

JABM

JOURNAL of
ACCOUNTING, BUSINESS and MANAGEMENT

- The Effect of Manufacturing Technology Type on Cost Structure: Evidence from Egypt**
Mohamed E. Abulezz and Ramy G. Sherief 1-14
- Geographical Diversification Effects on Banks' Performance: Evidence from Islamic Banks of some Selected Countries**
Faten Zoghalmi 15-29
- The Effect of the Tax Cuts and Jobs Act on the Choice between Traditional and Roth IRAs**
Brian Nichols and Chioma Nwogu 30-48
- Corporate Diversification and CEO Compensation: Evidence from the Moderating Effect of Firm Performance**
Hwei Cheng Wang, Ya Ying Chou Yeh, Michael D. Slaubaugh, and Chih Chi Fang 49-59
- The Effect of Celebrity Endorsement on Brand Image in Determining Purchase Intention**
Soraya Tsamara Adiba, Agus Suroso, and Nur Choirul Afif 60-73
- CPA Experience Requirements and Service Quality: Experience from the US**
Jack Armitage and Shane Moriarity 74-83
- The Impact of Contingency Factors on the Sophistication of Costing Systems: Evidence from Tunisia**
Hanan Moalla and Achref Mezouel 84-100
- Corporate Social Responsibility, Corporate Life Cycle, and Dividend Policy**
Eman Abdel-Wanis 101-115

Corporate Social Responsibility, Corporate Life Cycle, and Dividend Policy

Eman Abdel-Wanis*

Abstract

The aim of this paper is to investigate the impact of corporate social responsibility (CSR) on dividend policy through corporate life cycle (CLC) as a mediator using path analysis for 308 firms-observation for 80 non-financial firms during the period from 2014 to 2017 using smart PLS (partial least square). This paper explores the impact of the social responsibility on the dividends policy and explores the role of each life cycle in this effect on dividends. The results show that firms in their growth stage are positively associated with CSR, while firms in stage of decline are less likely to invest in CSR. High CSR firms may use dividend policy to reduce the agency problems related to overinvestment in CSR. Results refer to corporate life cycle isn't influenced by dividends. The results show that corporate life cycles play an important role in enhance the relationship CSR and dividend policy especially in the growth stage in in the Egyptian business environment.

Keywords: corporate social responsibility, corporate life cycle, dividend policy, partial least square, and Egyptian business environment.

I. INTRODUCTION

Social responsibility for businesses has become vertical role in all developed and developing countries, and the demand for disclosure of social responsibility is expected to increase in the next coming years depending on changes in the business environments and needs of the community so that these enterprises will be able to grow and maintain customer satisfaction. As the modern business environment evolves, the objective of the establishment has shifted from achieving profitability to continuing to grow and achieving stakeholder satisfaction by achieving sustainable competitive advantage. Companies cannot ignore the fact that their competitiveness, financial performance, stock prices and profits are influenced by trends consumer attitudes and social responsibility activities.

Sheldon (1923) was the first to point out the importance of corporate social responsibility, because the survival and persistence of a firm requires it to meet and fulfill its social responsibilities when performing its various functions (cited by Hoffman, 2007). World business council for sustainable development defined CSR “the commitment of business to contribute to sustainable economic development, working with employees, their families and the local community and society at large to improve their quality of life” (Ehsan & Kaleem, 2012, p. 2909).

Corporate social responsibility wasn't limited to interest, but also interest in countries. India was the first country in the world to launch a CSR. In 2010, the ministry of investment introduced the Egyptian social responsibility index to encourage businesses to show higher transparency and disclosure of their practices in governance, social and environmental responsibility, and to increase their competitive benefits. The indicator is based on both quantitative and qualitative variables. Environmental, social

* Lecturer. Accounting and Finance School, Cairo University, Cairo, 12613, Egypt. Phone: 44-745-467-8886. E-mail: eman_m_abdelwanis@foc.cu.edu.eg.

and corporate governance (ESG) are converted into a sequence of grades determining the value of stocks traded on the Egyptian stock exchange.

There are four types of responsibilities that compose the full range of corporate social responsibilities: economic, legal, ethical, and philanthropic. Economic responsibility indicates the business principle that a business organization should be able to create goods and services for customers for its own profit and contribute to the society in which it operates by distributing the wealth among the members of that society. The dividend policy of a firm (one aspect of a firm's financial policy) is related to this economic responsibility since it complies with the economic expectation of the society by distributing the created wealth among members of the society (Carroll, 1991; Kim & Jeon, 2015).

Gort and Klepper (1982), which refers to five successive stages (initial, growth, mature, shakeout and decline), in the initial stage, the establishment lacks a solid customer base and suffers from a deficit in Knowledge about revenue and potential costs (Jovanovic, 1982; Almeida & Campello, 2007), but the stages of growth and maturity of the enterprise are stabilized, as well as in the stages of aging and decline, Financial and profit rate, and thus can make dividend payments, and have the incentive to maintain their reputation, which leads them to pay attention to the performance of social responsibility (Hasan & Habib, 2017; Lee & Choi, 2018).

Lee and Choi (2018) show that companies have distinct CSR activities based on their level of life cycle; where companies are strongly linked with CSR in their stage of Growth, whereas companies are less likely to invest in CSR in the stage of decrease, but Hasan and Habib (2017) discovered that the mature stage of the corporate life cycle is strongly correlated with CSR participation.

