

## ANALYSIS OF THE DETERMINANTS OF DIVIDEND PAYOUT OF CONSUMER GOODS COMPANIES IN NIGERIA

Cyprian Okey OKORO<sup>1</sup>, Vincent EZEABASILI<sup>2</sup>,  
Udoka Bernard ALAJEKWU<sup>3</sup>

<sup>1,2</sup> *Department of Banking and Finance, Chukwuemeka Odumegwu Ojukwu  
University, Anambra State, Nigeria*

<sup>3</sup> *Department of Banking and Finance, Nnamdi Azikwe University, Anambra  
State, Nigeria, Tel.: +2347030997856, Email: blueben2010@yahoo.com*

### Abstract

*The study examines the determinants of dividend payout of consumer goods companies listed on the Nigerian Stock Exchange. The Nigerian Stock Exchange has 28 listed consumer goods companies. Purposive sampling technique was used and a sample of nine consumer goods companies for a duration of ten years from 2006 to 2015 was selected. Secondary data were collected from audited financial statements of the companies from the websites of the selected companies. Dividend payout ratio was the dependent variable while the independent variables were market value, profitability, financial leverage, company size and previous year dividend payout. Descriptive statistics and multiple regressions were used. Results showed that company market value has significant positive effect on dividend payout; company profitability has positive, but insignificant effect on dividend payout; company leverage has negative and insignificant effect on dividend payout; company size has negative and insignificant effect on dividend payout; and previous year's dividend has significant positive effect on dividend payout. The study thus concluded that market value and previous year's dividend are the major determinants of dividend payout in consumer goods sector in Nigeria.*

**Keywords:** *dividend payout; consumer goods companies; Nigerian Stock Exchange; profitability; leverage; stock market prices.*

**JEL Classification:** G<sub>11</sub>, G<sub>35</sub>

### 1. Introduction

#### 1.1. Background to the study

Companies finance investment using either internal or external sources of funds. The internal sources include retained earnings and depreciation, while external

## Issue 1/2018

sources can be new borrowings or the issue of stock. The decision of whether to use part of the profit (retained earnings) in financing investment is dividend decision. The decision that determines the proportion of external finance to be borrowed and the proportion to be raised in the form of new equity is capital structure decision. The managers of the companies are usually free to determine the level of dividend they wish to pay to holders of ordinary shares, although factors such as legal requirements, debt covenants and the availability of cash resources impose limitations on this decision. This is why many empirical studies will record variations in dividend behaviour across companies, countries, time and type of dividend.

Gill, Biger and Tibrewala (2010) had suggested that dividend should be paid in order to: (i) provide certainty about the company's financial wellbeing, (ii) be attractive for investors looking to secure current income, and (iii) help maintain market price of the share. However, managers choose dividend policy that can satisfy shareholders whose business they manage. To determine the percentage of net profit to be distributed to the shareholders as dividend is a serious challenge facing companies because of the alternative uses of such corporate profits. Nuredin (2012) noted that companies are confronted with the dilemma of dividend distribution and profit retention. Profit retention and its reinvestment for growth and expansion may seem a better option for corporate companies. However, dividend could be a means through which investors could detect financial performance problems and be in a better position to understand the future prospects of such firm.

Manufacturing companies in Nigeria, especially the consumer goods sector, is crucial to the growth and development of Nigerian economy considering its contribution to Gross Domestic Product [Inyiama, Okwo, &Inyiama, 2015]. The consumer goods sector has a total of twenty eight companies quoted on the Nigerian Stock Exchange with over ₦17, 536,945,110.80 traded by the sector (NSE, 2014). This level of huge investment will attract diversified nature of investors. Analysing factors that tend to influence dividend payout decisions of listed companies in the consumer goods sector becomes a worthwhile research.

### 1.2. Statement of the problem

The dividend payout pattern of Nigerian consumer goods companies is not smooth and consistent. Even some companies did not pay dividends in certain years of the period under study. Thus, the study tried to find the answer to why consumer goods companies are not able to smooth their dividends and which factors determine the dividend payout in the case of Nigeria.

There is a divergence in theoretical explanations of dividend theory. The MM dividend irrelevance theory explains that companies' dividend payment cannot be influenced by any factor because of market competition. The empirical studies disagreed with these theories in different economies and sectors. However, among these studies, no one has specifically investigated the determinants of dividend policy or payout in the consumer goods sector of Nigerian economy. This work is a novel study in this regard.

Moreover, among the empirical studies reviewed by the researchers, none had considered share price as a possible determinant of dividend policy in Nigeria (see Table 1). The review also showed conflicting results on the influence of profitability, leverage, size and previous year dividend on the current year dividend payout. For instance, size has positive and significant effect on dividend payout in Rafique (2012), Malik, Gul, Khan, Rehman and Khan (2013), Musiega, Alala, Musiega, Maokomba, Egessa (2013), Ahmed and Murtaza (2015), Kajola, Desu and Agbanike (2015). However, Kaźmierska-Jóźwiak (2015) noted that it has no effect, while King'wara (2015) gave a negative effect. These conflicts also apply to variables such as profitability, leverage and previous year dividend payouts. This therefore calls for further investigation, especially in Nigeria, where some of these variables has not been so combined.

The main objective of the study is to determine the factors that affect dividend payout in consumer goods companies quoted in Nigerian Stock Market. The specific objectives include:

1. To determine the effect of company market value on dividend payout.
2. To examine the effect of company profitability on dividend payout.
3. To investigate the effect of company leverage on dividend payout.
4. To find out the effect of company size on dividend payout.
5. To determine the effect of previous year's dividend payment on dividend payout.

## ***2. Review of related literature***

### **2.1. Conceptual framework**

#### ***2.1.1. Concept of dividend policy***

The term dividend has a universal definition. It is the part of a company after tax profit that is distributed to the shareholders. Pandey (2005) defined dividend as the earnings distributed to shareholders. It is a pro rata distribution to the shareholders of the post-tax profit, which is declared by the company's board of directors [King'wara, 2015]. Furthermore, other authors supported that dividends are

## Issue 1/2018

distributed equally among the shareholders [Zameer et al., 2013; Inyama, Okwo & Inyiam, 2015]. In the view of Uwuigbe, Jafaru and Ajayi (2012), dividend is basically the benefit of shareholders in return for their risk and investment, which is determined by different factors in an organization. All these definitions show that the dividend is the part of a company's profit paid to the shareholders as returns for their investment risk.

Company dividends may come either as cash dividends in which case the company pays some cash amount per share to shareholders, or it may be in terms of stock dividends, in which case the company issues new stocks to existing shareholders in proportion to their existing shares [Zameer et al., 2013].

