying items such as flashy cars to show their wealth to impress people. Others too behave or dress in an extravagant fashion just to attract attention.

On gender representation, a total of 17 out of 58 respondents (29 percent) were females with the remaining 41 (71 percent) being men; and this depicts that male dominated workforce as far as investment in shares is concerned.

Table 4.2 Analysis of Responses to Questions 3 and 4

Sector and Status of Employment of Shareholders

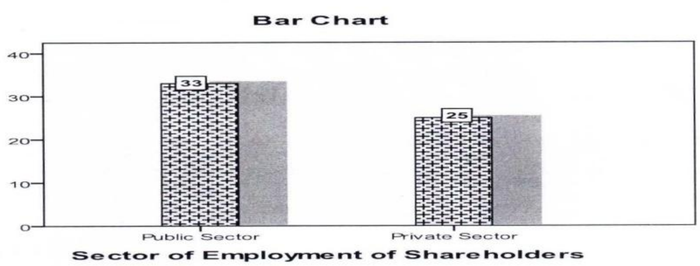
Sector of employment of Shareholders:	Employment Status of Shareholders	Percent
	Frequency	
Private sector	25	43%
Public sector	33	57%
Total	**58**	**100**%

Source: Field Survey2014

Questions 3 and 4 sought to find out the sector and status of employment of the shareholders. As indicated in table 4.2 above, 25 out of the 58 respondents (43%) work in the private sector while the majority, 33 (57%) work with the public sector.

Figure 4.1 Analysis of Responses to Question 4

Bar chart – Sector of Employment of Shareholders



(Source: field survey)

Figure 4.1 above is a bar Chart which shows the sector of employment of the shareholders. The sectors are indicated on the horizontal (or X – axis) while frequency is measured on the vertical (or Y – axis). As already noted, majority of the shareholders are working in the public sector (57 percent) as against those working in the private sector (43 percent).

This implies that comparatively, those working in the public sector earn meagre salaries and wages and therefore need to invest in shares and other forms of securities to get additional income to supplement what they earn.

Table 4.3 Analysis of Responses to Question 5

Level of Monthly Income of Shareholders

	Frequency	Percent
Below GH¢ 500	32	55%
GH¢ 501- 1,500	21	36%
GH¢ 1,500- 4,500	5	9%
Total	58	100%

Source: Field Survey 2014

Table 4.3 above is about the remuneration of the shareholders. As can be seen, the salary scale given in question 5 ranges between Five Hundred Ghana Cedis (GH¢ 500.00) and Four Thousand Five Hundred Ghana Cedis (GH¢ 4,500.00). Thirty-two (32) that is, (55 percent) out of the 58 respondent earn monthly salaries of GH¢ 500.00 and below. 21 (36%) of the respondents earn between GH¢ 501—1,500.

Of the 58 respondents, only 5 (9%) earn salaries above GH¢ 1,501 per month. In a developing economy such as Ghana, salary levels of workers are not encouraging especially in the public sector organizations and hence there is the need to explore and invest to get some return from investment. As illustrated in figure 4.2 (a) above, 29.31 percent (17) of the respondents indicated that, they do not have shares in more than one company. Majority of the respondents 70.69 percent (41) maintained that they own shares in more than one company.

Table 4.4 Analysis of Responses to Question 2

Reasons behind Investing in Shares of more than one Company

	Frequency	Percent
Long term investment	13	22%
Price appreciation of shares	5	9%
Dividend payment	11	19%
Divestiture	13	22%
No Declaration of dividend	16	28%
Total	58	100%

Source: Field Survey 2014

As noted earlier, question 1 (figure 4.2(a) showed the number (and percentages) of the shareholders who have invested in shares of more than one company.