Trihermanto and Nainggolan (2019) point to the dividend policy changes over the firms' different life-cycle stages. In the early stage, Firms tend to be smaller with increase investment opportunities but are not sufficiently profitable to enhance cash internally to pay dividends. As a result, early stage firms prefer to fund their investment project rather than pay the dividends to the shareholders. On the other hands, firms in mature stage tend to be large with less investment opportunities. At this stage, firms have capable of generate cash internally and become optimal for these firms to pay more dividend to shareholders. Cash distribution in this stage is very important to avoid the agency cost of free cash flow.

In this regard, the researcher notes the scarcity of previous studies in the Egyptian business environment that deal with the impact of the social responsibility on the dividends policy and explores the role of each life cycle in this effect, which requires further scientific research on these relations and tested in the Egyptian business environment. Because there is a limited number of studies that have attempted to study the relationship between social responsibility activities and dividend policy. In addition to not studying this relationship in the Egyptian environment, there is a need to study the impact of social responsibility activities on the dividend policy by applying to companies in the Egyptian environment to verify whether companies with high levels of social responsibility tend to hold part of the profits, thereby reducing cash dividends, or investments related to social responsibility do not affect the distribution of dividends to investors.

The importance of studying this relationship is even more important as there is a difference between the results in previous studies. Some believe that social responsibility activities lead to a decrease in dividends. Socially responsible enterprises are expected to

reduce the levels of cash dividends and use these cash to finance social responsibility activities (Ni & Zhang, 2019).

While others, such as (Rakotomavo, 2012; Samet & Jarbouï, 2017; Cheung et al., 2018; and Benlemlih, 2019) suggest that the performance of social responsibility activities enables companies to achieve levels Increase profits by improving the mental image of the enterprise, improving relationships with stakeholders, achieving a competitive advantage for the enterprise, and thereby increasing sales and profits. Which enables companies to re-invest part of these profits in social activities and the performance of dividend allocations to investors without any impact on the level of these distributions and could even increase the level of dividends.

This paper aims to contribute to the literature by studying: 1) the direct relationship between corporate social responsibility and corporate life cycle; 2) the direct relationship between corporate social responsibility and dividends; 3) the relationship between corporate life cycle and dividends; and 4) the impact of corporate social responsibility on dividends through corporate life cycle.

1.1. Theoretical Background

Theories based on dividends have been asserted to explain the rationale in relation to the corporate dividend payment. There are always mixed views between paying dividends or reinvesting their earnings on the firm in the top leadership of the companies. Firms tend to pay dividends do not seem to have a stationary formula to determine payout ratios. Dividends are regular payments to equity owners that together with capital gains are returns on investment in a firm's inventory. Consequently, the opportunities for earning period dividends and continuous capital appreciation are the primary drivers of investor inequity investment choices. Theoretically, companies with greater payouts for dividends also have greater return rates. Empirical testing on the dividend distribution policy and the rate of return on stocks is very hard to provide.

1.1.1. First: Life-Cycle Theory

Fama and French (2001); Grullon et al., (2002) and DeAngelo et al., (2006) suggested that the trade-off between the advantages (e.g., flotation cost savings) and disadvantages (e.g., agency costs of free cash flows) of the retention of earnings varies over the life of the firm. Firms in the early stage of profitability have greater investment opportunities and less opportunity to internally generate cash. The optimal decision is to retain cash to fund growth. As firms mature, they become more profitable and are cable of internally generate cash in excess of their investment requirements. The optimal policy will then be to retain sufficient earnings to invest in positive NPV projects and distribute excess cash to shareholders. Payment of a dividend is evidence of a firm reaching sustainable profitability. Zhao and Xiao (2018) indicating to the life cycle theory, firms exhibit different investment, financing, and dividend payout preference in their growth trajectory.

1.1.2. Second: Pecking Order Theory (POT)

Myers and Majluf (1984) suggest that managers will distribute the full value of the free cash flow stream over the corporate life cycle but will not distribute any dividends in case of the unanticipated attractive new investments might force them to seek outside capital. In the principle, information asymmetry problems can cause damage in the dividends for firms entirely until the final period of their lives.

1.1.3. Third: Agency Theory

Jensen and Meckling's (1976) define agency relationship as a contract between shareholders and managers to perform some services on their behalf and to delegate some decision making. According to the agency theory, there is no guarantee that managers will

always make the best decision for the shareholders. Managers can use firm's profit for their personal own use or retain it to invest in risky project for their own benefit unless it is paid out as dividends to the shareholders.

1.1.4. Fourth: Stakeholder Theory

Freeman (1984) provide support that firms should satisfy not only shareholders but also all of the legitimate stakeholders to achieve the firms' objectives. According to the cash dividend substitute model is a replacement for investor legal protection. The businesses are likely to discharge large dividends when the shareholders legal protection is disorganized. When minority shareholders force corporate managers to pay money dividends, the quality of governance is enhanced. However, the coherent role of dividend is diminished when dividend is used for other governance processes. Thus, in the light of the economic bubble, tiny businesses are most likely to distribute earnings-free in the form of dividends that are also compatible with the substitute model, which confirms that the dividend payout helps directors raise equity and cash flows in the future.

II. LITERATURE REVIEW

2.1. Corporate Social Responsibility and Corporate Life Cycle

Prior studies refer to that there are some studies argued with a positive association between life cycle at the mature stage and CSR like: Hasan and Habib (2017) investigate the relationship between the corporate life cycle and social responsibility (CSR) with a sample included 25,417 US firm-year observation during the period from 1991-2013. The results refer to the mature stage of the firm life cycle is positively associated with CSR involvement.

