Examining the effect of cash dividend on stock turnover: Evidences of Iran's Capital Market

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Abstract: The present study has first explained the effects of cash dividend and dividend yield on the companies' stock turnover, and then examined the impacts of different ownership percentages on stock turnover and dividend yield. Active companies in Iran's capital markets are considered as the statistical society during the period of 2003-2007.The results suggest that cash dividend has no significant effect on the companies' stock turnover, and that there is no relationship between the cash dividend and the stock turnover. The study of the impacts of institutional ownership percentage on stock turnover revealed that there is an inverse relationship between the institutional ownership percentage of a company and its stock turnover. However, no relationship was found between the institutional ownership percentage and dividend yield.
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1. Introduction

Today, as a result of the expansion of economic activities, development of financial markets, and investment boom in capital markets (especially investment in stock markets by natural and legal persons, access to correct and timely information and a precise analysis of the information, is the most important tool in making right decisions, achieving the expected profits, and optimum use of financial resources.

Cash dividend is one of the short-term and long-term strategies of a company that shows its effects at the end of each fiscal year in the company's general assemblies, and is a criterion in evaluating the company's performance. Indeed, cash dividend is a policy, based on which the amount of dividends paid, the amount of retained earnings, remuneration of the board of directors, time of payment, mode of financing and other relevant issues are compiled, written, and presented to the general assembly of shareholders.

Annual profit is categorized into two major parts: one part is given to the shareholders as the share dividend, and another part is deposited into the retained earnings or savings account. Each part has a different impact on the financial status of the company, thus the board of directors can use the cash dividends policy as a guideline, and a tool as well.

This study aimed to examine the effect of cash dividends on stock turnover, the impacts of institutional ownership percentage on stock turnover in time of profit dividing, and the effect of the firm size on the dividends and on stock turnover. Research background, research methodology and hypotheses, data analysis, and discussion based on the test results are presented in the further sections. This article reviews the previous researches background, assumptions, methodology, data analysis and finally it deals with the conclusions and study limitations. The structure of the paper is as follows; Section 2 relates our work to the framework and research hypothesis; Section3 presents the methodology; Section4 contains the Findings and data analysis; Section 5 Conclusion.

2. Research background and Hypothesis

(i): Research background

i -1. Dividends Policy

Scholars have different views about the dividends policy. For instance, Pourheydari and Khaksari (2008), believe that one of the most important factors in determining the dividends is the firm's liquidity status – or indeed their ability to pay share dividends. Inappropriate liquidity status limits the managers in dividing the profits. Share dividends distribution requires paying cash liquidity. Thus, the firm's liquidity status overwhelms the dividend decisions. It is possible that a business unit be unable to pay the dividends, or pay dividends less than the corresponding value in previous years as a result of lack of access to liquidity (Pourheydari and Khaksari, 2008).

Black (1976) states that dividing the profit by a company is a guide to the shareholders. Shareholders view the increase in the companies' dividends as a guide to high cash flows.

Lintner (1956) studies the profit distribution policies, and demonstrates that managers prefer a constant payment of dividends, and increase the cash dividends only when convinced that they will not be obliged to reduce the cash dividends. He showed that the changes in dividends are a function of the firm's long-term profitability. The companies with a constant profitability pay significant portion of their dividends in cash and on the contrary, companies in growth phase have a lower level of cash dividends.

Baker et al (2006) in his study of the insights of Norwegian managers about the dividends concluded that companies should make their dividends policies in a way that provides their shareholders with the maximum value. Moreover, he showed that optimal dividend policy leads to a balance between the current dividends and the future growth in profits that maximizes the share prices.

Ameri (2007) believes that there is no uniform trend in the company's dividend policy.

i-2. Institutional Ownership

According to definition of Bushee (1998), institutional investors, large investors such as banks, insurance companies, investment companies, and pension organizations (Bushee, 1998). According to Velury and Jenkins (2006) research, institutional investors because of significant ownership stock in companies, have essential influences and can affect their practices and performance as well. The main reason is supervising activities of these investors (Velury & Jenkins, 2006).