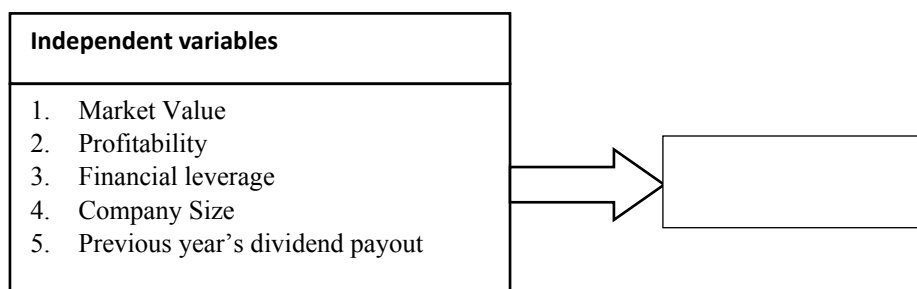
The decision on the amount to distribute as dividend is taken by the board of directors and is usually paid quarterly, semi-yearly or yearly depending on the policy of the firm [Badu, 2013]. Thus, payment of dividend is one of the corporate policies of the board of directors of companies. The dividend policy decisions of companies are the primary element of corporate finance policy [Uwuigbe, Jafaru & Ajayi, 2012].

Dividend policy is the regulations and guidelines that a company uses in determining when and how to make dividend payouts to shareholders [Nissim & Ziv, 2001]. Dividend policy, according to Lease, John, Kalay, Lowenstein and Sarig (2000), can be defined as the practice adopted by the management of companies in their dividend payment decision, which in other words is the size and pattern of cash distributions over time to shareholders. According to Nwude (2003:112), dividend policy is 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 value earned from investment in company shares comes in forms of current dividend and capital gains. The essence of dividend policy is to manage shareholders wealth effectively [Nwude, 2003]. The proportion of profit distributed will affect funds available for further investment (if desirable). Thus, the essence of the dividend policy is to determine what percentage of companies' profits to be paid out as dividend or held back as retained earnings [Emekekwe, 2005]. Retained earnings are one of the important sources of financing of companies' projects, while dividend is the portion of a company's earnings that is distributed to shareholders as reward for investment. Thus, dividend avails the shareholders of ready disposable income. Investors in need of money will favour cash dividends, while those that desire growth favour retained earnings or stock dividends.

2.1.2. *Conceptual review of the explanatory variables*

The concepts within the framework of this study include dividend and dividend policy, company value, company profitability, company leverage and company size. Dividend policy has been taken as the dependent variable on which other variables influence. The conceptual framework supposes that dividend policy is a function of market value, company profitability, company financial leverage, company size and the previous dividend paid out. This conceptual link is depicted in figure 1.



**Figure no. 1. Conceptual framework of the study**

*Market value*, which is measured by the share price of ordinary shares, is the measure of company value. It is measured by those variables that can determine the opinion of investors and shareholders on the worth of the company. According to Priya and Azhagaiah (2008), shareholders' value is represented as the market price of the company's common stock, which, in turn, is a function of the company's investment, financing and dividend decisions.

*Profitability* affects payment of dividends. This is because dividend is a part of the net profit declared by the company within a specific period, for example a financial year. Therefore, dividend will be distributed if the company makes profit [Refra & Widiastuti, 2014].

*Financial Leverage*: Debt to Equity Ratio is a ratio that reflects the company's ability to meet all its obligations. This is shown by some sections of their own capital, which is used to finance debt payment. There is a tendency for companies that have greater leverage ratio to pay smaller dividend, because the profit earned is used to pay off liabilities [Sunyoto, 2013]. Nguyễn (2016) posits that "the higher debts the companies use, the more control by creditors and the more financial risk they may face". This suggests that if the companies have higher financial leverage,

## Issue 1/2018

the dividend ratio may be lower. This is because the companies must spend money and assets to pay creditors before paying dividend to shareholders. Besides, companies keeping high debts ratio may reduce their dividend ratio if they do not want to face high cost of fund when they increase funding from outside.

*Company Size:* The existing studies believe that company's size has a relationship with its dividend policy [Mehta, 2012]. Big size companies are more likely to pay dividend than the smaller size companies as they have more access to the capital market and thus are less dependent on the internal funds.

*Previous Year Dividend Payment:* The dividend is the amount of the company's net profit after tax, excluding the retained earnings, as a provision for the company. Generally, the magnitude of the current dividend is based on the amount of dividends paid years ago as companies are trying to maintain or even increase the dividend payout ratio from the previous levels. The higher the dividend payout in previous year, the steeper the amount of dividends received by shareholders of the current year [Ramli & Arfan, 2011].

### 2.2. Theoretical framework

The theoretical framework that explains dividend payout – company value nexus is divided into irrelevant dividend theory and relevant dividend theory. The irrelevant theory was explained by the Modigliani and Miller (M&M) theory, while the relevant theory was explained using five theories: Bird-in-Hand Theory, Tax Effect Theory, Clientele Effect Theory, Agency Theory and Signalling Theory.

Among these theories, the theoretical framework of this study is founded on the belief that clients' preference influences dividend payment. Thus the study is hinged on the Clientele Effect Theory of Black and Scholes (1974) which posit that based on individual experiences, every investor has his/her own personal view on whether to prefer high cash dividends benefits to earnings retention, and vice versa. This presupposes that client's preference influences dividend payout ratio. Thus, small investors may prefer cash dividend, while large investors hope for capital gains. Summarily, the theory favours dividend relevance hypotheses that dividend is important and some factors affect its payout.

The following are detail explanations of the theories:

#### 2.2.1. Irrelevance proposition

Modigliani & Miller proposed the Dividend Irrelevant theory in 1958. The theory posits that it is only the companies' investment policy that can have impact on the share value of the company and hence requires to be given prominence. The

model projected the view that the worth of a company is a function of its earnings power and cannot be influenced by, whether or not, company's earnings are divided between dividends and retained earnings. Hence, the division of earnings between dividends and retained earnings is irrelevant from the point of view of the shareholders. By this assertion, the MM model implies that dividend policy has no effect on a company's value, and thus managers cannot maximize shareholder's wealth with the use of dividend policy.

The only factor capable of affecting the valuation of a company is its earning power, which is determined by the company's investment policy and its future prospects. Thus, as soon as the investor has information on the investment policy, he will not need any additional input on the dividend history of the companies. If the investor desires more money than the dividend can offer, he can sell part of his investments to make up for the difference. Likewise, if an investor has no present cash requirement, he can reinvest the received dividend in the stock.

Notwithstanding the relevance of this theory, the critics of MM dispute the validity of the dividend irrelevance theory by challenging the assumptions used by MM. However, Lintner (1962) and Gordon (1963) have criticised the position of the MM model on the ground of the uncertainty characterizing the future earnings, the imperfections in the capital market and the existence of taxes.

#### 2.2.2. *Relevance propositions*

*Bird in Hand Theory:* This theory opined that increased dividend payout decisions affect company value positively. It posits that dividends are more certain and thus less risky than capital gains. Therefore, investors would favour dividends in place of capital gains [Amidu, 2007]. The bird-in-hand hypothesis has been the traditional belief of academics and practitioners long before the MM proposition of 1961. The argument is that dividends should be valued in a different manner from capital gains due to existence of market imperfections and uncertainty. Hence, investors would prefer the "bird-in-hand" (cash dividends) to "two-in-the-bush" (future capital gains). Because dividends are supposedly less risky than capital gains, companies should set a high dividend payout ratio and offer a high dividend yield to maximize stock price. Despite the criticisms of this hypothesis by many researchers, the works of Lintner (1962), Walter (1963) and Gordon (1963) have supported it.