Al-Hadi et al. (2017) examine the relationship between corporate social responsibility (CSR) and financial distress via the moderating impact of firm life cycle stages on that association across 651 publicly listed Australian firm-years' during the period from 2007–2013 period. Results show that there is a positive CSR activity significantly decrease from a financial distress. Also, the negative relationship between positive CSR and financial distress is more pronounced for firms in mature stages.

Zhao and Xiao (2018) test the impact of a firm's life cycle stage (initial, growth, mature, and decline) on the relationship between corporate social responsibility (CSR) and financial constraints across 11,865 unbalanced firm-year observations from 2,155 firms in 7 years. The results refer to all firms in each stage of the corporate life cycle at the CSR engagement is negatively correlated with financial constraints. However, the effect of CSR relieving financial constraints is not related to firms in the initial stage of the life cycle. The results suggest that firms are not homogeneously related to the impact of CSR on financial constraints.

Lee and Choi (2018) aim to determine whether a firm undertakes corporate social responsibility (CSR) as a function of its life-cycle stage through 665 firm-years on the South Korean stock market during the period between 2013-2016. Results show that firms in their growth stage are positively associated with CSR, while firms in stage of decline are less likely to invest in CSR and therefore, the first hypothesis is developed as follows:

H₁: corporate social responsibility activities of Egyptian firms are positively associated with the corporate life cycle.

2.2. Corporate Social Responsibility and Dividend Policy

Recent studies refer to there are a positive association between CSR and dividends policy specific in US-firms like: Benlemlih (2019) examines the effect of CSR on dividend

policy through 22839 US firm-year observation during the period between 1991-2012. Results indicated that there are high CSR in all firms tend to pay more dividends than low CSR firm. Also, firms tend to adjust dividends with socially irresponsible more rapidly than socially responsible firms. Firms with high CSR may use dividend policy to mitigate the agency problems resulting from overinvestment in CSR.

Rakotomavo (2012) investigates the relationship between; corporate social responsibility and dividends a cross a large sample of 17,670 US firm-year observations over the period from 1991 to 2007. Results refer to that CSR associated positively with dividends policy.

Cheung et al. (2018) explore the two corporate social responsibility (CSR) views in increase dividends across 1,945 US-listed firms through the period from 1991 to 2010. The first view argued that some firms may tend to pay fewer dividends because CSR activities lower the cost of equity, encouraging firms to invest cash rather than to pay dividends. The second view argues that CSR activities are positive Net Present Value (NPV) projects that increases earnings and hence dividend payouts. These results consistent with the prediction of 'The earnings channel' predicts a positive association because CSR activities can improve income, putting firms in a better position to pay higher dividends. Whenever 'The cost of equity capital channel' depicts a negative relation because CSR activities can lower the cost of equity capital, which in turns provides incentives for firms to invest or hoard cash rather than to pay dividends.

Glegg et al. (2018) explore whether corporate social responsibility (CSR) influences the stock price response to dividend increase announcements and changes in subsequent operating performance using a sample of 2800 dividend increases from 1995 to 2012. Shows that dividend increasing firms with lower CSR ratings elicit significantly higher abnormal announcement returns compared to dividend increasing firms with higher CSR ratings. Empirical tests also show that dividend increasers with lower CSR activities also experience greater subsequent improvements in industry-adjusted operating performance. These findings indicate that dividend increases help to curtail the agency costs in socially irresponsible firms. Therefore, our collective results do not support the agency view of CSR. Rather, we find support for the notion that socially responsible firms commit to high ethical and financial reporting standards, which reduces agency problems. Dividend increases mitigate the agency conflicts between managers and shareholders in socially irresponsible firms.

Ni and Zhang (2019) test the impact of the mandated CSR disclosure requirement on dividend payouts in China. Using 8,228 firm-year observation between 2006-2011. Mandatory CSR disclosure decrease firms' dividend payouts significantly. Results refer to the negative relation is more pronounced for firms with weaker corporate governance mechanisms, thus mandatory CSR disclosure benefits stakeholders at the expense of shareholders.

Samet and Jarboui (2017) aim to investigate the influence of CSR performance on payout level and payout channel choice. Also, tests the moderating role of CSR performance in the relationship between dividends and share repurchases using 397 European companies listed in the STOXX Europe 600 over the period from 2009 to 2014. Results show that firms with high CSR performance engage more in payout policy. When choosing between paying dividends and repurchasing stocks, firms with high CSR performance tend to prefer share repurchases. Finally, CSR performance plays an important role in determining the relationship between dividends and repurchases. Dividends and share repurchase seem to be more substitutable among socially responsible firms.

Kim and Jeon (2015) test the dividend policies of multinational enterprise (MNE) subsidiaries with local Korea firms and extract implications for corporate social responsibility (CSR) using 6,261 observations for 668 domestic firms and 19,866 observations for 2,390 foreign subsidiaries for the sample period 2000-2010. For both domestic and foreign subsidiaries, dividend rates are significantly and positively associated with the level of CSR activities measured by donation ratio, and the association is even stronger for the foreign subsidiaries than for local firms. MNE subsidiaries have a tendency to remit higher dividends and are likely to allow dividends to follow their earnings more quickly than local firms because they are compelled to contribute to the creation of wealth of the parent firm and satisfy home shareholder needs, thus the researcher will develop the hypotheses:

H₂: corporate social responsibility activities of Egyptian firms are positively associated with dividend policy.

