

Board governance as a driver of dividend payments: New evidence from Oman's energy sector

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ABSTRACT

This study investigates the influence of board attributes on dividend payout decisions in the post-COVID era among oil and gas companies of Oman. The secondary data of seven companies were collected for a period of 2020-2024. Using a hierarchical regression approach, the impact of independent variables board size, independence, meetings, gender diversity and nationality diversity on the dependent variable dividend payout was investigated by controlling the firm size. Board meetings showed a statistically significant positive correlation with dividend payout, indicating likelihood of higher dividends on account of higher number of board meetings. Even though statistically insignificant board gender diversity and nationality diversity also showed a positive association with dividend payout. The other two variables, board size and independence showed a negative correlation. The study findings partially supported outcome approach of agency theory and offered practical insights for companies, investors and regulators for enhancing governance practices promoting stakeholder outcomes.

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1. INTRODUCTION

Dividend paid is always considered as performance indicator by the investors, wherein there are high chances of investors thinking that the company is underperforming and retaining profits with no traces of future growth. This can lead to frustrations among investors resulting in withdrawing from future investments (Henry & Yahaya, 2024). Dividend policies are often discussed in relation to corporate governance of the companies. Performance of the company is the responsibility of corporate governance, and for investors performance means the dividends they receive from the companies. Although corporate governance is key to enhancing accountability and transparency, its influence on dividend decisions remains underexplored in Oman. Recently, under the directives of Minister of Economy the Muscat Stock Exchange (MSX), announced new Dividend Policy Guidelines for public companies to improve confidence of investors. The focus of the policy was standardization of disclosure and execution of dividend strategies so that it aligns with best practices internationally. This initiative indicates the enhancement of transparency and helps investors to make informed decisions (Observer, 2025). So, transparency and accountability are important and is the responsibility of corporate board of the companies.

In Oman, compared to other sectors, oil and gas sector plays a vital role in the economy. It is the one which contributes significantly to the economy accounting to around 30% of the gross domestic product (GDP) (Oman - Oil & Gas, 2024). In line with Oman's 2040 vision, the government of Oman is boosting private investments in some key sectors, out of which one is oil and gas. Investment in oil and gas sector of Oman remain as an opportunity in terms of new exploration projects, production and international partnership of Liquefied Natural Gas (LNG), and integrating oil and gas sector with renewable energy etc. But one of the biggest challenges faced by investors in this sector is instability of oil prices that directly affects profitability and in turn the dividend paying capacity of the companies. However, timely and appropriate risk management strategies by board of the companies play a significant role in overcoming the price fluctuations (Suhail, 2025). The importance of corporate governance in dividend distribution and gaining investor confidence can be well described through Agency theory. It explains the conflict of interest between management (agents) and shareholders (principal) in corporate decision-making (Jensen & Meckling, 1976). There are high chances that management may hoard the profits without paying out as dividends so as to benefit themselves. But the principal who are the real owners of the company try to lessen this through effective corporate governance, which serves as a monitoring system (Tawfik et al., 2024; Rodrigues et al., 2020). Hence, even agency theory provides a strong base to investigate the impact of corporate governance in dividend payouts in Omani oil and gas companies.

Despite the importance of oil and gas sectors in the country, limited are known about the influence of board on dividend payouts. Even though there is a study conducted in Oman that investigates the impact of board characteristics on the dividend policies, it was not specific to oil and gas sector and covered all the sectors (Alshabibi et al., 2021). Moreover, the study period was only from 2009-2019 which lacks information on post COVID regime. As far as the researcher's knowledge is concerned, there are no any further studies in Oman, that examined the impact of board attributes on dividend payout focused specifically on oil and gas sector covering a post COVID 19 period. Therefore, this research aims to explore the influence of corporate governance (board attributes) on dividend payouts of oil and gas sector in Oman, covering post COVID 19 regime from 2020- 2024. This study also aims to examine the influence of oil price changes on the association between board attributes and dividend payouts. The board attributes considered in the study are - board size, board independence, board meetings, board gender diversity and board nationality diversity. The result of this study enables to attract national and international investments to this sector as it helps the investors to understand the pattern of dividend payouts in oil and gas sector. This will contribute to Oman's 2040 vision, as attracting investments to oil and gas sector is one of the key agenda of Oman Vision 2040. Moreover, it helps to understand how the dividend payout behavior varies based on the changes in the oil prices, so that it helps in future investment decisions of investors. In addition, it aids regulators to strengthen corporate governance codes, investors to make informed decisions on their portfolios, companies to identify the board attributes which help in stabilizing the dividend payout, academia by contributing to limited literature on corporate governance and dividend payouts in gulf region.