*Tax Effect Theory:* This theory initiated by Litzenberger and Ramaswamy (1979, 1982) posits that investors would prefer lower payout companies for tax reasons. It asserts that it is expected that low-dividend payout ratios will lead to a lower rate of returns, which in turn will increase the market value of the company

## Issue 1/2018

and vice versa. It argued that the influence and treatment of taxes might have effect on income to be paid out by a company. Unlike dividend, long-term capital gains permit the investor to postpone tax payment pending the sale of the shares. The time value effect makes tax paid immediately to have a higher effective capital cost than the same tax paid in the future. In most countries, the tax rates, which apply to dividends, differ from capital gains tax rate. Thus, investors in different tax groups will have different view on whether to accept cash dividends or get capital gains (by selling the securities).

*Clientele Effect Theory:* Black and Scholes (1974) propounded this theory. They posit that each investor has his/her own personal view about the preference between high cash dividends benefits or their retention according to the tax category into which he/she falls. Thus, while some investors prefer companies with high cash dividends, others may prefer companies with low cash dividends or without any cash dividend and retention of profits for investment. Therefore, investors will invest only in companies, which have dividend policy that is in line with their needs, requirements and conditions. Hence, every company has its own kind of investors. A company that pays no or low dividends tend to satisfy the needs of its own group of investors while those that pay high dividends equally satisfy the needs of its investors. Dividend payment should therefore not have effect on the value of share. This argument assumes that there are enough investors in each dividend clientele to allow companies to be fairly valued, no matter what their dividend policy is. This is known as the Clientele Effect.

*Agency Theory:* Jensen and Meckling (1976) propounded this theory. It posits that dividend policy is determined by agency costs arising from the separation of ownership and control. The theory argues that managers of companies might want to implement dividend policies that satisfy their private benefits and personal interests rather than ones that maximise the value of shareholders. As shareholders are mindful of this fact, they will want to develop strategies of controlling managers' behaviours [Jensen & Meckling, 1976]. Constant dividend payments will decrease the free cash flows available to the managers and consequently ensures that managers will maximize shareholders' wealth rather than employing the funds for their private benefits [DeAngelo & DeAngelo, 2006].

*Signalling Theory:* Managers use the change in cash dividends distribution rates as a way of delivering information to investors about the company. The foundation of the argument is the information asymmetry between managers (insiders) and outside investors. The managers tend to have private information about the current and future prospects of the company, which outsiders (shareholders) do



not have. This theory avers that managers are motivated to communicate this information to the market. In the views of Bhattacharya (1979), John and William (1985), and Miller and Rock (1985), information asymmetries between companies and owners may induce a signalling role for dividends. They show that dividend payments communicate private information about the companies to the outsiders in a fully revealing manner. The core of this theory is that companies must make regular payment of dividend. Announcement of increased dividend payment is received as good news to the investors and accordingly share price reacts favourably, and vice-versa. Only good quality companies can send signals to the market through dividends, poor quality companies cannot mimic these because of the dissipative signalling cost (for e.g. transaction cost of external financing, or tax penalty on dividends, distortion of investment decisions).

These theories suggest that among others factors, market value, earnings, size, leverage and even previous dividend payouts will determine current dividend payout ratio. These factors create certain form of information that, when reacted to, determines the level and nature of dividend payout of the companies.

#### 2.4. Empirical studies

Webometric Analysis on determinants of dividend payouts of consumer goods companies in Nigeria is as follows:

S/N	NAME OF AUTHOR AND YEAR	SCOPE	VARIABLES	METHOD OF ANALYSIS	FINDINGS
1	Ahmed & Murtaza, (2015)	Thirty eight selected companies from Four sectors (Oil, Cement, Energy and Sugar) of Karachi Stock Exchange, Pakistan, 2003-2011	Dividend Payout Ratio = f (Company Size, Liquidity, Profitability, Leverages, and Earnings Per Share).	Descriptive Statistics and Pooled Least Square Technique	Dividend payout has significant relationship with liquidity, earnings per share, leverage, company size
2	Rafique (2012)	Multivariate Regression on Listed Non-Financial Companies on Karachi Stock Exchange, Pakistan	Dividend Payout = f(Earnings, Company Size, Growth, Profitability, Corporate Tax and Financial Leverage)	Descriptive Statistics and Multivariate Regression Technique	Only corporate Tax and company's size had significant relationship with dividend payout
3	Enekwe, Nweze & Agu (2015)	Panel estimation of select quoted cement companies in Nigeria, 2003-2014	1) Payout = f(Capital Employed); 2) Payout = f(Return on Assets); 3) Payout = f(Return on Equity)	Descriptive Statistics and Simple Linear Regression Analysis	Dividend Payout ratio has positive relationship with ROCE, ROA and ROE



Issue 1/2018

4	Kajola, Desu & Agbanike (2015)	Twenty-five listed non-financial companies in Nigeria between 1997 and 2011	Dividend Payment Policy = f(Profitability, Size, Leverage, Liquidity, Tangibility, Growth Opportunity, and Volatility in Dividend Payout)	Descriptive Statistic; Panel data, Fixed and Random Effect Models	Profitability, Size, Leverage and volatility in dividend payout are factors that affect dividend payout policy
5	Fitri, Hosen & Muhari (2016)	Panel data analysis of Listed companies at Jakarta Islamic Index, Indonesia	Dividend Payout = f(Return on Assets, Debt to Equity ratio, Asset Growth and Dividend Payout Ratio in a Year before)	Panel data Regression	Return on Asset and DPR in a year before have significant positive effect, while Asset Growth showed significant negative effect. However, Debt to Equity Ratio has no significant effect
6	Mehta (2012)	Multiple regression on listed companies in the areas of real estate, Energy, Construction, Telecommunication, Health care and Industrial sectors in United Arab Emirate (UAE), 2005-2009.	Dividend policy = f(Profitability, Risk, Liquidity, Size and Leverage)	Correlation and Multiple Regression Technique	Profitability and size are the determinants of dividend payout decision of UAE companies
7	Zhong (2016)	Panel data on listed banks in China, 2010-2013	Dividend Payout levels = f(Profitability, Growth ability, Operation Capacity, Debt levels and Liquidity of Assets)	Multiple Linear Regression Analysis	Positive relationships for profitability and liquidity of assets and negative relationship for debt levels.
8	Nnadi, Tanna & Kiabel (2013)	Acquired and non-acquired banks in United Kingdom	Dividend Policy f(Liquidity, % of Insider shareholdings, Tax liabilities, capital and finance Structures as measured by debt equity ratio and debt +equity/total asset, Size, Profitability (ROE+EPS), Growth (PE) or Market to Book value and Cumulative Standardized Abnormal Returns	Descriptive statistics and Ordinary Least Square Simple Regression Technique	Level of risk, liquidity and composition of financial structure are important factors in the dividend policy of banks, while Price Earnings Ratio is fundamental to non-acquired banks.
9	Nguyen (2015)	panel data of 156 companies listed in HOSE from 2009-2013 in Vietnam	Dividend Payout Ratio = f(Free Cash Flow, Collateralisable Assets (Fixed Assets/Total Assets), Company Size, Company	Panel Data; Pooled Ordinary Least Square (Pooled OLS)	Financial Leverage, Return on Asset and Earnings per share have



