

# **DETERMINANTS OF THE DIVIDEND POLICY OF BULGARIAN COMPANIES**

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## **Abstract**

Dividends are a basic instrument of the financial policy of companies, through which there is influenced the value of the particular company. This influence is analysed through a multitude of models and the present study emphasizes on the specific regularities, which are characteristic of Bulgarian companies. There is established the absence of a stable dividend policy and payment of dividends is rare. The explanation lies in the peculiarities of the environment, which is characterized by specific taxation of dividends, insufficient development of financial markets, inadequate protection of the interests of investors and conflicts between majority and minority shareholders. The results of the study show that the leading factor for dividend decisions is the high degree of information asymmetry. The high concentration of ownership is connected with low dividends. It has been determined that investment opportunities and the growth rates related to those have an effect on dividend payments, the relation being inversely proportional. There is confirmed the significance of the life cycle, as dividends are paid more frequently by mature and well-established companies.

***Keywords:*** *dividends, dividend policy, company characteristics*