

Impact of Dividend Policy on Corporate Performance in Nigeria: An Empirical Analysis

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Abstract: *This study evaluated the impact of dividend policy on corporate performance of firms in Nigeria. The issue of dividend policy and its impact on the performance of corporate organizations has remained one of the most keenly debated corporate issues till date. Thus, in this study, dividend per share and non-current assets were used as the independent variables while earnings per share and return on capital employed are used as proxies for corporate performance and they served as the dependent variables. The study relied on data collected from ten (10) leading companies in Nigeria namely Unilever Plc, Learn Africa, Total Plc, Presco Plc, Nigeria Breweries, Vitafoam, Aluminium Smelting Company, National Salt Company, LAFARGE and Mobil Nigeria Plc. Data collected were analysed using the Ordinary Least Square (OLS) multiple regression method. Findings of the study showed that dividend per share had positive and significant impact on performance, (whether earnings per share or return on capital employed) of corporations in Nigeria. The study also revealed that non-current assets had positive but insignificant impact on the performance of corporations in Nigeria in both models. The study concludes by arguing that dividend policy determines to a large extent corporate performance in Nigeria. It was recommended among others that corporate bodies should put in place good and robust dividend policies as this will enhance their profitability and growth.*

Key words: *Corporate performance, dividend policy*

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1. INTRODUCTION

Dividend policy is very vital to the growth and survival of every firm. Dividend decision is one of the most important decisions that managers of corporate bodies may take (Fawaz, 2014). Dividend decision influences the primary aim of shareholders which is maximization of shareholders' wealth through taking the dividend. Companies are therefore required to maintain an appropriate balance between pay-out ratio and retention ratio (Khan et al, 2011).

The development of the dividend policy walks in hand with corporate development. In

fact, it was found that the dividend policy was propelled by the changing shape of financial markets. In the early stages of corporate history, managers realized the importance of dividend payments in fulfilling shareholders expectations. Dividends were often smoothed on the belief that any reduction in dividend might have an adverse consequence on share price; moreover, it was perceived that without a regular and reliable corporate reporting, dividends were considered as the best indicator of a company's performance to the market (Soondur, Maunik and Sewak, 2016).

Adediran and Alade (2013) stated that so many factors affect the performance of corporate organizations and one of those factors is dividend policy. According to them, dividend serves as a mechanism for control of a managerial opportunism.

The dividend policy of the firm has remained one of the most contentions, but interesting issues in corporate finance. The relative merits of dividend policy on the performance of firms are important both from the firm and stakeholders' perspective. In examining this issue, the question is whether the dividend policy of a firm actually impacts on its economic value and performance, particularly in developing nations. The theoretical literature in this area particularly in developing nations is sparse in its predictions thereby lacking a unified view on the real consequence of dividend policy on the performance of firms. Opinion from scholars ranges from the position that dividend policy has no real impact on the value and performance of that firm (Benjamin, 2015). This study therefore assumes that dividend policy of an organization would have an impact on its performance and in turn, the wealth of shareholders. Dividend policy is especially critical in imposing discipline and providing fresh leadership when the company is performing sub-optimally and thus unable to guarantee the basic objective of maximizing shareholders' wealth (Al-malkawi, 2007).

Several scholars have attempted to examine dividend policy from different perspectives, especially since Lintner (1956) examined the interrelations among incomes, dividends, retained earnings and taxes. Dividend policy has continued to engage the attention of researchers and corporate executives. Twenty years after, Black (1976), observed that, "the harder we look at the dividend picture, the more it seems like a puzzle, with pieces that don't fit together".

Over the years, research interest in dividend policy has not waned; instead, it has reinclined a source of concern for researchers, investors, and business leaders, especially in the face of recent global turbulence.

But is there any significant relationship between dividend policy and corporate performance in the form of profitability and earnings? This study therefore aims at proffering solutions to these questions.

HYPOTHESES

The hypotheses for this study are as stated below:

Ho1: There is no significant impact of dividend per share on ROCE of firms in Nigeria.

Ho2: There is no significant impact of EPS on ROCE of firms in Nigeria.