2.3. Corporate Life Cycle and Dividends

Previous studies focus on the extent of the impact of dividend policy on the stages of the Corporate life cycle have reached the same results as previously mentioned in Trihermanto and Nainggolan (2019). However, this relationship has not been tested in emerging countries in general and Egypt in particular; in the United States by (DeAngelo et al., 2006), else in the United States, the United Kingdom, Canada, Germany, France and Japan by (Denis & Osobov, 2008) and Australia by (Coulton & Ruddock, 2011) Therefore, the researcher seeks to test this relationship in the Egyptian environment.

Denis and Osobov (2008) indicate in the early years, firms pay few dividends because their investment opportunities exceed their internally generated capital. In later years, internal funds exceed investment opportunities so firms optimally pay out the excess funds to mitigate the possibility that the free cash flows would be wasted. It should be noted that this study is important for management, shareholders and stakeholders as they indicate that the ability and tendency to invest in CSR varies across the life cycle stages, and there may be an impact on the dividends through investment in social responsibility. In order to carry out social responsibility activities, firms may deduct or hold part of the profits they make in order to be able to invest in such activities.

H₃: corporate life cycle are positively associated with the dividend policy.

2.4. Corporate Social Responsibility and Dividend Policy: The Role of Corporate Life Cycle

It should be noted that there are recent studies on the three variables of research, such as: Hsu (2018); Trihermanto and Nainggolan (2019), but the researcher differs that examines the relationship between the social responsibility and the policy dividend through corporate life cycle activities as a mediator.

Hsu (2018) explores the association between CSR performance and firm life-cycle through determining whether a firm's capital allocation follows its life-cycle under CSR performance, including capital structure, investment, cash holding, dividend policy, and free cash flow (FCF) policies through an initial US-based sample of 19,707 firm-year observations from 2005 to 2015.

CSR performance is a useful predictor for forecasting capital allocation, cash flow and survival time throughout the life-cycle. Superior CSR performance is found to play an important role in efficient capital allocation through a firm's life-cycle. CSR was found to impact the evolution of a firm's future investment opportunities and cash flow patterns, with high-CSR firms issuing less equity and debt and paying higher dividends as they matured.

Trihermanto and Nainggolan (2019) test the association between corporate social responsibility (CSR) and corporate life cycle as well as dividend policy in Indonesia using 923 firm-year observations between 2008 and 2015. Results found that CSR expenses increase when firms enter the maturity stage of their life cycle. Firms’ CSR expenses positively affect dividend policy; thus, the researcher will develop the hypotheses:

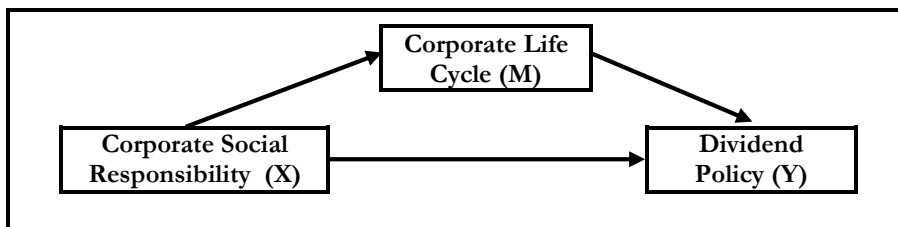
H4: the effect of corporate social responsibility on dividends is mediated by the corporate life cycle.

III. RESEARCH SAMPLE AND METHODOLOGY

3.1. Proposed Model

The relationships among the study main variables and the proposed model are the following figure:

Figure 1
Research Model



The empirical study covers the impact of CSR on dividend policy through life cycle in non-financial businesses. Financial sector excluded due to the different characteristics of financial institutions from other businesses. The researcher using the stages of life cycles (initial, growth, mature, shakeout and decline) and dividend policy measured as the ratio of cash dividends on common stocks to net sales and the ratio of cash dividends on common stocks to total. CSR measured as CSR index in Egypt in all non-financial firms listed in the EGX 100 during the period 2014-2017.

Table 1
Corporate Life Cycle Classification

		1	2	3	4	5	6	7	8
Classification of Each Flow	Operating Cash Flow	-	+	+	-	+	+	-	-
	Investment Cash Flow	-	-	-	-	+	+	+	+
	Financial Cash Flow	+	+	-	-	+	-	+	-
	Dickinson (2011) Stage	Initial	Growth	Mature	Shakeout	Decline			

3.2. Data and Methods

The initial sample selected for this study includes companies that are listed on EGX 100 for four years from 2014 till 2017. These four years are selected as they represent the most recent five years on which “S&P/EGX ESG” Index lists were available. The sample consisted of 320 annual firm observations from which 80 Firm Listed on EGX 100. The observations related to banks and other financial institutions are excluded due to their different disclosure requirements. The final sample of the current study satisfied the following criteria; not including financial institutions due to their different disclosure requirements, and no missing financial statements during

the testing years 2014 till 2017. Therefore, the final sample consists of 308 companies for the four years.