Olli et al. (1948) suggested that the institutional shareholders are a very powerful positive force in leading the managers towards the firm's long-term earnings.

i-3. Institutional Shareholders and Dividends Payment Policy

La Porta et al. (2000) stated that dividends payment policies are different among different countries. Thus the relationship between the profit dividing and institutional ownership are different among different countries and different contexts. It has root in different factors including legal restrictions and tax incentives.

Maury and Pajuste (2002) showed that there are various kinds of large shareholders, which are controllable and may affect the dividends payment policies via several ways. Therefore, the share dividends may depend on the type of large shareholders and the ownership structure.

Amidu and Abor (2006),(in their study of the emerging markets), Al-Kuwari (2007), Al-Malkawi (2005), and Johnson et al(2000), Zeckhauser and Pound (1990), Kouki and Guizani (2009), Setaiesh and Kazem Nejad(2010), Truong and Heaney (2007), suggest that share dividends and institutional shareholders may be viewed as a means of signaling. They studied the impacts of institutional ownership (as one of the large shareholders) on the dividends, and found a significant relationship between the two variables. They also revealed that the owners of large blocks of shares prefer not to receive the share dividends in cash.

Easterbrook (1984), Jensen (1986), Guo and Ni (2008), Short et al (2002), Abdelsalam et al (2008), (in their study of the emerging markets), found a positive significant relationship between the institutional ownership and the dividends payable. They suggest that the institutional shareholders prefer paying dividends rather than preserving cash, because the individuals within the organization may waste these free cash flows. In other words, shareholders force the manager to distribute more dividends in order to dealing with the waste of surplus funds and mitigating the agency costs. Consequently, according to this theory, with the increase in the institutional ownership, there will be more demand for distribution of the share dividends.

Truong and Heaney (2007) noted that different shareholders (institutional and intra-organizational) have different motives and incentives, and hence different impacts on the firm's dividends policy. They suggested that in lower levels of ownership, the institutions are more willing to actively monitor the management, and there is less need to receive dividends in order to control the agency costs. Also, the increase of institutional shareholders' ownership is associated with agency problems, and this increases the need for dividends payment and external monitoring.

i-4. Concentration of Institutional Ownership and Dividends Payment Policy

A considerable body of studies has been conducted with the aim of examining the relationship between the concentration of institutional owners and dividends payment policy. The findings of Kouki and Guizani (2009) focusing on Tunisian companies, suggest that higher concentration of institutional ownership brings about an increase in share dividends distribution. Shleifer and Vishny (1986) showed that companies, especially small companies, pay higher share dividends in order to attract large shareholders and to increase their institutional shareholders.

i-5. Ownership Structure and Dividends Payment Policy

The findings of the study of Jaish Kumar (2006) in examining the relationship between the ownership structure and share dividends payment policies in Indian companies indicated the existence of a significant relationship between the two mentioned variables. Harada and Nguyen (2006), suggested that this relationship is negative. They found a negative

relationship between the concentration of ownership and the dividends paid.

However, Khodadadi and Aghajeri (2009), (Based on their logistic model test), and Sadeghi and Bahadori (2009) concluded that concentration of ownership leads to an increase in the company's ratio of dividends paid, and the more the ratio of natural shareholders the less the ratio of dividends paid (Sadeghi and Bahadori, 2009).