OBJECTIVES OF THE STUDY

This study aims at evaluating the impact of dividend policy on corporate performance in Nigeria. Specifically, the study intends to achieve the following:

- i. To evaluate the impact of dividend policy on corporate performance in Nigeria.
- ii. To evaluate the impact of DPS on corporate profitability.
- iii. To evaluate the impact of EPS on corporate profitability.

RESEARCH QUESTIONS

- i. Does dividend policy affect corporate performance in Nigeria?
- ii. To what extent does dividend per share affect profitability of companies in Nigeria?
- iii. To what extent does EPS affect corporate profitability in Nigeria.

2. LITERATURE REVIEW

Dividend policy is a firm's policy with regards to paying out earnings as dividend versus retaining them for reinvestment in the firm. It is the division of profit between payments to shareholders and reinvestment in the firm. Dividend policy is thus an important part of the firm's long run financing strategies (Zahra, 2014).

2.1 THE CONCEPT OF DIVIDEND AND DIVIDEND POLICY

The subject matter of dividend policy remains one of the most controversial issues in corporate finance. For a very long time financial economists have engaged in modeling and examining corporate dividend policy as they affect corporate performance.

Nwude (2003) defines dividend policy as the guiding principle for determining the portion of a company's net profit after taxes to be paid out to the residual shareholders as dividend during a particular financial year. The purpose of dividend policy being to maximize shareholders' wealth by which is dependent on both current dividend and capital gains.

Emekewue (2005) states that the essence of dividend policy is to determine what portion of firm's earnings that would be paid out as dividend or held back as retained earnings. Retained earnings are one of the important sources of financing of firm's projects. Dividend on the other hand is that portion of a firm's after tax profit that is shared out to shareholders as reward for investment.

Samuel and Wilkes (2005) opine that dividend policy refers to management's long term decision on how to deploy cash flows from business activities that is, how much to invest in the business and how much to return to shareholders. The determination of the amount of dividends payable is an important decision that companies undertake since the objective of the firm is to maximize the shareholders wealth as measured by the price of the company's common stock. Dividend policy connotes to the payout policy, which managers pursue in deciding the size and pattern of cash distribution to shareholders over time (Davis, 2006).

Miller and Modigliani (1961) documented that the dividend policy of a firm is irrelevant under a perfect market situation. They argued that the value of the firm is determined within an optimal structure and not by dividend decision. The basic assumptions underlying this theory are; there is no difference between taxes on dividend and capital gain, when securities are traded, no transaction and floatation incurred, symmetrical and costless information, no conflicts between interests of managers and shareholders and all participants in the market are price takers.

Several researchers supported M & M theory such as Black and Sholes (1974) created 25

portfolios of common stock in New York.

Stock exchange for studying the impact of dividend policy on share price from 1936 to 1966 by using capital asset pricing model for costing the relationship between dividend yield and expected return.

According to Nissim and Ziv (2001), dividend policy is the regulations and guidelines that accompany uses to decide to make dividend payments to shareholders. According to them, dividend are commonly defined as the distribution of earnings (past or present) in real assets among shareholders of the firm in proportion to their ownership. It is basically the benefit of shareholders in return for the risk and investment and is determined by different factors in an organization. Basically, these factors include financing limitations, investment chances, and choices, firm size, pressure from shareholders and regulatory regime.

2.2 DETERMINANTS OF DIVIDEND POLICY

Dividend policy is determined by a number of factors. Charles, et al (2014) were of the opinion that dividend policy is determined by the following factors:

- i. Dividend payout ratio: This refers to the percentage share of the net earnings distributed to the shareholders as dividends.
- ii. Stability of dividends: This means the payment of a certain minimum amount of dividend regularly.
- iii. Legal, contractual and internal constraints and restrictions. Legal stipulations do not require a dividend declaration but they specify the conditions under which dividends must be paid. Such conditions pertain to capital impairment, net profit and insolvency. Important contractual restrictions may be accepted by the company regarding payment of dividends when the company obtains external funds.
- iv. Owner's considerations: Dividend policy is also likely to be affected by the owner's considerations of the tax status of the shareholders, their opportunities of investment and the dilution of ownership.
- v. Capital market considerations: Firm's access to the capital market also affect dividend policy. A firm follows liberal dividend policy. If it has easy access to the capital market. On the other hand, if the firm has a limited access to the capital market, it will adopt a low dividend payout ratio.
- vi. Inflation: With rising prices due to inflation, the funds generated from depreciation may not be sufficient to replace obsolete equipment and machinery. So, organizations may have to rely on retained earnings as a source of funds to replace those assets. Thus inflation affects dividend payout ratio in a negative way.
- vii. Legal framework: The companies and allied matters act 1990, part 12 (379-382) provides the basis which dividend can be paid.