This sample size is considered large enough to provide viable statistical analyses. Secondary data sources are used to gather the data related to CSR, life cycle stages and dividend policy. Data needed for CSR variable was obtained from “S&P/EGX ESG” Index list ranking released by Egyptian corporate responsibility center (ECRC) for years 2014 till 2017. These lists were available from two websites; ECRC and Egyptian stock exchange. Corporate life cycle has been collected from the Cash flows of the sample firms. Those annual reports are obtained from the Egyptian company for information dissemination (EGID). Dividend policy has been obtained from Egypt for information dissemination company (EGID), a subsidiary of the Egyptian stock exchange market.

3.3. Measurement of Variables

The researcher illustrates the variable measurement as in the following table:

Table 2
Variables Measurements, Proxies and Sources

Variables	Abbreviation	Proxies Measures	Data Source
1. Independent Variable	CSR	Companies that is on S&P/EGX ESG index would take their ranking weight while, the companies that are included in EGX 100 and not included on S&P/EGX ESG index would take a value of (0).	S&P/EGX ESG index
2. Mediator Variable	Life Cycle	Dummy variable equal zero or one for each stage of their life cycle (initial, growth, mature, shake, decline).	Financial Statements
3. Dependent Variable	Dividend Policy	Measured by two indicators: DIV_NS: the ratio of cash dividends on common stocks to net sales. DIV_AS: the ratio of cash dividends on common stocks to total assets.	Financial Statements

IV. EMPIRICAL RESULTS

4.1. Descriptive Statistics

According to this Table 3, the results showed that the majority of firms could be in their growth stage with 38.3% approximately then mature stage with 25% then Initial stage with 14.29% and decline stage with 13.3% and finally shake out stage with 9.09%.

Insert Table 3 here.

Table 4 showed the descriptive analysis of CSR and two measures of dividends policy (DIV_NS and DIV_AS) The mean of CSR is (0.01) with standard deviation equal (0.008), which means that there is a low variation of CSR levels across the Egyptian firms. The mean values of dividends to net sales (-0.029) and respectively over the whole sample period. These negative values of (DIV_NS) indicate that majority of the Egyptian listed firms are lower dividend but the mean value of dividends to total assets (0.043) with standard deviation is (0.096), which means that all firms have lower dividends so, firms

prefer to invest cash money in the investment project to enhance investment opportunities.

Table 3
Frequency of Variables

No.	VAR	Dummy (0,1)	Frequence	Percent
1.	Initial	0	264	85.71%
		1	44	14.29%
		Total	308	100%
2.	Growth	0	190	61.69%
		1	118	38.31%
		Total	308	100%
3.	Mature	0	231	75%
		1	77	25%
		Total	308	100%
4.	Shake	0	280	90.91%
		1	28	9.09%
		Total	308	100%
5.	Decline	0	267	86.69%
		1	41	13.31%
		Total	308	100%

Table 4
Descriptive Statistics

No.	Variable	Obs.	Mean	Std. Dev.	Min.	Max.
1.	CSR	308	0.010	0.008	0	0.033
2.	DIV_NS	308	-0.029	0.057	-0.354	0.033
3.	DIV_AS	308	0.043	0.096	0	0.863

4.2. The Validity and Reliability Tests of Measurements

Table 5 indicates the validity and reliability of the whole variables. According to the value of the loading factors (AVE), the whole indicators (CSR, CLC and DIV) are higher than 0.50 which means that there is a convergent validity and the indicators were valid. Also, the reliability (cronbach alfa) of CSR, CLC and DIV are higher than 0.70 which means that there is a possibility of relying on these indicators to measure the variables of the study in general.

Table 5
Construct Validity and Reliability

No.	Construct	Average Variance Extracted (AVE)	Composite Reliability	Cronbach Alfa
1.	CSR	1.000	1.000	1.000
2.	CLC	0.530	0.701	0.703
3.	DIV	0.540	0.710	0.713

Source: data processed 2019.

Table 6 presents the cross-loading values of each indicator, showing that all indicators comprising each variable met the discriminant validity because it had the greatest outer loading value for the variable it formed only, not for other variables. The whole indicators are a high degree of confidence and stability.

Table 6
Discriminant Validity

No.	Construct	CSR	CLC	CLC
1.	CSR	1.000		
2.	CLC	0.380	0.463	
3.	DIV	-0.213	-0.238	0.735

Source: data processed 2019.

Table 7 shows that the R-square of the CLC obtained 0.144 (14.4%), indicating that 14.4% of the CLC was affected by CSR. Meanwhile, the remaining 85.6% was affected by other variables (not involved in this research). Furthermore, Table 6 also suggests that the R-square of the DIV was 0.074 (7.4%). This indicates that 74% of the DIV was affected by the CSR and CIC. Meanwhile, the remaining 92.6% was influenced by other variables which were not studied in this research.

Table 7
R-Square Value

No.	Constructs	R-Square
1.	Corporate Life Cycle (CLC)	0.144
2.	Dividend Policy (DIV)	0.074

Source: data processed 2019.