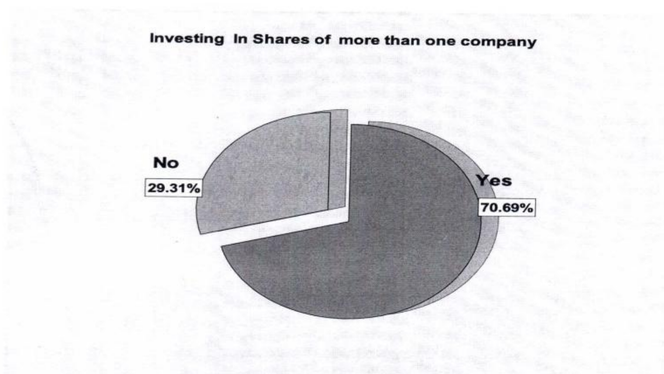
Question 2 (Table 4.4) above give the reasons why the shareholders have invested in more than one company. Of the 58 respondents, only 5 (9%) indicated that it was due to price appreciation of shares that was why they have invested in shares of more than one company.

Thirteen (22%) of the respondents maintained that it is because of long term investment that they have invested in shares of more than one company, 11 (19%) said their main reason for doing so was to get dividend payment to supplement their meagre income.

However, the majority of the respondents, 16 (28%) indicated that no declaration of dividend payment ‘’compelled’’ them to invest in shares of more than one company. This means that perhaps the first company they bought shares from failed to declare any dividend payment at the end of the accounting year. They therefore had to invest in shares of another with the hope that they would gain some returns from their investment.

Questions 1 – 11: ANALYSIS OF RESPONSES TO SECTION B (Ques., 1)

Figure 4.2 (a) Investing in shares of more than one company



(Source: field survey)

As illustrated in figure 4.2(a) above, 29.31 per cent (i.e. 17) of the respondents indicated that they do not have shares in more than one company. Majority of the respondents 70.69 per cent (i.e. 41) maintained that they own shares in more than one company.

Table 4.5 Analysis of Responses to Question 3

Awareness of Dividend Policy by Shareholders

	Frequency	Percent
Yes	33	57%
No	25	43%
Total	58	100%

Source: Field Survey 2014

From table 4.5 (Question 3), 33 (57%) out of the 58 respondents confirmed that they are aware of the dividend policy being implemented by their respective companies.

25 (43%) of the respondents do not know anything about the dividend policy in the companies in which they have purchased shares. This figure of the shareholders who are ignorant about the dividend policy is quite high. It means that these companies should rather intensify education on dividend policy especially during their Annual General Meetings (AGM).

Table 4.6 Analysis of responses to Questions 4 and 5

Declaration and Rate of Dividend Payment by Shareholders companies

Declaration of High or Low Dividend	Declaration of Dividend by companies		Total
	Yes	No	
High	8	0	8
Moderate	22	0	22
Low	12	0	12
Not applicable	0	16	16
Total	42	16	58
	72%	**28%**	**100%**

Source: Field Survey2014

The purpose of questions 4 and 5 was to find out whether the shareholders' companies pay dividends; and if they do, at what rate- is it high, moderate or low? Of the 58 respondents, 42 (72%) indicated that the companies in which they have their shares declare dividends, but 16 (28%) of the respondents maintained that their companies do not declare dividends, perhaps for expansion purposes those companies plough back the profit they realize from their operations. On declaration of dividend, only 8 of the respondents said that their companies pay relatively high dividends.

22 of the respondents said the rate of dividend paid by their companies was moderate but 12 maintained that what they have been getting is rather low.

Table 4.7 Analysis of Responses to Questions 6 and 7

Shareholders determination for companies to Declare Dividends and related Dividend Policy

Shareholders determination for companies to Declare dividends	Shareholders determination for firm to Declare High or Low Dividends		Total
	High	Not applicable	
Yes	55	1	56
No	1	1	2
Total	56	2	58

Source: Field Survey2014

Questions 6 and 7 sought to find out from the shareholders whether they want the firm/company to declare dividend, and if they do, whether the dividend should be low or high. Majority of the respondents (56 out of 58) affirmed that their companies should declare companies to plough back the profits; their interest was in capital gains. On the other hand, 55 of the respondents wanted the firm to declare while one of them did not want it so.

Table 4.8 Analysis of Responses to Question 8

Forms of Dividend payment shareholders require

Forms of Dividend Payment	Frequency	Percent
Cash Dividend	21	36%
Stock Dividend	12	21%
Both Cash and Stock Dividend	25	43%
Total	58	100%

Source: Field Survey 2014

Question 8 (section B) asked the shareholders to indicate the form of dividend payment they require. From 4.8 above, 12 (21%) of the 58 respondents said they prefer stock dividend. What is stock dividend? In the words of Van Horne (1998), ‘’A stock dividend simply is the payment of additional stock to shareholders.