Soondur, Maunik & Sewak (2016) included the following factors to affect dividend policy.

- a. Companies profitability: Since dividends are paid out of profits, it is impossible for an unprofitable company to forever go on paying dividends from past retained profit.
- b. Net income: A company's possibility of paying dividends is directly related to the net income of the same company. As such, highly profitable companies are more expected to pay high dividends.

- c. Retained earnings: This is considered to be an outstanding indicator of a company's possible dividend policy. Retained earnings determine the future financial performance of a company.
- d. Cash balance: Declaration of cash dividends is subject to enough cash at the disposal of a company. Companies with poor working capital are likely not to adopt liberal dividend policy.

Alli et al (1993) and Brealey – Myers (2002) are of the opinion that dividend payments are more influenced by cash flows.

- e. Company's debt: Debt capital exposes a company to a fixed financial obligation of interest payment. High level of financial leverage increases the company's risk of low dividend payments. Rozeff (1982) support this view by asserting that high gearing affects company's dividend payout ratio.
- f. Type of industry in which a company operate companies in industries like public utilities are regarded to have stable earnings and hence a more consistent policy than those having a volatile flow of income.
- g. Years of companies existence. Newly formed companies need to consistently invest their earnings for improvement and expansion. Old companies on the other hand, have attained a longer earning experience and can consequently be liberal in its dividend distribution.

2.3 TYPES OF DIVIDENDS

Nwude (2003) identified five types of dividend to include.

- a. Cash dividend – this means payment of dividend in cash. For a to pay cash dividend, it must have sufficient cash to meet its operating cash requirements. Cash dividend has the effect of reducing the company's cash account and reserves accounts. This will in turn reduce the company's total assets and net worth.
- b. Stock dividend or bonus issue: This involves payment of dividend by issuing additional shares to the equity shareholders. It involves capitalization of the companies reserves and increasing the number of equity shares. Stock dividend has the advantage of preserving the company's liquidity as no cash leaves the company. To the shareholders, the receive a dividend which they can convert into cash whenever they wish to sell their share. Stock dividend is issued to each shareholder in proportion to his or her existing shareholding in the company.
- c. Stock or share split: This implies increasing the number of existing shares of reducing the pair value. Management uses share split to lower the price of its shares to attract increased trading activities on the shares on the stock exchange.
- d. Reverse stock split: A reverse stock split is a financial strategy of consolidating the nominal value of an existing share issue and a corresponding decree in the number of shares in existence.
- e. Stock repurchase: This is the acquisition of a company's outstanding shares by the company itself for warehousing in the stock treasury. The purpose of stock repurchase may be to reduce the number of outstanding shares in order to increase the earnings per share (EPS) of the remaining shares which will consequently increase the market price

per share (MPPS) and thus, general capital gains to shareholders. The capital gains substitute the cash dividends.

3.0 THEORIES OF DIVIDEND POLICY

3.1 BIRD-IN-THE-HAND-THEORY

This theory proposes that a relationship exists between firm value and dividend payout. It states that dividends are less risky than capital gains since they are more certain. Therefore investors would prefer dividends to capital gains (Amidu, 2007). Gordon (1962) argues that outside shareholders prefer a higher dividend policy. Investors prefer a dividend today to a highly uncertain capital gain from a questionable future investment. A number of studies demonstrate that this mode fails if it is posited in a complete and perfect market with investors who behave according to notions of rational behavior (Miller & Modigliani, 1961; Bhattacharya, 1979).

3.2 SIGNALLING THEORY

According to the information content of dividends or signaling theory, firms, despite the distortion of investment decisions to capital gains, may pay dividends to signal their future prospects (Amidu, 2007).

The intuition underlying this argument is based on the information asymmetry between managers (insiders) and outside investors, where managers have private information about the current and future fortunes of the firm that is not available to outsiders.