Figure 2
Measurement Model

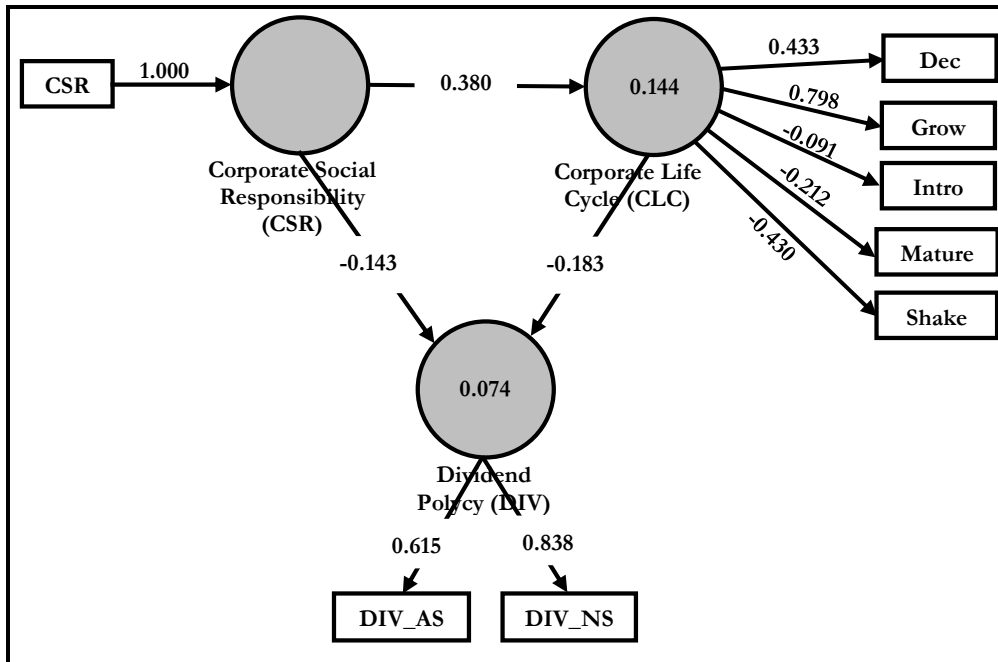
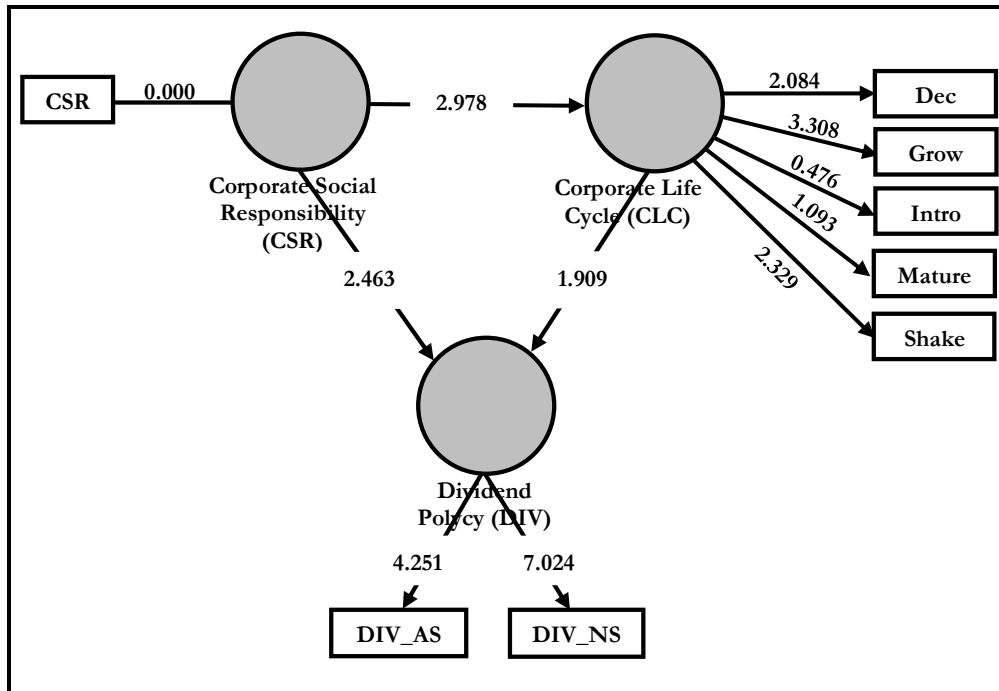


Figure 3
Structural Model



4.3. Hypothesis Testing of Results

The test results with bootstrapping of the PLS analysis are as follows:

Table 8
Path Analysis

	Original Sample	Sample Mean	Standard Deviation	T-Statistics	Value	Decision
1. CSR→CLC	0.380	0.368	0.128	2.978	0.003	Accepted
2. CSR→DIV	-0.143	-0.137	0.058	2.463	0.014	Accepted
3. CLC→DIV	-0.183	-0.191	0.096	1.909	0.057	Rejected
4. CSR→CLC→DIV	-0.070	-0.077	0.029	2.436	0.015	Accepted

Notes:

*** Confidence level is 99.9%, p-value < 0.001, T-value ± 3.29 (for path coefficient only).

** Confidence level is 99%, p-value < 0.01, T-value ± 2.58 (for path coefficient only).

* Confidence level is 95%, p-value < 0.05, T-value ± 1.96 (for path coefficient only).

