

CHAPTER 3: METHODOLOGY

3.1 Chapter Introduction

This methodology chapter is concentrated towards providing a detailed methodological design that has been followed in this research. The chapter is divided into different sections and each section specifically explains an aspect of the methodology that is being followed. Research philosophy, approach and design are being made the initial sections of the chapter. Whereas the further sections include the methods of data collection, sampling techniques and data analysis tools and techniques. However ethical consideration and limitations of the study are also taken into account in the chapter of methodology.

3.2 Research Philosophy

The belief or faith under which the research has been carried out is basically known as the philosophy of the research. Positivism, pragmatism and interpretivism are the three philosophies that are commonly used by researchers. Philosophy of positivism is where the natural phenomenon is taken into consideration. External factors are not relevant to this and are not taken into account (Idowu, 2016). Interpretivism is another philosophy and in this the external factors are considered. Difference of opinions and choices of people are the main focus of this philosophy. Pragmatism is the third research philosophy which is the mixture of both the above mentioned philosophies. However, positivism is used for this research in particular. The reason behind choosing the philosophy of positivism is because the study is merely a quantitative one.

where the hypothesis is being formulated so that relationship between two variables which includes dividend policy and wealth of stake holders and firm performance especially in the United Kingdom.

3.3 Research Approach

Approach is the direction towards which the field of study is led. Inductive and deductive are two approaches that are adopted in researchers for their researches. Inductive approach is when the whole study is specific including the case or subject but it ends up with a conclusion that is more of a generic one. Whereas, deductive approach on contrary is where the conclusion is specific but the whole study is general (Zalaghi and Khanzaei, 2016). The researcher has adopted deductive approach because basic aim of this research is to find the influence of wealth of shareholders dividend policy and performance of the firm. Apart from this the nature of the study is quantitative and deductive approach is the most suitable approach for that.

3.4 Research Design

Researchers basically use two to three types of research design. Qualitative research design is more detailed as compared to the other two as it is based on experiences and perceptions of others (Flick, 2018). On the other hand, quantitative design is more concerned with the statistical data and numbers. Graphs and tables are also included in quantitative data (Gray, 2019). Third research design is the mixed design method where the researcher uses both of these designs in the research (Brannen, 2017). However, this research is a quantitative one

because variables on which the whole research is based on have been collected from the reports generated annually that consists of numerical data. Information is also converted from mathematical to arithmetic data. Qualitative data is not chosen because there was no need to know about the perception or experience of an individual and get the facts that are related to dividend policy, firm performance and share holders wealth.

3.5 Data Collection Method

There are three types of methods through which the data is gathered for the research. Primary data collection method is the first method where the researcher interacts with participants in order to get the first-hand information. This type of data is regarded as more authentic data because there are less chances for manipulation. Interviews and questionnaires are major components for primary data collection (Dreyer et al, 2019). Secondary data is another method for data collection where the data is collected from already existing information on the internet in some articles or journals (Johnston, 2017). Researcher has used the secondary method for data collection as first hand data was not appropriate for this study. Data of variables of the study could only have been collected through annual reports. Apart from that United Kingdom's data bank has been approached for this study.

3.6 Sampling Size and Methods

Sample is the representation a researcher takes in to consideration for a specific place or participants (Chatterjee and Diaconis, 2018). It is important for the researcher to decide the

sample size prior conducting a research or else it will fail to bring the expected results due to the misunderstanding and wastage of time. Eight listed companies are taken as a sample size of the research. These companies are listed in the FTSE30 Index of the London Stock Exchange. The researcher has used authentic databases to get the updated information. For that purpose, annual reports of 5 years have been taken in to account by the researcher.

3.7 Data Analysis Tools and Techniques

Data analysis is the stage where the collected data is analysed using relevant technique. These tools and techniques help raw data convert in to refined results. This study is merely a quantitative study therefore all methods and tools have been used that have relevance with numbers and statistics. However, in this research, regression technique has been used which includes correlation to study about the relationship or the influence that dividend policy has on the wealth of shareholders and performance of firm. Regression model has been in order to provide an explanation of variables and the research phenomenon that is again the influence that dividend policy has on the wealth of shareholders and performance of firm.

3.8 Ethical Considerations

Ethics have always been important in every field of study. It is essential for researchers to not ignore ethics while conducting the research. It holds a significant importance as it also affects the end result (Grix, 2018). It depends on the quality of researcher to make respondents feel comfortable in taking part of the research. It should be entirely on to their will and if they are not willing to participate in the research or want to back out at any time than the researcher has no right to force them or make them participate anyhow. It is also observed that when participants

feel comfortable and are ensured confidentiality then they freely share their experiences. In this research, the researcher has taken care of ethics in every step of the study. Data that has been collected is secondary so for that purpose only authentic sources have been selected to get the needed data. Companies were also ensured by the researcher that their shared material will not be used for any other reason except for this study. Companies were also told that the information will not be kept forever but only till the exact time that researcher is allowed by the company

3.9 Limitations of the Study

Limitations are constraints or challenges that are usually faced by the researcher while conducting the research (Nelcoh, 2017). Budget has been one of the limit of the study as the researcher was not able to access a few paid authentic sources due to limited amount of budget. Many companies were also reluctant in sharing their information which resulted in waste of time and efforts. Time was a major limitation as more companies could have been taken in to consideration by the researcher if more time was given. The study was centered around a specific country of the United Kingdom and this came up as a big constraint as the researcher was unable to take other companies in to account that could have added a lot of information due to their relevance with the topic. The researcher has tried to bring positive results with all the resources available.