It represent nothing more than a recapitalization of the company; a stockholder’s proportional ownership remains unchanged’’. Majority of the respondents 25 (43%) stated that they want both cash and stock dividend, but 21 (36%) rather indicated that they prefer cash dividend.

Table 4.9 Analysis of Responses to Questions 9—11

		Frequency	Percent
Maintaining or changing dividend policy	Maintain Change	15 43	26% 74%
Reasons for buying shares of company	Low share price Otherwise	43 15	74% 26%
High Share Price	High share price Otherwise	15 43	26% 74%
High dividend per share	High dividend per share Otherwise	49 9	84% 16%
Low dividend per share	Low dividend per share Otherwise	13 45	22% 78%
Immediate Cash	Immediate need of cash Otherwise	50 8	86% 14%
Share price Rising	Share price rising Otherwise	17 41	29% 71%
Share price falling	Share price falling Otherwise	7 51	12% 88%
High dividend per share	High dividend per share Otherwise	35 23	60% 40%
Reasons for selling shares of a company	Low dividend per share Otherwise	11 47	19% 81%

Source: Field Survey 2014

The purpose of question 9 (table 4.9) above was to find out from the shareholders whether they wanted their companies to maintain the dividend policy they had implemented or that it should be changed. Majority of the respondents, 43 (74%) were of the view that the dividend policy should be changed; only 15 (26%) state that the policy should be maintained. From the questionnaire responses, it is imperative that the finance managers of the companies under study and those of analogous companies take a second look at the dividend policy being implemented by them.

Of the 58 respondents, only 15 (26%) stated that their companies should maintain the dividend policy they are having.

On the reasons for shares acquisition, question 10 (table 4.9) 43 of the respondents said they buy shares for their low price. This represents approximately 74 percent of the total number of respondents. The remaining 26 percent bought it for other reasons.

Fifteen (15) respondents (26%) would buy shares for when the price is high. However, 43 of them (74%), nearly three times the respondents would do otherwise. This shows that most of the respondent would not buy the shares of a companybecause of it high price.

From table 4.9 an overwhelming number of respondents (49) which is 84 percent would buy the shares of a company, with the view of earning high dividend at the end of the financial year. A few of the respondents (9), representing 16 percent are of different view other than gaining a high dividend for their shares.

Again table 4.9 shows that 13 respondents (22%) would buy shares of a company for it low dividend. This is on the lower side as compared the 45 respondents with a percentage of 78 who would not buy shares because of low dividend. In effect this indicates that majority of the respondents would buy shares of accompany for other reasons, but not for its low dividend.

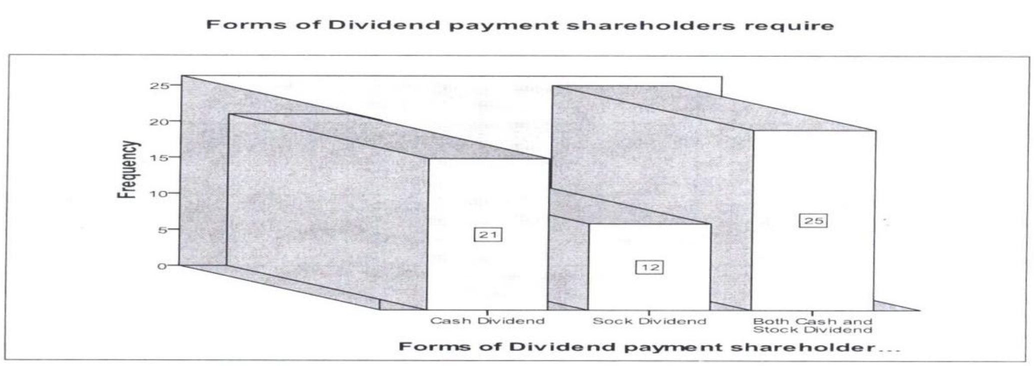
Furthermore, from table 4.9 it is clearly seen that most of the respondents 50 (86%) would sell their shares when they are in need of immediate cash irrespective of the share value, while 8 (14%) would hold on to their shares.