			Growth, Financial Leverage, Profitability (ROA, ROE and EPS), Liquidity (Current Assets/Current Liabilities) and DPR on EPS (Cash Dividend /EPS)}	technique; Fixed Effect Model (FEM and Random Effect Model (REM)	significant positive relationship with dividend payout; while Leverage and ROE are negatively significant
10	Musiega, Alala, Musiega, Maokomba, Egessa (2013)	30 non-financial companies for 5 years 2007-2011 in Nairobi Securities Exchange Kenya	Dividend Payout Ratio = f(Profitability, Growth, Current Earnings, Liquidity; Size and Business Risk) Size and Business Risk are taken as moderating variables	Descriptive statistics and Multiple Regression analysis were used to analyze the data collected	Return on Equity, Current Earnings, Companies' Growth Business Risk and Size are determinant of dividend payout.
11	Demirgunes (2015)	Panel data derived from Financial Statements of Borsia Istanbul listed companies from 2002-2012 in Turkey	Target dividend Payout Ratio = f(Profitability, Liquidity, Growth, Risk, Market Expectations and Taxation)	Panel ARDL methodology	Long run significant negative relationship between TDPR and Profitability, Growth and Corporate Tax while factors related to risk and market expectations has significant positive effect on TDPR. However, profitability seems to have significant positive effect on TDPR in the short run.
12	Kaźmierska-Jóźwiak (2015)	Non-financial companies listed on the Warsaw Stock Exchange in Poland from 2000 to 2012	Cash Dividend Payout. = f(Profitability, Liquidity, Size, Leverage, and Risk)	Panel Data Analysis, Fixed and Random Effects Approaches	There is an evidence of significant negative relationship between profitability and leverage while there is an insignificant positive relationship between the size of a company, its P/E ratio, and dividend payout.
13	Moradi, Salehi, & Honarmand (2010)	73 listed companies in the Tehran Stock Exchange between 2000 and 2008. Iran	Dividend Payout Ratio = f(Company Size, Beta Rate, Profitability, Rate of Retained Earnings, P/E	Multiple Regression Analysis	There is direct relationship between dividend and profitability



Issue 1/2018

			Ratio, Debt/Equity Ratio, Growth of Accumulated Earnings and Percentage of Dividend Distribution)		while there is reverse relationship of these factors with P/E ratio, Beta Rate, and debt ratio. There is no relationship between Dividend Policy and Rate of Retained Earnings.
14	King`wara (2015)	30 Kenyan companies listed on the Nairobi Securities Exchange. The period of the study is five years from 2008-2012.	Dividend payout ratio = f(earnings, ratio of retained earnings to total assets, company size, growth opportunities, debt ratio or leverage and market-to-book ratio)	Tobit regression	Dividend payout ratio is impacted negatively by the growth rate, debt ratios and company size and positively by earnings, market-to-book ratio and retained earnings to total assets ratio.
15	Badu (2013)	Select listed financial institutions in Ghana Stock Exchange from 2005 to 2009	Dividend Payout strategy = f(Profitability, Growth, company Age, Non linearity of Age,	Descriptive statistics, correction, Fixed and Random effect analyses.	Major determinants of dividend policy of financial institutions in Ghana are age of the company, collateral and liquidity.
16	Musa (2009)	A cross-section of 53 companies quoted on the Nigerian Stock Exchange 1993 to 2002.	Dividend Payout = f(previous dividend, current earnings, cash flow, investment and net current assets, and three non-metric variables- growth, company size and industry classification)	parsimonious multiple regression model	The five metric variables have significant aggregate impact on dividend policy of the quoted companies.
17	Inyiama, Okwo & Inyiama (2015)	Nigeria Breweries Plc and Guinness Nigeria Plc, from year 2000 to 2013.	Dividend Per Share = f(Market Price of Share, Total Assets, Net Asset Value Per Share, Retained Earnings and Earnings Per Share)	Granger causality, and Johansen Cointegration	Dividend Per Share was significantly positively influenced by Earnings Per Share and Market Price of Equity Shares, while Net Asset Value Per Share and Total Assets exert a negative but insignificant influence on DPS. Retained Earnings

					has a positive but insignificant effect on DPS.
18	Alzomaia & Al-Khadhiri (2013)	105 non- financial companies listed in Saudi Arabia stock exchanges from 2004 to 2010	Dividends per share = f(Earnings per share, Previous Dividends, Growth, leverage, risk & Size)	OLS regression technique	Current earnings per share and past dividend per share are major determinants of dividend payments.
19	Odesa & Ekezie (2015)	cross sectional data from 131 quoted companies in Nigeria	Dividend Policy = f(Shareholders Structure, Investment Opportunity, Debt, Corporate Performance, past dividend paid)	multiple Regression analysis	Investment opportunity is negatively related to dividend policy while debt, ROE, shareholder structure, and last dividend paid have a positive significant relationship with dividend policy.
20	Baah, Tawiah & Opoku (2014)	12 companies from different sector listed in Ghana Stock Exchange between 2006 and 2011.	Payout Ratio = f(Share Price Volatility, Profit after Tax, Earning per Share, Size, Growth)	Ordinary Least Square (OLS) regression model	Main determinants of dividend policy are return on equity, profit after tax and size of the company.
21	Malik, Gul, Khan, Rehman & Khan (2013)	100 financial and non-financial companies listed on Karachi stock Exchange over the period 2007 to 2009	dividend paid per share = f(liquidity, leverage, earning per share, and size)	Probit model estimation and panel OLS Regression	liquidity, leverage, earning per share, and size are positively related to dividend, whereas growth and profitability are found to be insignificant determinant of dividend policy

The review of literature has shown that dividend payout can be in forms of cash or stock. Dividend, however, is the part of a company's profit that is distributed to shareholders. Some theories that explain the reasons for dividend payment include the agency, clientele, tax effect, bird-in-hand, and signalling effect theories. However, MM dividend irrelevance theory explains that companies' dividend payment cannot be influenced by any factor because of market competition. The empirical studies have disagreed with these theories in different economies and sectors. However, among these studies, no one has specifically

## Issue 1/2018

investigated the determinants of dividend policy or payout in the consumer goods sector of Nigerian economy. This work is a novel study in this regard.

A good number of the studies reviewed are from different contexts other than Nigeria [Ahmed & Murtaza, 2015 and Rafique, 2012 from Pakistan; Fitri, Hosen & Muhari, 2016 from Indonesia; Moradi, Salehi & Honarmand, 2010 from Iran; Alzomaia & Al-Khadhiri, 2013 from Saudi Arabia, Nguyen, 2015 from Vietnam, Zhong, 2016 from China; Demirgunes, 2015 from Turkey etc.]. The studies from Nigeria are scanty [Musa, 2009; Inyama, Okwo & Inyama, 2015; Odesa & Ekezie, 2015; Enekwe, Nweze & Agu, 2015; Kajola, Desu & Agbanike, 2015]. This calls for more studies in Nigeria. This gap in literature in Nigerian context will be reduced by this study.