Gang et al (2003), and Wei (2002) suggest that there is no significant relationship between the two variables. Wei (2002) stated that state companies are more willing to pay cash dividends, and public companies tend to pay a higher level of share dividends. Wei also suggests that the positive significant relationships between the government (individual) ownership and the cash dividends payment level, and between the private (individual) ownership and share dividends payment is non-linear. Chen et al (2005) reported a weak relationship between the ownership structure and dividends payment policy, in such a way that for small enterprises there is only 10 percent negative relationship between the ownership structure and dividends payment, and the positive relationship between the ownership structure and the dividends payment is about 10 to 35 percent of the company's total issued shares. Moreover, it is less probable that the companies with more concentrated ownership structure will increase the dividends along with increased profitability; and it is more probable that they will not pay any dividends along with the improved investment opportunities.

i -6. Institutional ownership and Liquidity

Zaree asthriji (2007), showed that Improved liquidity of stocks firstly has a close relationship with turnover and secondly with involved value as well (Zaree asthriji, 2007). Islami Bidgoli and Sarnj (2008), combined the improved liquidity measure, in other words the ratio of shares issued in the Markuies model, so it assisted to forming of optimal portfolio. They found that liquidity is one of the considerable interests for investors (Islamic Bidgoli & Sarnj, 2008).

Glosten and Milgrom (1985) believe that the institutions with information advantage can cause cost for investors which are unaware and consequently liquidity will be decreased (Glosten & Milgrom, 1985). Mendelson and Tunca (2004), claimed that the institutions can reduce the uncertainty about the real price of assets, reduction in losses caused by transactions, increasing the willingness of investors and finally increasing the improved liquidity through the market. Another team believe that the institutional owners which invest in long-term situation, causes a reduction in improved liquidity by decreasing in the number of available floating shares (Mendelson & Tunca, 2004)

Agarwal (2008) has examined the relationship between institutional ownership and improved liquidity through two channels: of adverse selection and information efficiency. He discovered a non-linear relationship between institutional ownership and improved liquidity and stated that adverse theory is prevailing hypothesis in lower levels, where as with increasing the level of institutional ownership, improved liquidity (Agarwal, 2008).

Cueto (2009), examined the relationship between ownership structure and improved liquidity of market in Brazil and Chile. The research illustrated that the holders of large blocks of shares cause the reduction of availability of floating stocks in the market and thus reducing the improved liquidity accordingly (Cueto, 2009).

The research results of Rubin (2007), Chung and others (2008) and Rahmani et al (2010), demonstrated that the liquidity is related to the ownership of institutional shareholders considerably, which increases by increasing the ownership level and decreases by increasing the concentration of ownership.

i-7. Dividends and Liquidity

Bhattacharya (1979), and Miller and Rock (1985) predicted that the declaration of payment of share dividends contains information concerning the conditions that the company's cash flows (liquidity) is acceptable for the current and the next period.

Chen et al (2009), and khoshtinat and Hajian (2008) also showed that the amount of dividends is effective on the stock turnover. In other words, the dividends have information content and signal the investors. So it is reasonable to infer that the managers are able to convey the information about company using the changes in the amount of dividends.

Setayesh and mehtar (2011) did not find any significant relationship between the changes in the amount of dividends and operating cash flows in their analysis of the relation between the two variables.

Kouki and Guizani (2009), found a significant negative relationship between the firm size and the dividends. Ameri (2007) suggests that there is no uniform trend in the company's dividend policy, and there exists a significant correlation between the firm size and the ratio of dividends paid.

This study aims to examine the effects of dividends paid and the percentage of institutional ownership on stock turnover of profitable companies listed in Tehran Stock Exchange in two 6-month periods, before and after dividing the profits.

(ii). Research Hypothesis

H_1: There is a difference between the average liquidity (stock turnover) values before and after dividing the profits.

H_2: There is a relationship between the firm size and

$H_{2\text{-}1}$: The amount of dividend distribution is greater in larger companies.

$H_{2\text{-}1}$: The amount of dividend distribution is lower in smaller companies.

H_3: There is a relationship between the stock turnover and the stock's dividends yield.

$H_{3\text{-}1}$**:** Companies that distribute more dividends, have a higher stock turnover.

$H_{3\text{-}1}$**:** Companies that distribute lower dividends, have a lower stock turnover.

H_4: There is a relationship between the percentage of institutional ownership and the amount of liquidity (stock turnover) in time of profit dividing.

$H_{4\text{-}1}$: There is a relationship between the institutional ownership of below 25 percent and the amount of liquidity (stock turnover) in time of profit dividing.