2. REVIEW OF LITERATURE

2.1 Agency theory

The shareholders of the company always aim to enhance the profitability of the company and distribute a high percentage of these profits as dividends. Agency theory as mentioned above describes the conflicts of interest between shareholders and management giving rise to agency problems. When the management of the company has a distinct interest from that of the shareholders, it is likely that profits which are supposed to be distributed as dividends may be used by the management for their own use. So, when the corporate governance is strong, they monitor the activities of managers, which reduces free flow of cash under the control of management (Siregar et al., 2022). Such scenarios are categorized as outcome approach whereby the company pays high dividends because of good corporate governance. In simple words, the minority or non-controlling shareholders force the major owners to pay the excess cash in

the company as dividends so that there are least chances of managers misusing it reducing agency costs (La Porta et al., 2000; Rodrigues et al., 2020). According to the approach, the shareholders of public listed companies had more power than private companies and this power of shareholders helped to reduce agency problems via paying dividends (Deng et al., 2025). So, this study will consider outcome approach under agency theory that supports the notion of strong corporate governance leads to higher dividends.

2.2 Previous studies and Hypothesis formulation

Corporate governance in Oman is a system set up to direct and control the companies. The main focus of corporate governance is maintaining transparency of the company's actions through which investors and all other related parties are enabled to make informed decisions. It is also built on other major pillars like accountability of directors for their actions and decisions, their fairness in treating all the stakeholders equally, and their responsibility of executing duties considering the interests of the company like profitability and growth than their personal interests (Capital Market Authority, Sultanate of Oman, 2016). The Code of Corporate Governance (the new code) in Oman describes various attributes pertaining to the corporate governance of listed companies. Performance of the companies is the responsibility of corporate governance, of which the investors are one of the beneficiaries who expect regular dividends out of the profits made by the company. Therefore, studying the attributes of corporate governance affecting the dividend payouts is worthwhile and are further discussed below:

2.2.1 Board size and dividend payout

The second principle of code of corporate governance in Oman, describes that every public listed company in Oman shall have an effective board of directors responsible for achieving goals and objectives of the company. Since the code does not stipulate the minimum number of directors on board, it shall be different for companies (Capital Market Authority, Sultanate of Oman, 2016). In such a situation, it will be noteworthy to analyze whether a larger or a smaller group of board will be influencing dividend payouts positively. Board size represents the total number of directors on the board. Deciding an optimum size of the board is essential, as it can impact on the overseeing of management of the company which is highly required for a balanced approach to governance that considers all stakeholder's interests (Henry & Yahaya, 2024). According to the outcome approach discussed earlier, larger boards will be effective in monitoring. The results of a previous study in Oman revealed a non-significant positive association between board size and dividend payouts (Alshabibi et al., 2021). But in Jordan board size and dividend payout were significantly positively correlated indicating more stable dividend payouts through enhanced oversight (Mahmoud Mohamad Aleqab & Sattar, 2025; Kaur & Kaur, 2024; Chaudhary & Chandra, 2021). It is also a signal that larger board sizes have a positive link with dividend policies of the companies indicating a transparent and inclusive corporate governance structure enabling a stable dividend payout (Henry & Yahaya, 2024). A meta-analysis based on 53 research studies also indicated the significant role played by board size in deciding the dividend payments (Narang et al., 2024). But in contrast to that, a study led on 1432 companies in Gulf Cooperation Council (GCC) showed a negative association between board size and dividend payout, indicating that a larger board size leads to smaller dividends (Tawfik et al., 2024). Based on these arguments, the following hypothesis is articulated:

H1: Larger board sizes have a positive impact on dividend payouts.