Also, from table 4.9, 17 of the respondents, that is 29 percent would sell their shares when there is a rise in the share value. They prefer taking their profit now than later. However, an overwhelming percentage of them (71) would be moved by other reasons other than an increase or rise in the share price to dispose of their shares.
Table 4.9 (Question 11) indicates that a fall in the share price would prompt 12 percent of the respondents to trade off their shares. 88 percent of them would hold on to their shares despite the fall in price or would be motivated by other factors in trading off their shares other than a fall in the share price.

From the above table 4.9, 35 of the shareholders, being 60 percent are of the view of selling their shares when it yields high dividends. On the other hand 40 percent of the respondents would not sell their shares at this stage, for reasons better known to them.

As shown on Table 4.9, 11 of the prospective shareholders, being 19 percent are of the view of selling their shares when it yields low dividends, but 47 (81%) of the 58 respondents would not sell their shares at this stage, or they may sell their shares due to its low dividends.

Figure 4.2 (b): Forms of Dividend Payment Shareholders Require



(Source: field survey)

The above illustration, Figure 4.2 (b), further explains question 8 on the form of dividend payment that the shareholders require. The form or type of dividend payment is indicated on the horizontal or X – axis while frequency (or the number of shareholders) is measured on the vertical or Y-axis.

As already indicated of the 58 respondents 21 (i.e. 36 percent) stated that they prefer cash dividend to the other forms dividend payments. 12 (i.e. 21 percent) said they want stock dividend; they rather are rather interested in the recapitalization or expansion of the company while 25 (i.e. 43 percent) being the majority noted that they require both cash and stock dividend payment.

Table 4.9.1 Analysis of Responses to Questions 2—8

Particulars		Frequency	Percent
Number of Employees:	200 – 500 701 -- 900	2 1	67% 33%
Year of listing company on GSE:	2004 2005	2 1	67% 33%
Payment of Dividends	Yes	3	100%
Form of Dividend Dividend payment	Cash Both	2 1	67% 33%
Preference of Shareholders	Dividend Capital Gains	2 1	67% 33%
Decrease in Shareholding Structure	No Dividend Payment	3	100%
Increase in Shareholding structure	Increase in Dividend Payment	3	100%

Source: field survey 2014

Section C, Table 4.9.1 of the questionnaire represents quantitative response of the findings about the companies themselves.

Question 2 sought to find out the number of employees in each of the companies. As can be seen from the above table, two of the companies (67%) gave the number of their employees as between 200 and 500 while the remaining one (33%) had its employees numbering between 701 and 900.

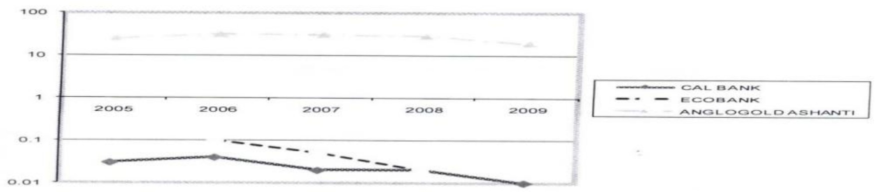
Two of the companies were listed on the Ghana Stock Exchange in 2004; one was listed in the year 2005.
All the 3 companies agreed that they paid dividends (Question 4). Having consented to the payment of dividends, question 5 went further to find out the form that this payment of dividends normally takes. From the above table, it can be seen that only one out of the 3 companies (33%) pays both cash and stock dividend; the remaining 2 (67%) pay only cash dividend. Question 6 (Table 4.9.1) sought to find out from the 3 companies the preferences of their shareholders; whether they prefer dividend payment to capital gains or vice versa. As clearly indicated, 2 of the companies stated that their shareholders prefer dividend payment to capital gains.

As has already been noted, salary levels of most employees in Ghana are low, and for that matter majority of those who invest in shares prefer to get dividend payment to supplement their meagre incomes. Only one of the companies indicated that its shareholders prefer capital gains to dividend payment.