$H_{4\text{-}2}$: There is a relationship between the institutional ownership of 50 to 75 percent and the amount of liquidity (stock turnover) in time of profit dividing.

$H_{4\text{-}3}$: There is a relationship between the institutional ownership of 75 to 100 percent and the amount of liquidity (stock turnover) in time of profit dividing.

H_5: There is a relationship between the percentage of institutional ownership and the amount of dividends paid.

$H_{5\text{-}1}$: There is a relationship between the institutional ownership of below 25 percent and the amount of dividends paid.

$H_{5\text{-}2}$: There is a relationship between the institutional ownership of 50 to 75 percent and the amount of dividends paid.

$H_{5\text{-}3}$**:** There is a relationship between the institutional ownership of 75 to 100 percent and the amount of dividends paid.

3. Methodology

This research is categorized as applied research and in terms of the method is considered as correlation analysis. The goals of this study are examine the effect of cash dividends on stock turnover, the impacts of institutional ownership (the third categories below 25 percent and between 50 to 75 percent divided and between 75 to 100 percent divided) on stock turnover in time of profit dividing, and the effect of the firm size on the dividends and on stock turnover in companies which are accepted in Tehran Stock Exchange. This is a study in the period of 6 months before of dividends paid and 6 months later. Linear regression model was used to examine the relationship between variables. The research hypotheses were examined in the 95% confidence level. It should be noted that test was conducted to study the nonlinear relationship between research variables and in regard to the value of F statistics and Significant level, it was clear that linear regression had presented the best variables offers. To examine the validation of the normal distribution of data and remainders hypothesis the Kolmogorov-Smirnov test has been used and to examine the validation of errors lack of autocorrelation hypothesis the Durbin-Watson method has been utilized. Correlation coefficient is a criterion to determining the strength of relationship and the type of relationship (direct or reverse). Determination coefficient shows that what percentage of the changes of the dependent variable is explained by the independent variable. Significance test of the regression equation using the F statistic, and significance test of regression coefficients using the T statistics have been taken as well. In the multiple regressions, the lack of multi co-linearity between independent variables has been made sure.

(i).Data collection and sample selection

In this study, librarian method & archives were used to collect the required data. Research tool include Financial Statements, accompanying notes and financial reports of the above mentioned companies, which they are collected through Novin Rahavard software and Tehran Stock Exchange official website and then it was calculated the variables in the classification and ultimately data analysis by SPSS software.

The statistical society included all accepted companies in the Tehran Stock Exchange during 2003 to 2010 and the sample is selected in regard to the following features:

1. They should have been accepted in Tehran Stock Exchange before the financial year 2003.
2. Companies that in each year are at least 70 trading days.
3. Companies which have not stop for a long time after cash dividend paid and the end of their financial year should coincide with the end of March.
4- They should present the Financial Information from 2003 to 2010 required in this research and should not change their financial year during the period in question.

(ii).Research model and measurement method of variables

At first average compared test examined the effects of dividends paid on liquidity (stock turnover) has been calculated. The following model is estimated to test the third hypothesis;

$$\Delta\text{Liquidity(stock turnover)}=\alpha + \beta_1(\text{Institutional})+ \beta_2(\text{Size})+ \beta_3(\text{dividends paid})+ \varepsilon_{it} \quad (1)$$

In this research, to normalize the distribution of variable dependent on intellectual capital and its components, the conversions of square root, square, and Ln are used. The variables used in the study were defined and calculated as follows.

*Δ **Stock Turnover:** Stock Turnover percentage change is defined as the change in stock turnover between the post announcement and pre-announcement period dividends paid, divided by pre-announcement period stock turnover.

Stock turnover: This is the dependent variable in this study. Turnover where monthly and is defined as monthly stock turnover volume divided by shares outstanding. Stock turnover is defined as the 6 month prior and 6 month after announcement dividends paid.

***Institutional Ownership percentage:** This percentage is the firm's outstanding shares held by institutions at the shareholder annual assembly.