2.2.2 Board Meetings and dividend payout

According to the new code of corporate governance in Oman, the board shall meet at least four times in a year (Capital Market Authority, Sultanate of Oman, 2016) and implies the number of times the board meetings are held in a company per year. According to the outcome approach, when the frequency of board meetings increases it eventually creates more active directors who will be active in monitoring activities, also leading to effective governance. This in turn is likely to reduce the agency problem thereby paying more dividends to investors (Alshabibi et al., 2021). A positive significant association was shown in a study conducted in Oman indicating that a greater number of meetings enables the directors to come to a harmony regarding the dividend payment decision (Alshabibi et al., 2021). Similarly, in Saudi Arabian companies, frequency of board meetings was positively related to the propensity of paying dividends (Boshnak, 2021). Based on the arguments, the following hypothesis is formulated:

H2: Higher frequency of Board meetings have a positive impact on dividend payouts.

2.2.3 Board Independence and dividend payout

In Oman, when the board is formed, all the directors need to be non-executive directors. Moreover, out of the total directors on the board at least one by third of them should be independent directors and that should not be less than two (Capital Market Authority, Sultanate of Oman, 2016). So, whatever the number of directors on board, the minimum number of independent directors shall not go beyond two. A study conducted in Oman revealed that the independent board of directors positively contribute to the dividend payouts in Omani companies bringing out the importance of corporate governance system in protecting the interest of the shareholder's (Alshabibi et al., 2021). In a study on 153 listed companies in Nigeria, board independence showed a positive association with dividend payouts indicating that independent board members likely to favor steady return policies to increase shareholder value (Henry & Yahaya, 2024). Similar results were revealed by studies conducted in consumer goods firms in Nigeria where board independence was the only attribute of corporate governance that affected dividend payouts (EKPULU & OPUDU, 2024; Chintrakarn et al., 2022). In Indian companies also there is a positive association between board independence and dividend payout, indicating that independent directors safeguard the interest of the shareholder's by ensuring them adequate return on investment. But it is impossible in India to make use of positive influence of independent directors due to concentrated ownership (Kumar et al., 2023). Based on the arguments, the following hypothesis is formulated:

H3: Board independence has a positive impact on dividend payouts.

2.2.4 Gender Diversity and dividend payout

Gender diversity means the presence of women directors in the board of the company (Arvanitis et al., 2022). It is normally determined as the percentage of female directors to the total number of directors on the board (Alshabibi et al., 2021). In Oman, specifically there is no any mandatory conditions to maintain any minimum or maximum number of female directors on the board. The results of the study conducted on non-financial Spanish listed companies revealed an increase in dividend payouts for small levels of female representation. But after a certain point if the number of females on board are increased, it leads to lower dividend payments due to their common characteristics like risk aversion, cautious financial attitude, and a low overconfidence (García-Meca et al., 2022). Similarly, if the board has a certain proportion of female directors who can influence the board, it shall improve corporate governance and increase dividend payouts (Akhtar & Islam, 2025). Adding to this, another study conducted on European listed non-financial companies stressed the presence of critical mass of female directors in the board and highlight the importance of regional disparities as a result of governance norms and regulatory frameworks in the concerned country. Similarly, another evidence from Asia -Pacific also revealed that the presence of female directors on the board leads to stronger corporate governance due to their diverse perspectives and skills sets which likely increases dividend payouts (Zarmeena Anum et al., 2024). On the contrary, empirical evidence from Indonesian companies reveal that gender diversity in board does not impact the dividend payouts (Mariyah Nabilah Asmaa et al., 2024). Based on these varied arguments the following hypothesis is being formulated:

H4: Board gender diversity has a positive impact on dividend payouts.