According to Table 8 above, the results obtained are as follows:

- 1) The results of the first hypothesis testing suggest that the relationship between the CSR (X) and the corporate life cycle (M) obtained a path coefficient value of 0.380 with T-value of 2.978. The value was greater than the tabulated T (T-table) of 1.960, indicating that the CSR had a positive and significant effect on the CLC. This is consistent with the first hypothesis stating that CSR activities are positively associated with CLC. Thus, hypothesis 1 was accepted.
- 2) The results of the second hypothesis testing suggest that the relationship between the CSR (X) and dividend policy (Y) obtained a path coefficient value of -0.143 with T-value of 2.463. The value was greater than the tabulated T (T-table) of 1.960, indicating that the CSR (X) had a negative and significant effect on the dividend policy

- (Y). This is consistent with the second hypothesis stating that CSR activities are negatively associated with the level of DIV. Thus, hypothesis 2 was accepted.
- 3) Also, the results show that the relationship between the corporate life cycle (M) and the dividend policy (Y) obtained a path coefficient value of -0.183 with T-value of 1.909. The value was less than the tabulated T (T-table) of 1.960, indicating that There is no association between corporate life cycle and dividend policy. This is not consistent with the third hypothesis stating that corporate life cycle is positively associated with the level of DIV. Thus, hypothesis 3 was rejected.
 - 4) The results of the fourth hypothesis testing suggest that the relationship between CSR (X) and the dividend policy (Y) mediated by the corporate life cycle (M) obtained a path coefficient value of -0.070 with T-value of 2.436. The value was greater than the tabulated T (T-table) of 1.960, indicating that the CSR had a negative and significant effect on the dividend policy is mediated by the corporate life cycle. This is consistent with the fourth hypothesis stating that the effect of CSR activities on DIV is mediated by the CLC. Thus, hypothesis 4 was accepted.

V. CONCLUSION

5.1. Discussion

5.1.1. The Effect of Corporate Social Responsibility on Corporate Life Cycle

The results of the first hypothesis showed that the relationship between the CSR and CLC was positive and significant, indicated by the path coefficient value of 0.380 and T-value of 2.978. Thus, it can be said the results are in line with the first hypothesis.

In addition, the positive path coefficient value 0.380 indicates that the relationship between the two variables is in the same direction, indicating that increasing CSR activities by companies will lead them to better life cycle specific in the growth stage. The findings are consistent with the theoretical logic of agency theory and with Lee and Choi (2018) study in their growth stage are positively associated with CSR whenever consistent with Hasan and Habib (2017) in the same relation between CSR and life cycle but in their mature stage. This result inconsistent with Al-Hadi et al. (2017) study that argued that positive CSR and financial distress is more pronounced for firms in mature stages.

5.1.2. The Effect of Corporate Social Responsibility on Dividend Policy

The results of the second hypothesis suggest that the relationship between CSR (X) and the DIV (Y) obtained a path coefficient value of -0.216 with T-value of 4.793. These results indicate that the CSR significantly influenced the DIV, supporting the second hypothesis. The negative path coefficient value of -0.143 suggests that the relationship between the two variables is not in the same direction, meaning that increasing CSR activities will decrease dividends, but it will occur at the T-value of 2.463 or higher than the T-table of 1.96. This finding is consistent with (Cheung et al., 2018; Glegg et al., 2018; and Ni & Zhang, 2019) study that argued some firms may tend to pay fewer dividends because CSR activities lower the cost of equity, encouraging firms to invest cash rather than to pay dividends as the first view but in the second view the CSR activities increases earnings and hence dividend payouts so, this result inconsistent with the prediction of “the earnings channel” because CSR activities can lower the cost of equity capital, which in turns provides incentives for firms to invest or hoard cash rather than to pay dividends. This result inconsistent with (Rakotomavo, 2012; Kim & Jeon, 2015; Samet & Jarboui, 2017; and Benlemlih, 2019) that argued that firms with high CSR may use dividend policy to mitigate the agency problems resulting from overinvestment in CSR.

5.1.3. The Effect of Corporate Life Cycle on Dividend Policy

The results of the third hypothesis suggest that the relationship between CLC (X) and the DIV (Y) obtained a path coefficient value of -0.183 with T-value of 1.909. These results indicate that the CLC is not significantly influenced the DIV. This result meaning that life cycle is not influenced by the DIV, then the third hypothesis is rejected because T-value is 1.909 was less than 1.96 so, the third hypothesis is rejected at 5%.

5.1.4. The Effect of Corporate Social Responsibility on the Dividend Policy Mediated by the Corporate Life Cycle

According to the results of the fourth hypothesis testing, the relationship between CSR on the DIV mediated by CLC showed a path coefficient value of -0.070 with T-value of 2.436. This indicates that CSR had a negative effect on the DIV mediated by CLC, supporting the fourth hypothesis stating that the effect of CSR activities on DIV is mediated by CLC. The negative path coefficient of -0.070 indicates that CSR activities will mitigate from DIV mediated by CLC.

5.2. Conclusion

This study was conducted in order to enhance DIV of Egyptian listed companies through; first, examining the direct effect of CSR on CLC; second, to investigate the relationship between CSR and DIV; third, explore the association between CLC and DIV; and finally examine the mediator role of CLC in the relationship between CSR and DIV of Egyptian listed companies. Table 9 summarized research hypotheses and their results.

Table 9

Hypotheses Acceptance

	Hypotheses	Accepted/Rejected
H ₁	Corporate social responsibility activities are positively associated with corporate life cycle.	Accepted
H ₂	Corporate social responsibility activities are negatively associated with dividend policy.	Accepted
H ₃	Corporate life cycle are negatively associated with dividend policy.	Rejected
H ₄	The effect of corporate social responsibility activities on dividend policy is mediated by corporate life cycle.	Accepted

The results showed that CSR has a positive significant relation with life cycle. This is consistent with Lee and Choi (2018) in their growth stage and also Hasan and Habib (2017) in their mature stage. This result argued that the investing in the CSR enhance from the firm capabilities and then increase productivity survival the firms as a long time.