***Size (control Variable):** This variable is measured as the Log of total assets and entered in the book value of total assets at the shareholder annual assembly.

***The amount of cash dividends:** This variable is calculated by dividing the cash dividend paid per share, by the nominal value of each share.

4. Results of hypotheses testing

(i) The first main hypothesis

To explain the effects of dividend paid on liquidity (stock turnover), the average compared test (paired) was used. The first main hypothesis test results are shown in the table below:

H_1: There is a difference between the average liquidity (stock turnover) values before and after dividing the profits.

H_0: $\mu_1 = \mu_2$

H_1: $\mu_1 \neq \mu_2$

Table1. average Comparison test between effects of profit dividing of the stock turnover

	Mean	95%confidence Interval of the difference		df	T	Sig	Confirmed Hypothesis
		Lower	Upper				
The Effects of cash dividend on stock turnover	0.00311	-0.01249	0.01870	333	0.392	0.696	H_0

μ_1: the average of stock turnover after of profit dividing.

μ_2: the average of stock turnover before of profit dividing.

As illustrated in table (1), the results show that "Sig." is greater than 0.05, thus the hypothesis of equality of two population means is confirmed, and the hypothesis of mean difference is rejected. In other words, there is no significant difference between the stock turnover values before and after dividing the profits. This test was separately performed for large and small companies. The results are shown in table (2). As indicated in this table, the results were same as the results of the above hypothesis.

Table 2. average Comparison test between effects of profit dividing of the stock turnover separately size companies

The Effects of cash dividend on stock turnover	Mean	95%confidence Interval of the difference		df	T	Sig	Confirmed Hypothesis
		Lower	Upper				
The Effects of cash dividend on stock turnover of small firms	0.00331	-0.1171	0.01832	178	0.434	0.664	H_0
The Effects of cash dividend on stock turnover of large firms	0.55063	-0.53185	1.63311	154	1.005	0.317	H_0

(ii) The two main hypothesis

H_2: There is a relationship between the firm size and the dividends.

Based on the firm size, this hypothesis was divided into two sub-hypotheses for large and small companies, and each group was analyzed separately. The sub-hypotheses were developed as follows:

$H_{2\text{-}1}$: The amount of dividend distribution is greater in larger companies.

$H_{2\text{-}2}$: The amount of dividend distribution is lower in smaller companies.

Table3. The regression test results between the firm size and the dividends

Hyphotesis 2	df	R	R^2	Adj R^2	Pearson Correlation	Std. Error of the Estimate	Durbin-Watson	F	Sig.(F)	Result
Sub-1	271	.101[a]	.010	.006	-16.4	350.63095	1.847	2.756	.098[a]	H_0
Sub-2	60	.225[a]	.051	.035	1.5	196.00070	2.076	3.159	.081[a]	H_0

(iii) The third main hypothesis

H_3: There is a relationship between the stock turnover and the stock's dividends yield.

In this hypothesis, the variable of stock's dividends yield as the independent variable, is divided into two items. This classification is performed based on the median of the dividends percentage, in such a way that the first sub-hypothesis includes the companies with the dividends percentages over the median of the dividends percentage, and the second sub-hypothesis includes the companies with the dividends percentages below the median of the dividends percentage. Thus the sub-hypotheses were developed as follows:

$H_{3\text{-}1}$: Companies that distribute more dividends, have a higher stock turnover.

$H_{3\text{-}1}$: Companies that distribute lower dividends, have a lower stock turnover.

Table4. The regression test results between the stock's dividends and stock turnover

Hyphotesis 3	df	R	R^2	Adj R^2	Pearson Correlation	Std. Error of the Estimate	Durbin-Watson	F	Sig.(F)	Result
Sub-1	164	0.112	0.012	0.000	-3.6	54631.37	2.046	1.029	0.360	H_0
Sub-2	166	0.068	0.005	-0.008	-12.4	39852.03	2.069	0.376	0.687	H_0

According to table 4, the significant level for F statistics of two hypothesis is greater than 0.05, so that we can say with 95 percent confidence level, there is not any relationship between stock's dividends and stock turnover.