More so, the conclusions from the extant literature are divergent. Most of the works did not agree on the effect of profitability on dividend policy. For instance, return on asset and return on equity tend to produce conflict findings; while Kaźmierska-Jóźwiak (2015) report insignificant positive effect, others suggest that size and liquidity have positive and significant effect [Malik, Gul, Khan, Rehman & Khan, 2013; Alzomaia & Al-Khadhiri, 2013]. However, Nguyen (2015) out rightly reported that liquidity has negative effect on dividend. This high level of divergence in empirical studies calls for further investigation.

Moreover, the timeframe covered by the present study is most recent than the previous studies. The previous studies lack currency; the most current of the existing studies used time frame that stopped in 2013 [Nguyen, 2015; Inyama, Okwo & Inyama, 2015]. The need for currency in empirical evidence makes the present study exigent.

### 3. Methodology

An ex-post-facto research design was adopted since the variables of the study are found in historical data obtainable from the financial reports of quoted companies in Nigeria. The population of the study is the 28 companies quoted and classified as consumer goods sector in Nigerian Stock Exchange. Convenience sampling was adopted to select nine consumer goods companies from the Nigerian Stock Exchange for the study.

The data were obtained from secondary sources. The data were generated from the audited annual accounts and financial statement of quoted consumer goods companies in Nigerian Stock Exchange from 2006 to 2015. To be included in the analysis, the company must meet two criteria, which are (i) having regular annual reports and accounts for the study period; (ii) paying continuous dividend

throughout the period of the study. Although the data consist of both cross sectional and time series information, they do not contain complete information of all companies in the sample for the entire period. Therefore, an unbalanced panel data was used in this study.

In line with previous studies that examined the main determinants of dividend payout, the dependent variable used in this study is the dividend per share as proxy for dividend payout (DPO), defined as the dividend paid divided by net income [Rozeff, 1982; Lloyd, 1985; Amidu & Abor, 2006]. This variable measures the percentage of the company's earning distributed to shareholders.

Although, there are many potential factors that affect dividend decisions, the independent variables that are included in this study are only internal variables, which consist of market price of shares, profitability, size, leverage, and previous year's dividend.

a. **Market Value (MV<sub>t</sub>):** Market value of company can be an indicator of companies' willingness to pay dividend. If announcement of dividend in previous year is able to enhance corporate prospect and influence higher market value of the company, such company may be influenced to declare and pay dividend in order to maintain high market value. Thus, previous year's market value can determine current dividend payment.

b. **Profitability (EPS):** The primary indicator of a company's ability to pay dividends can be linked to its profitability. Linter (1956) and Baker, Farrelly and Edelman (1985) indicate that the dividend payment pattern of a company is affected by the current year's earnings and previous year's dividends. Therefore, a positive relationship is expected between company's earnings and its dividend payments.

c. **Financial Leverage (LEV):** High debt means that companies have high interest expenses, which will lead to a low net income and thus less earning will be available for shareholders. Because of the dividend payments to shareholders, the financing and investment plans especially in case of high leveraged companies may suffer. Earnings of highly leveraged companies are more risky and volatile and accordingly such companies pay low dividends [Rozeff, 1982]. Leverage is, thus, considered a key factor which determines the dividend policy of companies. The Agency cost theory provides explanation for the relationship between leverage and dividend payout. It argues that companies with high leverage ratios have high transaction costs and are in a weak position to pay higher dividends to avoid the cost of external financing.

d. **Company Size (SIZE):** A company's size has the capacity to influence the dividend policy of the company. A large company is considered to be mature and

**Issue 1/2018**

has easier access to the capital market than a small company. Hence, it is expected to have the capacity to pay more dividends than a small company does.

e. **Previous year's dividend payout (PDO<sub>1</sub>):** In the real world, it is often believed that companies pay a steady stream of dividends because investors perceive companies with stable dividends as stronger and more valuable. Lintner (1956) showed that historical dividends are essential in determining current dividends. The model was tested and reaffirmed by Fama & Blahnik (1968), Ahmed & Javid (2009) and Mollah (2009) who concluded that the previous year's dividends positively affect the current dividend payout ratio of a company. In this study, the last year's dividends payout is used as a proxy variable for historical dividends.

All variables used in this study are defined in Table no. 1 along with the expected sign.

**Table no. 1. Study of variables**

SN	SYMBOL	Description	Expectation
1	DPO	Cash Dividend/ Net profit	Dependent variable
2	MV <sub>-1</sub>	Previous year market price per share	+
3	PROF	Earnings per share measured as net profit divided by total shares	+
4	LEV	Debt/ Total assets	-/+
5	SIZE	Net Asset per share	+
6	DPO <sub>-1</sub>	Previous Year's Dividend Payout	+

The data used for the study are a combination of simultaneously time series with cross-sectional data; thus, a panel methodology was adopted for the study. The relationship of the dependent and independent variables can be shown as below:

$$DPO = \alpha_0 + \beta_1 MV_{-1} + \beta_2 PROF + \beta_3 LEV + \beta_4 SIZE + \beta_5 PDO_{-1} + \mu$$

Where, variables are defined in section 3.4 above.  $\alpha_0$  is the constant,  $\beta_{1-5}$  are the coefficient of the independent variables while  $\mu$  is the error term.

In line with Malik, Gul, Khan, Rehman and Khan (2013), the panel OLS regression technique was used to study the determinants of dividend payout in the consumer goods sector in Nigerian Stock Market.



4. *Presentation and analysis of data*

**Table no. 2. Descriptive Statistics of the Variables Dividend Payout Determinants in Nigeria**

	PDO	MV <sub>-1</sub>	PROF	LEV	SIZE
Mean	414.3256	15840.52	566.9491	0.762705	1326.046
Median	125.0000	3900.000	147.0000	0.477500	504.5000
Maximum	3400.000	120000.0	2995.000	7.095700	4795.000
Minimum	0.000000	42.00000	-103.0000	0.000000	16.00000
Std. Dev.	729.2930	27969.11	833.3763	1.196210	1520.059
Skewness	2.683725	2.494989	1.911111	3.941613	1.032434
Kurtosis	10.07048	8.380075	5.501333	20.04670	2.679026
Jarque-Bera Probability	141.1856 0.000000	94.22892 0.000000	38.25442 0.000000	646.6812 0.000000	6.913950 0.031525
Observations	43	42	44	44	38

The results of the descriptive statistics of the variables are obtained for a panel of nine companies in the consumer goods sector for a period of ten years (2006 to 2015). The result show mean dividend payout of 414.3256 kobo for companies in the sector within the period under study. Likewise, profitability measured with earnings per share (EPS), market value, leverage and company size recorded a mean of 566, 15841, 0.763, and 1326 kobo for each. The values of the standard deviations for all the variables are PDO (729.2930), MV<sub>-1</sub> (27969.11), PROF (833.3763), LEV (1.196210) and SIZE (1520.059). The wide gap between the values of the mean and standard deviation for each of the variables showed tendency for lack of normal distribution in the series.

The results of the Jarque-bera statistics with probability values less than 0.05, for each of the variables indicate that the distribution is not normal. This suggests that dividend payout, market value, profitability, size, financial leverage for each of the companies over time is not normally distributed. This implies that corporate profile differs across companies over time.