2.2.5 Board nationality diversity and dividend payout

Board nationality diversity implies the other nationals working on the board of a company other than Omani nationals. It is normally measured as the percentage of foreign directors on the board. In Oman code of corporate governance does not stipulate the presence of foreign directors on the board (Alshabibi et al., 2021). According to outcome approach, when the board has foreign directors, it offers more monitoring which is likely to enable us to payout more dividends by the company. The study conducted in Oman revealed a positive association between foreign directors and dividend payouts indicating that provides valuable access to diversified skills and expertise. This enables wider social networks leading to maximum investor protection (Alshabibi et al., 2021). Similarly, in GCC countries an analysis of 281 non-financial companies revealed similar results indicating improved corporate governance and strategic financial outcomes (Yousef, Manaf Al-Okaily, et al., 2025). Whereas a similar study in GCC exhibited a low representation of foreign directors on the board. But even this low number of foreign directors can increase the dividend payouts by 54% than those companies who did not have foreign directors on board. This emphasizes efficiency of foreign directors in making dividend decisions highlighting the balanced mixture of directors on the board (Yousef et al., 2025). In addition, a similar result was reported from United States, showing the presence of diverse nationality of directors ensures effective monitoring, reducing excess cash available to managers that ultimately results in paying more dividends (Nacasius Ujah et al., 2024). Based on these arguments the following hypothesis is being framed:

H5: Board nationality diversity has a positive impact on dividend payout.

2.3 Control variables

This study controls certain variables that were identified from previous literature.

2.3.1 Firm size

Considering the recent dividend studies in GCC/ Oman, firm size is used as a control variable. It is normally calculated as the total of assets in the company (Al Ghazali et al., 2023). Companies with more total assets are expected to be more stable and can likely achieve more profits (Mutmainah, 2016). So, companies with higher profits tend to distribute more dividends (Alshabibi et al., 2021; Ye et al., 2019).

2.3.2 Leverage

The financial risk of the companies can be represented using leverage. And it is measured as total debts of the company divided by total assets. Leverage is often negatively associated with dividend payout as when the leverage is high it means the risk is high and therefore the dividends will be distributed less (Khalfan & Wendt, 2020; Alshabibi et al., 2021).

2.3.3 Profitability (ROA)

Return on assets (ROA) is one of the significant sign of company's profitability. As dividend distribution is based on company's profitability, the companies with increased profits are more likely to distribute higher dividends than companies with decreased profits (Alshabibi et al., 2021; Pattiruhu & Paais, 2020). It is also argued that companies with higher performance will have large amounts of free cash flows that can be distributed as dividends (Khalfan & Wendt, 2020).

3. RESEARCH METHODS

This study used a quantitative research design with panel data extracted from published financial statements in MSX. The panel data analysis covers a period of five years from 2020 – 2024. The nine companies listed in MSX are Muscat Gases, Oman Oil Marketing (OOM), Oman Oil Pref (OMP), Shell OM (SHOM), Al Maha (MHAS), National Gas (NGCI), Shell Oman Marketing(SOMS), OQ Gas Networks (OQGN), and OQ Exploration and Production (OQEP). But the data for two companies (OOMP and SOMP) were unavailable on MSX out of nine and also for OQGN company and OQEP the data was partially available i.e., for three years and four years respectively. Therefore, the collected data included 28 observations from. The variables used for the study were dividend payout ratio (dependent variable), and board size, board independence, board meetings, board gender diversity and board nationality diversity (independent variables). The study controlled the variables firm size, leverage, and profitability - return on assets (ROA) in the beginning, but later leverage and ROA were removed due to high multicollinearity issues. The collected data was analyzed with Hierarchical regression (Alhawamdeh et al., 2024; Erin et al., 2020; "Hierarchical Regression," 2018) using JAMOVI software. The following table provides variable definitions:

Table1. Definition of variables

Variables	Variable definitions
Dependent variable: Dividend payout	Percentage of company's earnings distributed as dividend. It is calculated as Dividends paid/Net income
Independent variables:	
Board size	Total number of directors on the board
Board meetings	Number of board meetings held in a year
Board independence	Percentage of independent directors on the board
Board gender diversity	Percentage of female directors on the board
Board nationality diversity	Percentage of foreign directors on the board
Control Variables:	
Firm size	Total assets
Leverage	Total debts/ Total assets
Profitability- Return on Assets (ROA)	Net income/ Total assets

4. RESULTS

The analysis of variables included three stages, the first stage included a block with three control variables, in the second stage two control variables leverage and ROA with high multi collinearity issues were removed, in the third stage block 2 was created with all the corporate governance variables

under study including one control variable firm size. Below are the collinearity statistics of Model1:

Table 2: Collinearity Statistics of Model 1

	VIF	Tolerance
Firm size	1.46	0.6848
Leverage	13.13	0.0761
Profitability- Return on Assets(ROA)	13.41	0.0745

Source: Author

As given in Table 2, in the first stage, leverage and ROA showed a high multi collinearity issue with VIF values 13.13 and 13.41 respectively. This is above the acceptable limit of 10 and therefore these two variables were removed from block 1(Mansur et al.,2021). Below is the revised collinearity statistics of Model 1:

Table 3: Collinearity Statistics of revised Model 1

	VIF	Tolerance
Firm size	1.00	1.00

Source: Author

As given in Table 3, in the second stage, a revised Model 1 with firm size alone as control variable was created, where in the VIF was 1, which is acceptable and there are no multi collinearity issues. Similarly, the collinearity statistics of predictor variables along with control variable firm size is as follows:

Table 4: Collinearity Statistics (Control variable with Predictor variables)

	VIF	Tolerance
Firm size	2.90	0.344
Board size	3.16	0.316
Board meetings	1.30	0.772
Board independence	2.31	0.433
Board nationality diversity	2.87	0.349
Board gender diversity	1.86	0.538

Source: Author

As shown in Table 4, Model 2 with control variable and predictor variable did not show any issues of multi collinearity. The VIF values for firm size (2.90), board size (3.16), board meetings (1.30), board independence (2.31), board nationality diversity (2.87) and board gender diversity (1.86) were within the acceptable limits. Further the hierarchical regression summary is as follows:

Table 5: Hierarchical Regression

Model	R	R ²	Adjusted R ²	AIC	Overall Model Test			
					F	df1	df2	p
1	0.0660	0.00436	-0.0339	370	0.114	1	26	0.739
2	0.5507	0.30329	0.1042	370	1.524	6	21	0.219

Note. Models estimated using sample size of N=28

Source: Author

Table 5 shows model fit of Model 1 (Control variable firm size only) and Model 2 (Control variable firm size with predictor variable). Model 1, with an R² value of 0.00436, showed less than 1% variance in dividend payout of companies. Also, the model was not statistically significant due to F value (0.114) and p value (0.739). Model 2 was created adding all the predictor variables in block 2 along with preexisting control variable firm size. Model 2 indicated an increase in R² value from 0.00436 to 0.303 which indicates the enhanced explanatory power of Model 2 compared to Model 1. But still Model 2 was also not statistically significant with an F value of 1.524 and p value of 0.219. The following table gives more clarity on the model comparison:

Table 6: Model comparisons

Comparison		ΔR^2	F	df1	df2	p
Model	Model					
1	- 2	0.299	1.80	5	21	0.156

Source: Author

With reference to Table 6, Model 1 where the firm size was the control variable, indicated very little variance in dividend payout. On the contrary Model 2 indicated a notable rise in dividend payout, with a ΔR^2 of 0.299, specifying that the inclusion of variables of corporate governance added an additional 29.9% to the model's explanatory ability. The increase in R^2 highlights the significance of corporate governance mechanisms in shaping dividend policy, even though the F value is 1.80 and the p value is 0.156 which is not statistically significant. In short, corporate governance variables together add value to the model, even if the model is not statistically significant due to too small sample size. Further the below given table explains the regression coefficients:

Table 7: Regression Coefficients

Predictor	Estimate	SE	t	p
Intercept	308.946	282.46	1.094	0.286
Firm size	-2.44e-7	1.81e-7	-1.350	0.192
Board size	-37.642	21.81	-1.726	0.099
Board meetings	55.028	23.59	2.332	0.030
Board independence	-4.396	2.77	-1.587	0.128
Board nationality diversity	5.040	4.13	1.219	0.236
Board gender diversity	0.566	2.26	0.250	0.805

Source: Author

With reference to Table 6, from the predictor variables, board meetings were the only variables that showed a statistically significant positive correlation with dividend payout having a p value of 0.030. Also, the board size showed a slightly statistically insignificant negative correlation with dividend payout having a p value of 0.099. Remaining all other variables such as board independence (p value 0.128 showed a negative correlation with dividend payout), board nationality diversity (p value 0.236 showed a positive correlation with dividend payout) and board gender diversity (p value 0.805 showed a positive correlation with dividend payout) were statistically insignificant. Overall, Model 2 explained a variance of 30.3% in dividend payout due to the influence of predictor variables.

Overall, the hierarchical regression results show that the control variable alone does not describe dividend payout decisions. However, the addition of corporate governance variables significantly improves the model's explanatory power. The Model 1, with firm size as control variable, indicated less than 1% of variance in dividend payout. On the contrary Model 2 indicated a notable rise in dividend payout, with a ΔR^2 of 0.299, specifying that the inclusion of variables of corporate governance added an additional 29.9% to the model's explanatory ability. The increase in R^2 highlights the significance of corporate governance mechanisms in shaping dividend policy, even though the F value is 1.80 and the p value is 0.156 which is not statistically significant. In short, corporate governance variables together add value to the model, even if the model is not statistically significant which could be due to too small sample size.

5. DISCUSSION

This study observed the influence of corporate governance variables on dividend payout decisions of oil and gas sector companies in Oman, using a hierarchical regression approach. The analysis was carried out in two stages: Model 1 included only firm size as a control variable, while Model 2 added corporate governance characteristics. After checking the multicollinearity statistics, leverage and ROA were removed from Model 1 to ensure model stability and reliability. The discussion of findings is organized around the results attained from each model and the overall model comparison. When Model 1 included only firm size as a control variable, the results showed that firm size did not significantly influence dividend payout, explaining less than 1% of the variance ($R^2 = 0.004$, $p = 0.739$). Unlike the previous studies that indicated companies with more assets tend to make profits (Mutmainah, 2016) and thereby likely distribute more dividends (Alshabibi et al., 2021; Ye et al., 2019), is not true in the case of Oman. This suggests that firm size of Omani companies is not associated with their dividend payout ratios.

In Model 2, after adding the predictor variables, the explanatory power of Model increased from 0.4% to 30.3%, even though the model was not statistically significant. But the increase in R^2 indicated corporate governance variables as strong predictors of dividend payouts in Omani companies. When board meetings emerged as a statistically significant predictor of dividend payout in Omani companies, it specifies an increase in dividend payout when there is an increase in the number of board meetings. According to the outcome approach, when the number of board meetings increases, the board members will be more active and come into consensus regarding dividend payment decision which makes the corporate

governance strong and thereby paying more dividends (Alshabibi et al., 2021; Boshnak, 2021). Therefore, H2 is accepted.