Statistical analysis showed that there is a negative relationship between CSR and DIV. This result support theoretical arguments that firms engaged in CSR activities have low dividends (Cheung et al., 2018; Glegg et al., 2018; and Ni & Zhang, 2019). This result may justify as result to the global awareness of the role of the CSR in the society.

The empirical results showed that each stage of life cycle isn't associated with pay more dividends in the Egyptian firms. Finally, the results argued that in the growth stage the higher CSR may tend to pay more dividends.

REFERENCES

- Al-Hadi, A., Chatterjee, B., Yaftian, A., Taylor, G., & Hasan, M. M. (2019, June). Corporate social responsibility performance, financial distress and firm life cycle: Evidence from Australia. *Accounting & Finance*, 59(2), 961-989.
- Almeida, H. & Campello, M. (2007). Financial constraints, asset tangibility, and corporate investment. *The Review of Financial Studies*, 20(5), 1429-1460.
- Benlemlih, M. (2019). Corporate social responsibility and dividend policy. *Research in International Business & Finance*, 47(C), 114-138.
- Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39-48.
- Cheung, A., Hu, M., & Schwiebert, J. (2018). Corporate social responsibility and dividend policy. *Accounting & Finance*, 58(3), 787-816.
- Coulton, J. J., & Ruddock, C. (2011). Corporate payout policy in Australia and a test of the life-cycle theory. *Accounting & Finance*, 51(2), 381-407.
- DeAngelo, H., DeAngelo, L., & Stulz, R.M. (2006). Dividend policy and the earned/contributed capital mix: A test of the life-cycle theory. *Journal of Financial Economics*, 81(2), 227-254.
- Denis, D. J., & Osobov, I. (2008). Why do firms pay dividends? International evidence on the determinants of dividend policy. *Journal of Financial Economics*, 89(1), 62-82.
- Dickinson, V. (2011). Cash flow patterns as a proxy for firm life cycle. *The Accounting Review*, 86(6), 1969-1994.
- Ehsan, S., & Kaleem, A. (2012). Empirical investigation of the relationship between corporate social responsibility and financial performance: Evidence from manufacturing sector of Pakistan. *Journal of Basic & Applied Scientific Research*, 2(3), 2909-2922.
- Fama, E. F., & French, K. R. (2001). Disappearing dividends: Changing firm characteristics or lower propensity to pay. *Journal of Financial Economics*, 60(1), 3-43.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach* (1st ed.). Boston: HarperCollins College Div.
- Glegg, C., Harris, O., & Ngo, T. (2018). Corporate social responsibility and the wealth gains from dividend increases. *Review of Financial Economics*, 36(2), 149-166.
- Gort, M., & Klepper, S. (1982). Time paths in the diffusion of product innovations. *The Economic Journal*, 92(367), 630-653.
- Grullon, G., Michaely, R., & Swaminathan, B. (2002). Are dividend changes a sign of firm maturity? *The Journal of Business*, 75(3), 387-424.
- Hasan, M. M., & Habib, A. (2017). Corporate life cycle, organizational financial resources and corporate social responsibility. *Journal of Contemporary Accounting & Economics*, 13(1), 20-36.
- Hoffman, R. C. (2007). Corporate social responsibility in the 1920s: An institutional perspective. *Journal of Management History*, 13(1), 55-73.
- Hsu, F. J. (2018). Does corporate social responsibility extend firm life-cycles? *Management Decision*, 56(11), 2408-2436.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency cost, and ownership structure. *Journal of Financial Economics*, 3(4), 305-360.
- Jovanovic, B. (1982). Selection and the evolution of industry. *Econometrica*, 50(3), 649-670.
- Kim, J., & Jeon, Y. (2015). Dividend policy and corporate social responsibility: A comparative analysis of multinational enterprise subsidiaries and domestic firms in Korea. *Emerging Markets Finance & Trade*, 51(2), 306-319.

- Lee, W. J., & Choi, S. U. (2018). Effects of corporate life cycle on corporate social responsibility: Evidence from Korea. *Sustainability*, 10(10), 1-17.
- Myers, S. C., & Majluf, N. S. (1984). Corporate financing and investment decisions when firms have information that investors do not have. *Journal of Financial Economics*, 13(2), 187-221.
- Ni, X., & Zhang, H. (2019). Mandatory corporate social responsibility disclosure and dividend payouts: Evidence from a quasi-natural experiment. *Accounting & Finance*, 58(5), 1581-1612.
- Rakotomavo, M. T. J. (2012). Corporate investment in social responsibility versus dividends? *Social Responsibility Journal*, 8(2), 199-207.
- Samet, M., & Jarboui, A. (2017). Corporate social responsibility and payout decisions. *Managerial Finance*, 43(9), 982-998.
- Sheldon, O. (1923). *The philosophy of management*. London: Pitman Publishing Corporation.
- Trihermanto, F., & Nainggolan, Y. A. (2019). Corporate life cycle, CSR, and dividend policy: Empirical evidence of Indonesian listed firms. *Social Responsibility Journal*, 16(2), 159-178.
- Zhao, T., & Xiao, X. (2018). The impact of corporate social responsibility on financial constraints: Does the life cycle stage of a firm matter? *International Review of Economics & Finance*, 63(1), 76-93.