3.3 AGENCY THEORY

This theory suggests that, dividend policy is determined by agency costs arising from the divergence of ownership and control. Managers may not always adopt a dividend policy that is value maximizing for shareholders but would choose a dividend policy that maximizes their own private benefits and personal interests. Since shareholders are aware of this fact, they may develop means of controlling managers' behaviours (Jenson and Meckling, 1976, Fama and Babiak, 1968, Jenson, 1986, Shleifer and Vishny, 1997).

3.4 CLIENTELE EFFECT THEORY

Black and Scholes (1974) found out each investor has his/her own implicit calculations regarding preference between high cash dividends benefits or their retention according to the circumstances he/she falls. As a result, some investors prefer companies with high cash dividends, whereas others prefer companies with low cash dividends or without any cash dividends and retention of profits for investment. In other words, investors will invest only in companies which have dividend policy consistent with their special desires, requirement and conditions. Thus, a firm that pays no or low dividends should not be penalized for doing so because its investors do not want dividends. Conversely, a firm that pays high dividends should not have a lower value, since its investors like dividends. This argument assumes that there are enough investors in each dividend clientele to allow firms to be fairly valued, no matter what their dividend policy is. This is known as clientele effect.

4. DIVIDEND POLICY AND FIRMS PERFORMANCE: AN EMPIRICAL REVIEW

Aivazian, Booth and Cleasy (2006) conducted a study on dividend policy and firms performance. Their study revealed that dividend payout ratio is positively related to profitability and return on equity.

Lintner (1956) carried out a study on the dividend distributions of 28 selected companies. Based on this study, he deduced that companies first set up their dividend policies and then other policies are adjusted. He stated that the market responds positively to announcements of rise in dividend and vice versa. Also, he found earnings to be a major factor of dividend policy. As such Lintner dividend model suggests that a company's dividend payout ratio is based on its current level of earnings. He said that a company's payment pattern depends on present earnings and past dividends. Based on the study of 221 German firms, Georgen, et al (2005) found that the principle reason for dividend changes is the net earnings.

Uwuigbe, et al (2012) recorded a positive correlation between the propensity to pay out dividends and retained earnings. Furthermore, a research by Osobor (2006) discovered that important main determinants of dividend of non-US firms including the UK, German and French companies are retained earnings.

Naceur et al (2006) studied the dividend policy of 48 companies which are listed on the Tunisians stock exchange for the year 1996 – 2002 and reported that lucrative companies with constant earnings can support bigger free cash flows and pay higher dividends.

Myers and Bacon's (2001) study indicate that liquid ratio and dividend payout are negatively correlated.

Benjamin (2015) studied on "an empirical investigation of the impact of dividend policy on the performance of firms in developing economies; evidence from listed firms in Nigeria". Panel data regression was adopted. The result shows a significant positive impact of dividend payout on the performance of firms measured as return on asset and return on equity. The study also revealed that firm's dividend policy has a significant positive correlation with the firms profitability, proxied by return on assets.

5. METHODOLOGY AND MODEL SPECIFICATION

A sample of ten (10) manufacturing companies quoted on the Nigerian stock exchange was selected and used to determine the relationship between dividend policy and corporate performance. The study used secondary data extracted from the public financial statements of the selected companies for 2015 financial year. The data obtained were analysed using descriptive statistics and multiple regression analysis.

Model specification

For the purpose of this study, the model specification is as follows:

$$ROCE = f(DPS_t, NCA_t, \mu)$$

$$EPS = f(DPS_t, NCA_t, \mu)$$

Where ROCE = Return on Capital Employed;

DPS = Dividend Per Share; NCA = Non-current Asset; EPS = Earnings Per Share and μ = Unexplained variable.

The estimated model for the study can be re-written as follows:

$$ROCE = b_0 + b_1 \text{ DPS} + b_2 \text{ NCA} + \mu$$

$$\text{EPS} = b_0 + b_1 \text{ DPS} + b_2 \text{ NCA} + \mu$$

Where b_0 = constant or intercept, t = time dimension of the variable, b_1 & b_2 = coefficients to be estimated & μ = error term.