Similarly, board size, even though statistically not significant, showed a marginal significance with a negative association with dividend payout which is in line with a previous study conducted in Gulf Cooperation Council (GCC) where larger board size leads to smaller dividends (Tawfik et al., 2024). But the study is contradicting a previous study conducted in Oman that revealed a non-significant positive association between board size and dividend payouts (Alshabibi et al., 2021) indicating more stable dividend payouts through enhanced oversight of board (Mahmoud Mohamad Aleqab & Sattar, 2025; Kaur & Kaur, 2024; Chaudhary & Chandra, 2021). And therefore, H1 is rejected. Board Independence, Gender Diversity, and Nationality Diversity did not have statistically significant effects on dividend payout. Board Independence showed a negative insignificant correlation with dividend payout, which is contradicting the results of the study conducted in Oman arguing that the independent board of directors contribute positively to the dividend payouts in Omani companies (Alshabibi et al., 2021). Therefore, H3 is rejected. Gender Diversity had an insignificant positive association with dividend payouts, indicating the influence of female members improve corporate governance simultaneously increasing dividend payout which is in line with study results of (Akhtar & Islam, 2025). Also, diverse perspectives and skills set of female members likely increase dividend payouts (Zarmeena Anum et al., 2024). Therefore, H4 is rejected. Nationality Diversity is positively associated with dividend payout but non-significant. This positive association was reported in research conducted in Oman which explained the influence of diversified skills and expertise of foreign directors enabling wider social networks leading to maximum investor protection (Alshabibi et al., 2021) that likely increases dividend payouts. It can also be due to effective monitoring, reducing excess cash available to managers that ultimately results in paying more dividends (Nacasiy Ujah et al., 2024). Therefore, H5 is rejected.

With reference to outcome approach of agency theory, when the corporate governance is strong, they monitor the activities of managers, which reduces free flow of cash under the control of management (Siregar et al., 2022) leading to high dividend payouts. The results of the study partially supported the theory. From the predictor variables, only board meetings indicated a significant association with dividend payouts. While nationality and gender diversity showed positive (but insignificant) relationship with dividend payout aligning with outcome approach predictions. But the variables board size and board independence demonstrated negative associations with dividend payout, contradicting theoretical expectations. Overall, the findings of the study could not fully validate the outcome approach within oil and gas companies of Oman.

6. CONCLUSION

The present study examined the influence of corporate governance mechanisms on dividend payout decisions in the post-COVID era from 2020 to 2024, within the Omani oil and gas sector. The hierarchical regression revealed that firm size alone does not influence dividend payouts in the case of Omani oil and gas companies. The inclusion of corporate governance variables considerably improves the explanatory power of the model. From the dependent variables, board meetings were identified as the strongest determining factor of dividend payout in Omani oil and gas companies. This indicates the influence of active and engaged boards on the likelihood of authorizing higher dividends. Even though the other independent variables board size, board independence, gender and nationality diversity were not statistically significant, gender and nationality diversity showed a positive influence on the dividend payouts. Whereas board size and board independence showed a negative association with dividend payouts. But overall, out of five independent variables three of them are positively influencing the dividend payouts of oil and gas companies in Oman, where it indicates broader relevance of governance structures in shaping dividend payout policies. The study had a limitation of small sizes which could be a possible reason for insignificant statistical results of correlation between dependent and some independent variables. This affected the generalizability of the results. When the data was available for only seven companies out of nine listed on MSX, two out of seven companies lacked complete five-year data.

Future studies can be expanded across multiple sectors of industries in Oman so as to improve comparability and robustness. In addition, governance attributes other than board size, board meetings, board independence, gender and nationality diversity can be included for the study. Similarly, including longer period of study and comparison between pre and post COVID eras will be helpful. The present study results bring out valuable insights for boards of the companies, investors of the companies and regulators in Oman. The board of companies should focus more on their attributes and channelize them in such a way as to improve shareholder-oriented dividend payouts. The investors shall use activities of the board as a key indicator of dividend payouts when it comes to evaluating firms with

stable or favorable dividend prospects. Moreover, regulators can underscore improvement in governance practices of companies through conducting frequent and transparent board meetings, focusing on gender and nationality diversity of boards to have more efficiency leading to uninterrupted dividend payouts by the oil and gas companies. Overall, this study results offers implications for governance reforms and investor confidence in emerging markets.

Conflicts of Interest Declaration

All authors declare that they have no conflicts of interest.

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