The purpose of question 7 and 8 as illustrated by table 4.9.1 above is to find out whether an increase or decrease in dividend payment, or no dividend payment has resulted in increase or decrease in shareholding structure of their companies. All the 3 companies responded that no dividend payment has resulted in decrease in shareholding structure.

Again, all 3 companies agreed that increase in dividend payment has resulted in increase in shareholding structure.

Figure 4.3 Chat of Dividend Per Share of selected Companies from 2005 - 2009



Source: www.ghanastockexchange.com

Regarding dividend per share at the end of the accounting year, Question 9, Table 4.9.2 and figure 4.3 (section c) above clearly indicate the dividend per share for the various years under study.

The dividend per share for the two banks and AngloGold Ashanti are depicted in a form of graph on figure 4.3 with CAL Bank Ghana Limited, dividend per share was GH¢0.03 in both 2005 and 2006; it declined to GH¢0.02 in 2007. In 2008 the figure was the same (i.e.0.02) until it further declined to GH¢0.01 in 2009.

In 2005 Ecobank Ghana Limited declared dividend per share of GH¢ 1.18. This figure declined to GH¢ 0.16 in 2006. In 2007 it was GH¢ 0.10; it declined to GH¢0.08 in 2008 and went down as low as GH¢0.01 in 2009.

Table 4.9.2 Analysis of Responses to Question 9

Dividend per Share from year 2005—2009

	2005 GH¢	**2006 GH¢**	**2007 GH¢**	**2008 GH¢**	**2009 GH¢**
Cal Bank Limited	0.03	0.03	0.02	0.02	0.01
Ecobank Ghana Limited	1.18	0.16	0.10	0.08	0.01
AngloGold Ashanti	24.84	27.30	30.40	28.10	19.05

Source: www.ghanastockexchange.com

AngloGold Ashanti paid dividend per share of GH¢24.84in 2005. This figure went up to GH¢27.30 in 2006, and increased further to a peak of GH¢ 30.40 in 2007. The figure could not be sustained; it declined to GH¢ 28.10 in 2008 and went down to GH¢ 19.05 in 2009.

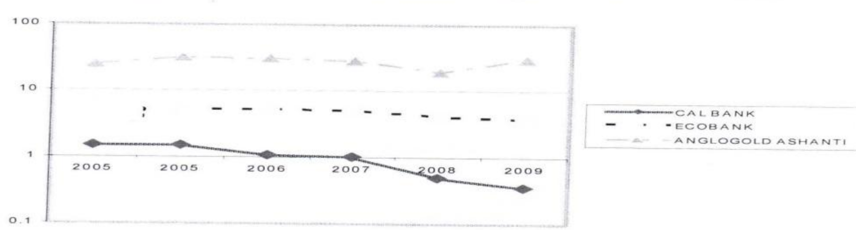
Table 4.9.3 **ANALYSIS OF RESPONSES TO SECTION C QUESTION 10**

Share Price from year 2005 - 2009

	2005 GH¢	**2006 GH¢**	**2007 GH¢**	**2008 GH¢**	**2009 GH¢**
CAL Bank Limited	1.50	1.08	1.01	0.50	0.35
Ecobank Ghana Limited	5.20	5.22	5.01	4.05	3.70
AngloGold Ashanti	25.00	21.40	25.10	22.05	27.40

Source: www.ghanastockexchange.com

Figure 4.4 Chat of Share Price of selected Companies from 2005 - 2009



The purpose of question 10 is to find out the share price at the end of the accounting years from 2005 – 2009 for the two banks and AngloGold Ashanti. As can be seen, share prices are indicated on table 4.9.3 while the same information in a graphical in figure 4.4.

Cal bank Ghana Limited experienced a continuous decline (downward trend) in its share price from 2005 – 2009. In 2005 the share price was GH¢1.50. This figure dropped to GH¢1.08 in 2006 and to GH¢0.50 and GH¢0.35 in 2008 and 2009 respectively.

With Ecobank Ghana Limited, the share price was GH¢5.20 in 2005. It increased slightly to GH¢5.22 in 2006, dropped to GH¢5.01 in 2007. This figure declined sharply by GH¢0.96 to GH¢4.05 in 2008 and further went down to as low as GH¢3.70 in 2009. In 2005 the share price for AngloGold Ashanti was GH¢25.00. The figure declined to GH¢21.40 in 2006. In 2007 it went up to GH¢25.10. The share price figure however declined to GH¢22.05 in 2008 and ultimately went up by GH¢5.35 to reach GH¢27.40 in 2009.