6. Variable Description and Abbreviation

Table 1: The variable description is as presented in table 1 below:

Variable	Measurement	Abbreviation
Dividend	Total ordinary div/No. of ord. shares * 100k	DPS
Return on capital employed	Operating profit/capital employed * 100k	ROCE
Earning per share	PAT/No of ord. shares in issue ranking for dividend * 100k	EPS

7. DATA PRESENTATION AND ANALYSIS

The variables extracted and computed from the various financial statement of the selected companies for the year ended 2014 are as presented in the table below:

Table 2: Variables extracted and computed from financial statements

	Selected quoted companies	EPS (k)	ROCE(%)	DPS (k)	Non current assets (N'000)
1	Unilever Nigeria Plc	64	38	16	27165096
2	Learn Africa Plc	8	8	12	558146
3	Total Nigeria	13	40	11	25,178,842
4	Presco Plc	2.68	17	100	31,749,382
5	Nigerian Breweries Plc	570	36	300	292,746,101
6	Vitafoam Nig Plc	81	25	30	4,240,710
7	Aluminium extrusion indust.	77	11	8.5	1,301,031
8	Nat. Salt comp of Nig Plc	70	45	50	6,933,017
9	LAFARGE Africa Plc	738	12	360	318,328,296
10	Mobil Oil Nigeria Plc	1773	62	556	36,965,718

Source: Annual Reports & Accounts, 2014

Table 4: Data used for the Regression

FIRMS	EPS	ROCE	DPS	NCA	LOGEPS	LOGROCE	LOGDPS	LOGNCA
Unilever	64	38	16	27,165,096	1.80618	1.5797836	1.20412	7.4340112
Learn Africa	8	8	12	558,146	0.90309	0.90308999	1.0791812	5.7467478
Total	13	40	11	25,178,842	1.1139434	1.60205999	1.0413927	7.4010358
Presco	268	17	100	31,749,382	2.4281348	1.23044892	2	7.5017353
Nigeria Brewery	570	36	300	292,746,101	2.7558749	1.5563025	2.4771213	8.4664911
VitaFoam	81	25	30	4,240,710	1.908485	1.39794001	1.4771213	6.6274386
Aluminium	77	11	8.5	1,301,031	1.8864907	1.04139269	0.9294189	6.1142876
National Salt	70	45	50	6,933,017	1.845098	1.65321251	1.69897	6.8409223
Lafarge	738	12	360	318,328,296	2.8680564	1.07918125	2.5563025	8.5028752
Mobil	1773	62	556	36,965,718	3.2487087	1.79239169	2.7450748	7.5677991

Dependent Variable: LOGEPS
 Method: Least Squares
 Date: 10/30/18 Time: 19:14
 Sample: 1 10
 Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.219616	1.128213	0.194658	0.8512
LOGDPS	0.973489	0.259478	3.751720	0.0072
LOGNCA	0.025143	0.196478	0.127970	0.9018
R-squared	0.829159	Mean dependent var		2.076406
Adjusted R-squared	0.780347	S.D. dependent var		0.751309
S.E. of regression	0.352117	Akaike info criterion		0.993618
Sum squared resid	0.867904	Schwarz criterion		1.084394
Log likelihood	-1.968091	Hannan-Quinn criter.		0.894038
F-statistic	16.98690	Durbin-Watson stat		2.058284
Prob(F-statistic)	0.002061			

Dependent Variable: LOGROCE
 Method: Least Squares
 Date: 10/30/18 Time: 19:16
 Sample: 1 10
 Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.440760	1.005549	0.438328	0.6744
LOGDPS	0.078152	0.023126	3.379399	0.0098
LOGNCA	0.128716	0.175116	0.735033	0.4862

R-squared	0.689393	Mean dependent var	1.383580
Adjusted R-squared	0.630781	S.D. dependent var	0.301877
S.E. of regression	0.313833	Akaike info criterion	0.763415
Sum squared resid	0.689439	Schwarz criterion	0.854191
Log likelihood	-0.817075	Hannan-Quinn criter.	0.663834
F-statistic	10.63657	Durbin-Watson stat	1.758234
Prob(F-statistic)	0.044598		