**Table no. 3. Model Estimation**

Dependent Variable: PDO  
 Method: Panel Least Squares  
 Sample: 2006 2015  
 Periods included: 10  
 Cross-sections included: 9  
 Total panel (unbalanced) observations: 90

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MV1	0.016218	0.004123	3.933095	0.0005
PROF	0.008145	0.131985	0.061712	0.9512
LEV	-85.45282	94.03432	-0.908741	0.3715
SIZE	-0.070274	0.066087	-1.063342	0.2970
DPO1	0.570951	0.126062	4.529126	0.0001
C	86.91858	97.23035	0.893945	0.3793
R-squared	0.932847	Durbin-Watson stat		2.834726
Adjusted R-squared	0.920412			
F-statistic	75.01387			
Prob (F-statistic)	0.000000			

The result on Table 3 is the OLS panel regression that addressed the objective of the study. The Adjusted coefficient of determination (Adj R<sup>2</sup>) is 0.92. This indicates that the independent variables are capable of explaining about 92% of the reasons for dividend payout in consumer goods companies in Nigeria. The value of the F-statistics (75.0138) with p-value (0.0000) less than 0.05 showed that all the independent variables (MV<sub>-1</sub>, PROF, LEV, SIZE and DPO<sub>-1</sub>) have significant effect on dividend payout. This suggests that all these variables combined can determine dividend policy in consumer goods companies in Nigeria.

To address the specific objectives, the coefficients of regression, t-statistics and its corresponding p-values are used. It aims to find out the extent to which the individual independent variables determine dividend payout.

The nature and level of effect can be shown in the equation below:

$$\begin{aligned}
 \text{DPO} = & 86.9186 + 0.0162\text{MV}_{-1} + 0.0081\text{PROF} - 85.4528\text{LEV} - 0.0703\text{SIZE} + \\
 & 0.5710\text{PDO}_{-1} \\
 & [3.9331]^* \quad [0.0617] \quad [-0.9087] \quad [-1.0633] \quad [4.5291]^*
 \end{aligned}$$

**Test of hypotheses and discussion of findings**

*1. Market value as determinant of dividend payout*

The coefficient of market value (0.0162MV<sub>-1</sub>) and the t-statistics is 3.9331 (p < 0.05). This indicates that market value of previous year can determine the dividend payout in the current year (DPO). Thus, we reject the null hypothesis that “company market value has no significant effect on dividend payout”. The study, therefore, posits that company market value determines dividend payout among consumer goods companies in Nigeria. A unit rise in market value of shares can lead to 0.016 units rise in dividend payout for companies. The study therefore supports that notion that companies can be influenced to pay dividend in order to maintain positive image as a performing company. The finding supports the signalling and clientele theories of dividend policy. As the clientele theory expects that company that pays high dividends should not have a lower value, companies can be influenced to pay higher dividend in order to be better valued. Thus, previous year market value reflecting the value of the company can be maintained or surpassed by paying higher dividend. On the other hand, the signalling effect theory however, agrees that ability to send positive message influences dividend payout. Empirical study of Inyama, Okwo and Inyama (2015) is supported by this study.

*2. Profitability as determinant of dividend payout*

The coefficient of profitability from model estimation is 0.0081PROF. This indicates a positive relationship such that a unit increase in profitability is expected to bring about 0.008 units of increase in dividend payout for consumer goods companies in Nigeria. However, the t-statistics is 0.061712 with probability value of 0.9512. Since the p-value is greater than 0.05 level of significance, we do not reject the null hypotheses that “company profitability has no significant effect on dividend payout”. The result showed that the MM dividend irrelevance theory holds for companies in the consumer goods sector in Nigeria. This theory posits that no factor can significantly influence companies to pay dividend. This position has supported the work of Malik, Gul, Khan, Rehman and Khan (2013). However, ample of empirical studies are at cross road with the conclusion of this present study. The studies which posit that profit determines dividend payout are divergent in their submission with Kaźmierska-Jóźwiak (2015) and Demirgunes (2015) showing

## Issue 1/2018

negative influence while Moradi, Salehi, and Honarmand (2010) King'wara (2015), Inyiama, Okwo and Inyiama (2015), Lama Fahim, Muhammed K.K. and Hina Tahir (2015), and Fitri, Hosen and Muhari (2016) saw positive relationships.

### *3. Financial leverage as determinant of dividend payout*

The coefficient of company leverage (-85.4528LEV) indicates that leverage has negative effect on dividend payout. The t-statistics with p-value of 0.3715 ( $> 0.05$ ) showed that leverage does not have significant effect on dividend payout. Thus, the null hypothesis is not rejected. The study thus posits that leverage is not a determinant of dividend payout in consumer goods companies in Nigeria. In line with the theory, leverage can have negative, as well as positive, effect on dividend payout. The present study showed negative, though insignificant effect. This is supported by the work of Alzomaia and Al-Khadhiri (2013), which posits that leverage has no effect on dividend payout. Among the studies refuted by the present study are Ahmed and Murtaza, (2015), Kajola, Desu and Agbanike (2015), Malik, Gul, Khan, Rehman and Khan (2013) and Kaźmierska-Jóźwiak (2015). Even among these studies, Malik, Gul, Khan, Rehman and Khan (2013) supported the positive effect while Kaźmierska-Jóźwiak (2015) conforms to the negative effect.

### *4. Company size as determinant of dividend payout*

The coefficient of company size (-0.0703SIZE) indicates negative relationship, however, the t-statistics (-1.063342, p. 0.2970) showed that company size has negative but insignificant effect on dividend payout. Thus, it posits that company size is a determinant of dividend payout among consumer goods companies in Nigeria. This negates the theoretical framework that larger companies no longer have much expansion investment need and therefore have higher tendency to pay higher amount as dividend. The present study revealed that consumer goods companies in Nigeria are not influenced by company size in the payment of dividend. Thus, no investor should factor in size in determining dividend payout for companies in consumer goods sector in Nigeria.

### *5. Previous year dividend payout as determinant of current year dividend payout*

Previous year's dividend has a coefficient of 0.5710PDO<sub>-1</sub> indicating a positive effect. The result of the t-statistics (4.529126, p. 0.0001) is less than the 0.05 level of significance. This rejects the null hypothesis that "previous year dividend has no significant effect on dividend payout". In line with theory, this study has shown that

previous announcement of dividend also influences current year announcement. All related previous empirical studies are equally supported by this finding [Musa, 2009; Alzomaia & Al-Khadhiri, 2013; Bassey, Atarret & Asianya, 2014; and Fitri, Hosen & Muhari, 2016].

### **5. Conclusion and recommendations**

The study examined the determinants of dividend payout in consumer goods sector listed in Nigerian Stock Exchange. The results have shown that market value and previous year dividend are the major determinants of dividend payment in consumer goods sector in Nigeria. This suggests that companies declare dividend with the aim to achieving high shareholders wealth through the stock market trading activities.

Since the study has shown that size and leverage can have adverse effect on payment of dividend in consumer goods companies, investors in this industry should know that small companies has higher tendency to paying dividend in this sector of Nigerian economy.

It is noteworthy that dividend payment in consumer goods companies follows a rule of the thumb where companies that paid dividend in the previous year are much likely to pay again; and companies with high share value stand more chances of paying dividend than those with lesser share price. This follows that companies that lose market value may be viewed as having slim chance of paying dividend in the current year.