Table 4.9.4 Analysis of Responses to Questions 11—13

		Frequency	Percent
Shareholders reaction to increase in dividend	Request for explanation	2	67%
	Request for auditing	1	33%
Shareholders reaction to no change in dividend	Shareholders will be satisfied	1	33%
	Shares will buy more shares	2	67%
Shareholders reaction to reduction in dividend	Dissatisfied	2	67%
	Hope for higher dividend in future	1	33%
Shareholders reaction to increase in share price	Increase in their share price	2	67%
	Sell their Shares	1	33%
	Maintain their Shares	0	0%
Shareholders reaction to decrease in share price	Increase their share price	0	0%
	Sell their shares	0	0%
	Maintain their shares	3	100%

Source: Field Survey 2014

Question 11-13 (section) sought to find out the reaction of shareholders to changes in dividend payment. Regarding increase in dividends, 2 (67 percent of the companies understudy indicated that under such a situation they would request for explanation whereas 1(33 percent) maintained that it would rather call for audit to investigate why that is so.

With no change in dividend, 2 of the companies stated that shareholders will prefer buying more shares but 1 of them said shareholders would be dissatisfied whenever there was no change in dividend payment.

As regards reduction in dividend 2(67 percent) of the companies indicated that shareholders will be dissatisfied only 1(i.e. 33 percent) stated that shareholders' reaction to increase in share price, none of the 3 companies mentioned that the shareholders would maintain their shares; 1 of them had it that the shareholders would sell their shares while 2 of them said that such a change would rather lead to an increase in share price.

On the contrary, with a decrease in share price, all the 3 companies under study agreed that their shareholders will maintain their share when there was such a reduction in share price.

None of the companies indicated that their shareholders would wish to dispose of their shares under such condition. In a nutshell, and from foregoing it is apparent that there is a positive link between dividend payment and share price.

Discussion

This study showed the impact of dividend policy on share price of selected listed companies in Ghana from 2005 to 2009. The analysis was done using the data derived from questionnaire of selected listed companies and shareholders. From the hypothetical scenario and the analysis of questionnaire, the study found out that as the dividend of companies increase, the share price also rises due to the pressure on the share. This suggest firms with higher dividend payment have their share price going up as well as a result of higher demand of shares and firms with lower dividend have their share price going down all else being equal, (please see tables 4.9.2 and 4.9.3 in the previous chapter)

Companies that pay lower dividend may probably like to retain earnings to build up reserve to meet the growth needs of the company, maintain liquidity and also ensure the payment of better dividend in the future. Firms that pay higher dividend use it as signal to attract investors; and the ability of management to earn high profit consequently increase the value of the firm. In addition, management take into consideration the level of earnings, the net cash inflows available, investment opportunities, the law regulating the payment of dividend and many other factors before determining the amount of dividend to be paid out.

Conclusion and Recommendations

Based on the findings, it was realised that as dividend increases, share price rises. This is due to theory behind demand. If dividend rises, more investors increase their shares and, all else being equal, the share price also increases and vice versa. The conclusion to be drawn is that dividend payment has impact on share price, at least, the case for the selected listed firms on the Ghana Stock Exchange for the period under study attest to this fact. Findings from the study suggest that companies' dividend payment determine the value of shares. It then means that companies base on their earnings to declare dividends which greatly affect the share price. It must be noted, however, that only an aspect of dividend payment and impact on and share price was looked at. More studies should be conducted to find out what factors affect the share price aside dividend payment. From the numerous literatures written on dividend policy, it was found out that companies that have a long standing history of stable dividend pat-out would be affected by increasing dividend payment of the other companies. It is recommended that paying companies should continue to maintain steady growth in dividends, unless there is a very good reason to cut or not pay dividends, since dividends may signal that the firm has the ability to make profit and expand. Also, because there are investors' preferences, companies should find out their shareholders what suits their preference before dividend policy decisions are made

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