Table 5: Ordinary Least Squares (OLS) Result

Dependent variable: LOGEPS

Variable	Coefficient	Std. Error	t-statistic	Prob.
C	0.219616	1.128213	0.194658	0.8512
LOGDPS	0.973489	0.259478	3.751720	0.0072
LOGNCA	0.025143	0.196478	0.127970	0.9018

Adjusted R-squared = 0.780347

F-statistic = 16.98690

Prob. (F-statistic) = 0.002061

DW-statistic = 2.058284

Source: Author's extracts (2018) from E-views 9.0 output

The Ordinary Least Squares (OLS) result above is summarized below:

$$\text{LOGEPS} = 0.22 + 0.97\text{LOGDPS} + 0.03\text{LOGNCA}$$

$$t\text{-statistic} = (0.19) \quad (3.75) \quad (0.13)$$

$$\text{Adjusted R-squared} = 0.78$$

$$\text{Prob. (F-statistic)} = 0.002061$$

$$\text{DW-statistic} = 2.06$$

From the Ordinary Least Squares (OLS) result, it is shown that one percent increase in dividend per share (proxy for dividend policy) of firms in Nigeria leads to 0.97 percent increase in the performance of firms (proxied by earnings per share) in Nigeria. The probability value of dividend per share (0.0072) is less than the test significant level (i.e. $P < 0.05$). Thus, the study concluded that dividend policy (proxied by dividend per share) has a significant impact on the performance of firms (proxied by earnings per share) in Nigeria. This finding corroborates Yegon, Cheruiyot and Sang (2014) which found a positive relationship between dividend policy and manufacturing firms' performance in Kenya. This finding could be attributed to the fact that companies in Nigeria rely so much on equity financing such that as the dividend policy becomes favorable through increased dividend per share, the higher the enthusiasm of the shareholders to invest more in the firms thereby increasing the performance of the firms.

Second, the study showed that there exist a positive and insignificant relationship between noncurrent assets and performance of firms (proxied by earnings per share) in Nigeria. From the result, one percent increase in noncurrent assets leads to 0.03 percent increase in the performance of firms (proxied by earnings per share) in Nigeria. The probability value of noncurrent assets (0.9018) is greater than the test significant level (i.e. $P > 0.05$). Thus, the study concluded that noncurrent assets do not have significant impact on the performance of firms (proxied by earnings per share) in Nigeria. This finding corroborates Zhang (2017) which argued in favour of a positive relationship between non-current (intangible) assets and the performance of telecommunication sector. Perhaps, this outcome can be attributed to the high investment in noncurrent assets by the selected companies in Nigeria. It is unarguably true that as these companies in Nigeria invest in R & D and goodwill (which are noncurrent assets), their performance is enhanced.

The coefficient of determination (adjusted R-squared) of 0.78 showed that 78 percent of the variations in the performance of firms (proxied by earnings per share) are due to changes in dividend per share and noncurrent assets of firms. The remaining 12 percent of variations in the performance of firms are due to other factors not included in the model. The probability F-statistic (0.002061) is less than the test significant level (0.05) and this indicates that the model of the study is appropriate and reliable and could be used for sound policymaking. The Durbin-Watson statistic (2.06) lies within the acceptance region and indicates that there is no presence of positive autocorrelation.

Table 6: Ordinary Least Squares (OLS) Result

Dependent variable: LOGROCE

Variable	Coefficient	Std. Error	t-statistic	Prob.
C	0.440760	1.005549	0.438328	0.6744
LOGDPS	0.078152	0.023126	3.379399	0.0098
LOGNCA	0.128716	0.175116	0.735033	0.4862

Adjusted R-squared = 0.630781
 F-statistic = 10.663657
 Prob. (F-statistic) = 0.044598
 DW-statistic = 1.758234

Source: Author's extracts (2018) from E-views 9.0 output

The Ordinary Least Squares (OLS) result above is summarized below:

$$\text{LOGEPS} = 0.44 + 0.08\text{LOGDPS} + 0.13\text{LOGNCA}$$

$$t\text{-statistic} = (0.44) \quad (3.38) \quad (0.74)$$

$$\text{Adjusted R-squared} = 0.63$$

$$\text{Prob. (F-statistic)} = 0.044598$$

$$\text{DW-statistic} = 1.76$$

From the Ordinary Least Squares (OLS) result, it is shown that one percent increase in dividend per share (proxy for dividend policy) of firms in Nigeria leads to 0.08 percent increase in the performance of firms (proxied by return on capital employed) in Nigeria. The probability value of dividend per share (0.0098) is less than the test significant level (i.e. $P < 0.05$). Thus, the study concluded that dividend policy (proxied by dividend per share) has a significant impact on the performance of firms (proxied by return on capital employed) in Nigeria.