(iv) The four main hypothesis

H_4: There is a relationship between the percentage of institutional ownership and the amount of liquidity (stock turnover) in time of profit dividing.

Table5. The regression test results between the institutional ownership and stock turnover

Hyphotesis 4	df	R	R^2	Adj R^2	Pearson Correlation	Std. Error of the Estimate	Durbin-Watson	F	Sig.(F)	Result
institutional ownership of below 25 percent and stock turnover	58	0.169	0.029	-0.024	-15.9	46380.65075	2.135	0.538	0.658	H_0
institutional ownership of 50-75 percent and stock turnover	125	0.137	0.019	-0.005	-54.1	54707.60966	2.029	0.775	0.510	H_0
institutional ownership of 75-100 percent and stock turnover	137	0.071	0.005	-0.017	-36.3	4.35839E5	2.092	0.224	0.879	H_0

According to table 5, the significant level for F statistics of third hypothesis is greater than 0.05, so that we can say with 95 percent confidence level, there is not any relationship between institutional ownership and stock turnover.

(v)The five main hypothesis

H_5: There is a relationship between the percentage of institutional ownership and the amount of dividends paid.

$H_{5\text{-}1}$: There is a relationship between the percentage of institutional ownership of below 25 percent and the amount of dividends paid.

Table6. The regression test results between the percentage of institutional ownership of below 25 percent and the amount of dividends paid

Variables	Constant	Institutional ownership	Size	df	Demonstration power			D-W	F-Value (sig)	Result
					R	R^2	Adj R^2			
Regression coefficients	12820.224	0.016	-3.291	58	0.454	0.206	1.178	1.731	7.260 (0.002)	H_1
t-test (sig)	90.690 (0.000)	2.902 (0.005)	-1.841 (0.071)							

Pearson Correlation	-10.6								

According to table 6 can be seen, the F statistics value and significance level are respectively, 7.260 and 0.002 that is, the error level of 0.05 the model is significant. D-Watson statistic equal to 1.731 calculated and shows the remaining sovereignty. Statistic t-test, Sig and the Pearson correlation for the independent variable of institutional ownership of below 25 percent, respectively equal 2.902, 0.005 and -10.6, beta coefficient of 0.016, positive relationship between the institutional ownership of below 25 percent and the amount of dividends paid approved. Also, the coefficient of determination (0.206) means that multiple regression models explain 20.6 percent from the total changes in stock turnover and 79.4 percent of the changes is influence of other factors. It should be noted that control variable the error level of 0.05 the model is not significant. Finally, the relationship between institutional ownership of below 25 percent and are accepted and regression model is presented as following:

$$\text{turnover stock} = 12820.224 + 0.016\ \textit{Institutional ownership} + \varepsilon\_it$$

$H_{5\text{-}2}$: There is a relationship between the percentage of institutional ownership of 50 to 75 percent and the amount of dividends paid.

Table7. The regression test results between the percentage of institutional ownership of 50-75 percent and the amount of dividends paid

Variables	Constant	Institutional ownership	Size	df	Demonstration power			D-W	F-Value (sig)	Result
					R	R^2	Adj R^2			
Regression coefficients	-15.852	0.001	-0.017	125	0.239	0.057	0.042	1.970	3.729 (0.027)	H_1
t-test (sig)	-0.052 (0.959)	2.577 (0.011)	-0.951 (0.344)							
Pearson Correlation		29.2								