The study thus recommended as follows:

1. Since previous dividend payout enhances chances of current dividend payment, it is expedient that the regulatory authorities monitor companies' dividend policy to prevent companies from paying dividend out from unprofitable business period.

2. Small investors seeking for dividend paying companies should not investment in large companies.

### **References**

1. Ahmed, H. & Javid, A., "Dynamics and determinants of dividend policy in Pakistan: evidence from Karachi stock exchange non-financial firms," *International Journal of Finance and Economics*, 25, (2009):148-171.
2. Ahmed, S. & Murtaza, H., "Critical analysis of the factors affecting the dividend payout: Evidence from Pakistan," *International Journal of Economics, Finance and*



Issue 1/2018

- Management Sciences*, 3(3), (2015): 204-212. <http://article.sciencepublishinggroup.com/pdf/10.11648.j.ijefm.20150303.17.pdf>
3. Alzomaia, T. S. F. & Al-Khadhiri, A., "Determination of Dividend Policy: The Evidence from Saudi Arabia," *International Journal of Business and Social Science*, 4(1), (2013): 181-192. Retrieved from [http://ijbssnet.com/journals/Vol\\_4\\_No\\_1\\_January\\_2013/20.pdf](http://ijbssnet.com/journals/Vol_4_No_1_January_2013/20.pdf)
  4. Amidu, M. & Abor, J., "Determinants of the dividend payout ratio in Ghana," *The Journal of Risk Finance*, 7(2), (2006): 136-145.
  5. Amidu, M., "How does dividend policy affect performance of the firm on Ghana Stock Exchange?" *Investment Management and Financial Innovations*, 4(2), (2007): 103-112. Retrieved from [http://www.businessperspectives.org/journals\\_free/imfi/2007/imfien200702Amidu.pdf](http://www.businessperspectives.org/journals_free/imfi/2007/imfien200702Amidu.pdf)
  6. Baah, B. K., Tawiah, R. & Opoku, F. E., "Industry sector determinants of dividend policy and its effect on share prices in Ghana" *International Journal of Economics, Business and Finance*, 2(5), (2014): 1-19. Retrieved from [http://www.ijebf.com/IJEBF\\_Vol.%202,%20No.%205,%20August%202014/Industry%20Sector.pdf](http://www.ijebf.com/IJEBF_Vol.%202,%20No.%205,%20August%202014/Industry%20Sector.pdf)
  7. Badu, E. A., "Determinants of dividend payout policy of listed financial institutions in Ghana," *Research Journal of Finance and Accounting*, 4(7), (2013): 184-190.
  8. Baker, Farrelly & Edelman, R., "A survey of management view on dividend policy," *Financial Management*, (1985): 78-84.
  9. Bhattacharya, S., "Imperfect information, dividend policy, and the bird in the hand fallacy," *Bell Journal of Economics*, 10(2), (1979): 59-70.
  10. Black, F. & Scholes, M., "The effects of dividend yield and dividend policy on common stock prices and returns," *Journal of Financial Economics*, 1, (1974): 1-22.
  11. DeAngelo, H. & DeAngelo, L., *Payout policy pedagogy: What matters and why*. Working paper (University of Southern California, 2006).
  12. Demirgunes, K., "Determinants of target dividend payout ratio: A panel autoregressive distributed lag analysis," *International Journal of Economics and Financial Issues*, 5(2), (2015): 418-426.
  13. Emekekekwe, P. E., *Corporate Financial Management*, 5th edition (Congo: African Bureau of Educational Sciences, 2005).
  14. Enekwe, C. I. Nweze, A. U. & Agu, C. I., "The effect of dividend payout on performance evaluation: Evidence of quoted cement companies in Nigeria," *European Journal of Accounting, Auditing and Finance Research*, 3(11), (2015): 40-59. Retrieved from <http://www.eajournals.org/wp-content/uploads/The-Effect-of-Dividend-Payout-on-Performance-Evaluation.pdf>
  15. Fama & Blahnik, "Dividend policy: An empirical analysis," *Journal of the American Statistical Association*, 12, (1968): 1132-1161.
  16. Fitri, R. R., Hosen, M. N. & Muhari, S., "Analysis of factors that impact dividend payout ratio on listed companies at Jakarta Islamic index," *International Journal of*

- Academic Research in Accounting, Finance and Management Sciences*, 6(2), (2016): 87-97. Retrieved from [http://hrmars.com/hrmars\\_papers/Article\\_09\\_Analysis\\_Factors\\_that\\_Impact\\_Dividend\\_Payout\\_Ratio.pdf](http://hrmars.com/hrmars_papers/Article_09_Analysis_Factors_that_Impact_Dividend_Payout_Ratio.pdf)
17. Gill, A., Biger, N. & Tibrewala, R., "Determinants of Dividend Payout Ratios: Evidence from United States," *The Open Business Journal*, III, (2010): 08-14.
  18. Gordon, M. J., "Optimal investment and financing policy," *The Journal of Finance*, 18(2), (1963): 264-272.
  19. Inyama, E. C., Okwo, M. I. & Inyiam, "Dividend payout policy determinants of selected listed brewery firms in Nigeria: a meta-analysis (2000-2013)," *European Journal of Business, Economics and Accountancy*, 3(3), (2015): 101-118. Retrieved from <http://www.idpublications.org/wp-content/uploads/2015/03/dividend-payout-policy-determinants-of-selected-listed-brewery-firms-in-nigeria-a-meta-analysis-2000%E2%80%932013.pdf>
  20. Jensen, M. C. & Meckling, W., "Theory of the firm: managerial behaviors, agency costs and capital structure," *Journal of Financial Economics*, 3, (1976): 305-360.
  21. Jensen, M. C., "Agency costs of free cash flow, corporate finance, and takeovers," *American Economic Review*, 76, (1986): 329-339.
  22. John, K. & Williams, J., "Dividends, dilution, and taxes: A signalling equilibrium," *Journal of Finance*, 40, (1985): 1053-1070.
  23. Kajola, S. O., Desu, A. A. & Agbanike, T. F., "Factors influencing dividend payout policy decisions of Nigerian listed firms," *International Journal of Economics, Commerce and Management*, III(6), (2015): 539-557. Retrieved from <http://ijecm.co.uk/wp-content/uploads/2015/06/3634.pdf>
  24. Kaźmierska-Jóźwiak, B., "Determinants of dividend policy: Evidence from Polish listed companies," *Procedia Economics and Finance*, 23, (2015): 473-477.
  25. King'wara, R., "Determinants of Dividend Payout Ratios in Kenya," *Research Journal of Finance and Accounting*, 6(1), (2015): 48-51.
  26. Lease, R. C. John, K., Kalay, A., Lowenstein, U. & Sarig, O. H., *Dividend Policy: It's Impact on Firm Value* (Massachusetts: Harvard Business School Press, 2000).
  27. Lintner, J., "Dividends, earnings, leverage, stock prices, and the supply of capital to corporations," *Review of Economics and Statistics*, 8, (1962): 243-269.
  28. Lintner, J., "Distribution of income of corporations among dividends, retained earnings and taxes," *American Economic Review*, 5, (1956): 97-113.
  29. Lintner, J., "Optional dividend and corporate growth under uncertainty," *A Quarterly Journal of Economics*, 2(2), (1964): 49-95.
  30. Litzenberger, R. H. & Ramaswamy, K., "The effect of personal taxes and dividends on capital asset prices," *Journal of Financial Economics*, 7, (1979): 163-195.
  31. Lloyd, W. P., Jahera, J. S. & Page, D. E., "Agency costs and dividend payout ratios," *Quarterly Journal of Business and Economics*, 24, (1985): 19-29.