Second, the study showed that there exist a positive and insignificant relationship between noncurrent assets and performance of firms (proxied by earnings per share) in Nigeria. From the result, one percent increase in noncurrent assets leads to 0.03 percent increase in the performance of firms (proxied by earnings per share) in Nigeria. The probability value of noncurrent assets (0.9018) is greater than the test significant level (i.e. $P > 0.05$). Thus, the study concluded that noncurrent assets do not have significant impact on the performance of firms (proxied by earnings per share) in Nigeria.

The coefficient of determination (adjusted R-squared) of 0.63 showed that 63 percent of the variations in the performance of firms (proxied by return on capital employed) are due to changes in dividend per share and noncurrent assets of firms. The remaining 37 percent of variations in the performance of firms are due to other factors not included in the model. The probability F-statistic (0.044598) is less than the test significant level (0.05) and this indicates that the model of the study is appropriate and reliable and could be used for sound policymaking. The Durbin-Watson statistic (1.76) lies within the acceptance region and indicates that there is no presence of positive autocorrelation.

4.2 Discussion of Findings

First the study showed that there was a positive and significant relationship between dividend per share and the performance of firms (proxied by earnings per share and return on capital employed) in Nigeria. These findings corroborate Nissim, D and Ziv, A. (2001) which found a positive relationship between dividend policy and selected manufacturing firms' performance in Kenya. This finding could be attributed to the fact that companies in Nigeria rely so much on equity financing such that as the dividend policy becomes favorable through increased dividend per share, the higher the enthusiasm of the shareholders to invest more in the firms thereby increasing the performance of the firms.

Second, the study showed that there was a positive and insignificant relationship between noncurrent assets and the performance of firms (proxied by earnings per share and return on capital employed) in Nigeria. This finding corroborates Zhang (2017) which argued in favour of a positive relationship between non-current (intangible) assets and the performance of telecommunication sector. Perhaps, this outcome can be attributed to the high investment in noncurrent assets by the selected companies in Nigeria. It is unarguably true that as these companies in Nigeria invest in R & D and goodwill (which are noncurrent assets), their performance is enhanced.

5.1 Conclusion

The study explored the impact of dividend policy on corporate performance of firms in Nigeria. To achieve this broad objective, the study specifically investigated the impact of dividend per share and noncurrent assets on the earnings per share and return on capital employed of firms in

Nigeria. Thus, dividend per share and noncurrent assets were used as the independent variables while earnings per share and return on capital employed were used as proxies for corporate performance and they served as the dependent variables. The study relied on data collected from ten (10) leading corporations in Nigeria namely Unilever Plc, Learn Africa, Total, Presco, Nigeria Breweries, Vita Foam, Aluminum Smelting Company, National Salt Company, LAFARGE and Mobil Nigeria Plc. Data collected were analyzed using the Ordinary Least Squares (OLS) multiple regression method. Findings of the study showed that dividend per share had positive and significant impact on performance (whether earnings per share or return on capital employed) of corporations in Nigeria. On the other hand, the study revealed that noncurrent assets had positive but insignificant impact on the performance of corporations in Nigeria in both models. In conclusion, the study argued that dividend policy of corporations in Nigeria determined to a large extent their corporate performance.

5.3 Recommendations

The following recommendations were made in the study:

- (i) Corporate organizations in Nigeria should work towards increasing their dividend per share as a way of increasing their corporate performance.
- (ii) More funds should be ploughed into R & D in order to maintain positive goodwill (which are noncurrent assets) by the firms as a way of increasing the corporate performance of firms in Nigeria.
- (iii) Corporate bodies should put in place good and robust dividend policy as that will in no small measure enhance their profitability and growth.
- (iv) Appropriate firm disclosure with respect to dividend payout and dividend per share is needed to guard the potential investors in making the right investment choices in listed firms.

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