According to table 7 can be seen, the F statistics value and significance level are respectively, 3.729 and 0.027 that is, the error level of 0.05 the model is significant. D-Watson statistic equal to 1.970 calculated and shows the remaining sovereignty. Statistic t-test, Sig and the Pearson correlation for the independent variable of institutional ownership of 50-75percent, respectively equal 2.577, 0.011 and 29.2, beta coefficient of 0.057, positive relationship between the institutional ownership of below 25 percent and the amount of dividends paid approved. Also, the coefficient of determination (0.057) means that multiple regression models explain 5.7 percent from the total changes in stock turnover and 94.3 percent of the changes is influence of other factors. It should be noted that all of control variable the error level of 0.05 the model is not significant. Finally, the relationship between institutional ownership of 50-75 percent and dividends paid are accepted and regression model is presented as following:

$$\text{turnover stock} = 0.001\ \textit{Institutional ownership} + \varepsilon_{it}$$

$H_{5\text{-}3}$**:** There is a relationship between the percentage of institutional ownership of 75 to 100 percent and the amount of dividends paid.

Table8. The regression test results between the percentage of institutional ownership of 75-100 percent and the amount of dividends paid

Variables	Constant	Institutional ownership	Size	df	Demonstration power			D-W	F-Value (sig)	Result
					R	R^2	Adj R^2			
Regression coefficients	825.318	0.00	-0.014	137	0.143	0.021	0.006	1.520	1.417 (0.246)	H_0
t-test (sig)	1.916 (0.057)	-1.614 (0.109)	-0.611 (0.542)							
Pearson Correlation		33.9								

According to table 8, the significant level for F statistics is greater than 0.05, so that we can say with 95 percent confidence level, there is not any relationship between institutional ownership of 75-100 percent and dividends paid.

5. Conclusion

In our analysis of the impacts of cash dividends on the companies' stock turnover, we inferred that cash dividends have no significant effect on the companies' liquidity (stock turnover). This hypothesis was tested separately for large and small companies. The results concerning both statistical societies indicated the non-effectiveness of cash

dividends on the companies' stock turnover. This conclusion can suggest that receiving cash dividends is not the only incentive of the investors to invest in companies; and this can be a sign of the long-term horizon of Iranian investors in buying stock shares. This result is disagrees to the findings Kouki & Guizani (2009) and ameri(2007).

In our analysis of the effects of different percentages of institutional ownership on the stock turnover in time of profit dividing, we concluded that the percentage of institutional ownership has no effect on the stock turnover. This result can suggest that institutional owners are not willing to replace their stock, as a result of their long-term vision towards the purchased shares. Thus, they scarcely engage in frequent buying and selling of their stock shares, and this leads to a decrease in the companies' stock turnover. This result is agrees to the finding of Agarwal (2008) of lower level institutional ownership. Also this is disagree to the findings Chung & et al (2008), Agarwal (2008), Cueto (2009), Mendelson and Tunca (2004), Rubin (2007) and Rahmani & et al (2010).

Then we examined the impacts of different percentages of institutional ownership on the amount of dividends paid. According to our findings from hypothesis testing, there is a significant positive relationship between the institutional ownership below 75 percent, and the amount of dividends paid, in such a way that smaller percentage of institutional ownership is associated with a higher level of cash dividend distribution and a more significant relationship; vice versa, a higher percentage of institutional ownership leads to a smaller amount of cash dividend distribution and a weaker relationship. No relationship was found in the cases of institutional ownership over 75 percent. They also reported that large shareholders prefer not to receive dividends in cash. This result is agrees to the findings of Amidu & Abor (2006), Al-Kuwari (2007), Al-Malkawi (2005), Johnson & et al (2000), Zeckhauser and Pound(1990), Setayesh and Kazem Nejad(2010), Kouki and Guizani(2009) and Truong and Heaney(2007). Also this result is disagrees to the findings of Easterbrook (1984), Jensen (1986), Truong & and Heaney (2007), Guo and Ni (2008), Short & et al (2002), Abdelsalam & et al(2008).

In our study of the effects of the amount of share dividends on stock turnover, we resulted that there is no significant relationship between the amount of share dividends and stock turnover. Again this result suggests that Iranian shareholders have a long-term vision in buying stock shares, and are not willing to receive high share dividends. this result is disagrees to the findings of khoshtinat and Hajian (2008).

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