### Issue 1/2018

32. Malik, F., Gul, S., Khan, M. T. Rehman, S. U. & Khan, M., "Factors Influencing Corporate Dividend Payout Decisions of Financial and Non-Financial Firms," *Research Journal of Finance and Accounting*, 4(1), (2013): 35-46.
33. Mehta, A., "An empirical analysis of determinants of dividend policy – Evidence from the UAE companies," *Global Review of Accounting and Finance*, 3(1), (2012): 18-31. Retrieved from <http://www.wbiaus.org/2.%20Anupam.pdf>
34. Miller, M. H. & Modigliani, F., "Dividend policy, growth, and the valuation of shares," *Journal of Business*, 34, (1961): 411-433.
35. Miller, M. H. & Rock, K., "Dividend Policy under Asymmetric Information," *Journal of Finance*, 40, (1985): 1031-1051.
36. Mollah, S. A., "Testing partial adjustment behavioral models in emerging markets: Evidence from pre and post market reforms in Bangladesh," *Global Journal of Business Research*, 3(1), (2009): 1-14.
37. Moradi, M., Salehi, M. & Honarmand, S., "Factors affecting dividend policy: Empirical evidence of Iran," *Poslovna Izvrsnost Zagreb, God. IV(1)*, (2010): 45-62.
38. Musa, I. F., "The dividend policy of firms quoted on the Nigerian stock exchange: An empirical analysis," *African Journal of Business Management*, 3(10), (2009): 555-566. Retrieved from <http://www.academicjournals.org/journal/AJBM/article-full-text-pdf/93C42D918307>
39. Musiega, M. G., Alala, O. B., Musiega, D., Maokomba, O. C. & Egessa, R., "Determinants of dividend payout policy among non-financial firms on Nairobi securities exchange, Kenya," *International Journal of Scientific & Technology Research*, 2(10), (2013): 253-266. Retrieved from <http://www.ijstr.org/final-print/oct2013/Determinants-Of-Dividend-Payout-Policy-Among-Non-financial-Firms-On-Nairobi-Securities-Exchange-Kenya.pdf>
40. Nguyễn, T. H., *Factors affecting the dividend payment policy of the listed companies on the Ho Chi Minh stock market*, 2016. Retrieved from [http://veam.org/wp-content/uploads/2016/08/2015\\_51\\_Nguyen\\_Thi\\_Huyen\\_Factors\\_affecting\\_the\\_dividend\\_payment\\_policy\\_of\\_the\\_listed\\_companies\\_on\\_the\\_Ho\\_Chi\\_Minh\\_Stock\\_Market.pdf](http://veam.org/wp-content/uploads/2016/08/2015_51_Nguyen_Thi_Huyen_Factors_affecting_the_dividend_payment_policy_of_the_listed_companies_on_the_Ho_Chi_Minh_Stock_Market.pdf)
41. Nissim, D. & Ziv, D. (2001). Dividend changes and future profitability. *Journal of Finance*, 56 (6), 2111–2133.
42. Nnadi, M., Tanna, S. & Kiabel, B. D., "Multivariate Analyses of Factors Affecting Dividend Policy of Acquired European Banks," *SSRN Electronic Journal*, April. DOI: 10.2139/ssrn.1779510, 2013. Retrieved from <https://www.researchgate.net/publication/228317467>
43. Nuredin, M., *Determinants of Dividend Policy of Insurance Companies in Ethiopia*, A thesis Submitted to the Department of Accounting and Finance in partial fulfilment of the requirements for the Degree of Master of Science (Accounting and Finance) (Addis Ababa University, Ethiopia, 2012).



44. Nwude, C. E., *The Basic Principles of Financial Management*, 1st edition (Enugu: Chuke Nwude Nigeria, 2003).
45. Odesa, J. O. & Ekezie, A., "Determinants of dividend policy in quoted companies in Nigeria," *Communication Panorama African and Global Perspectives*, 1(1), (2015): 1-13. Retrieved from [http://commpan.com/uploads/14/424\\_pdf.pdf](http://commpan.com/uploads/14/424_pdf.pdf)
46. Pandey, *Financial Management* (New Delhi: Vikas Publishing House, 2005).
47. Priya, S. & Azhagaiah, R., "The impact of dividend policy on shareholders' wealth," *International Research journal of Finance and Economics*, 20, (2008): 181-187.
48. Rafique, M., "Factors affecting dividend payout: Evidence from listed non-financial firms of Karachi stock exchange," *Business Management Dynamics*, 1(11), (2012): 76-92.
49. Ramli, M. R. & Arfan, M., "Pengaruh Laba, Arus Kas Operasi, Arus Kas Bebas, dan Pembayaran Dividen Kas Sebelumnya terhadap Dividen Kas yang Diterima oleh Pemegang Saham," *Jurnal Telaah dan Riset Akuntansi*, 4(2), (2011): 126-138.
50. Refra, E. & Widiastuti, dan-M. C., "Pengaruh Profitability, Firm Size, Tax, Investment Opportunities, Life Cycle Stage terhadap Dividend Policy pada Industri Manufaktur di Indonesia," *Journal Manajemen Fakultas Ekonomi Universitas Trisakti*, 1(2), (2014): 84-105.
51. Rozeff, M., "Growth, beta and agency costs as determinants of dividend payout ratios," *Journal of financial Research*, 5(3), (1982): 249-259.
52. Sunyoto, D., *Analisis Laporan Keuangan untuk Bisnis* (Jakarta: CAPS, 2013).
53. Uwuigbe, U., Jafaru, J. & Ajayi, A., "Dividend policy and firm performance: a study of listed firms in Nigeria," *Accounting and Management Information Systems*, 11(3), (2012): 442-454. Retrieved from <http://eprints.covenantuniversity.edu.ng/1578/1/DIVIDEND%20POLICY%20AND%20FIRM%20PERFORMANCE.pdf>
54. Walter, J. E., "Dividend policy: Its influence on the value of the enterprise," *Journal of Finance*, 18(2), (1963): 280-291.
55. Zameer, Z., Rasool, S., Iqbal, S. & Arshad, U., "Determinants of Dividend Policy: A Case of Banking Sector in Pakistan," *Middle-East Journal of Scientific Research*, 18(3), (2013): 410-424, [http://www.idosi.org/mejsr/mejsr18\(3\)13/22.pdf](http://www.idosi.org/mejsr/mejsr18(3)13/22.pdf)
56. Zhong, Y., "Analysis of dividend policy influence factors of China's listed banks," *Open Journal of Social Sciences*, 4, (2016): 272-278. Retrieved from [http://file.scirp.org/pdf/JSS\\_2016033015145900.pdf](http://file.scirp.org/pdf/JSS_2016033015145900.pdf)

