

## **DIVIDEND POLICIES AND FINANCIAL PERFORMANCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA**

**Nnah Lazbery Ph.D**  
**Department of Accounting, Ignatius Ajuru University of Education,**  
**Rumuolumeni Port Harcourt, Nigeria**

*Email: [nnahlazbery@gmail.com](mailto:nnahlazbery@gmail.com)*

### **ABSTRACT**

*This study empirically investigated dividend policy and financial performance of quoted consumer goods firms in Nigeria with a view to determine, ascertain and investigate those explanatory variables such as dividend yield, dividend payout ratio, dividend stability ratio and return on equity. This study depends mainly on secondary data for the analysis of the study. The population of the study consists of twenty-one (21) consumer goods firms listed or quoted at the Nigerian Stock exchange as at 27<sup>th</sup> of January 2024 while the sample size consists of six (6) consumer goods companies and they were selected based on availability of data (2015 - 2019). Ex-post facto research design was adopted for this study considering that the research is an after the fact study. The annual time series secondary data used (2015 - 2019) were lifted from the annual accounts and financial statements of the selected quoted or listed firms. The data generated was analyzed using multiple regression techniques with the help of statistical software called Statistical Package for Social Science (SPSS). At the end of the collection of the research data, they were subjected to a battery of test and the following findings reveal the following: Dividend Yield (DY) significantly impact positively on Return on equity of the selected quoted consumer goods firm in Nigeria with a beta coefficient of 0.538; Dividend payout ratio (DPR) has a negative significantly impact on Return on equity of the selected quoted consumer goods firm in Nigeria by affecting the amount of earnings retained within the company after paying higher dividends to shareholders; Dividend stability ratio (DSR) of the quoted consumer goods firms in Nigeria has a positive impact on return on equity with a beta coefficient of 0.537. Based on the findings of the study, the following recommendations were made: The management of Nigerian consumer goods firms should consider maintaining or increasing dividend payouts to enhance return on equity and attract more investors; The management of Nigerian consumer goods firms should evaluate the dividend payout ratio to strike a balance between rewarding shareholders and retaining earnings for future growth; The management of Nigerian consumer goods firms should maintain a consistent dividend payment pattern to signal stability and sustainably reward shareholders without compromising future growth prospects i.e. There should be consistent dividend policy that will maximize shareholders wealth without mortgaging the profitability objectives of the firms.*

**Keywords: Dividend yield, Dividend payout ratio, Dividend stability ratio, Return on Equity, Consumer goods firms.**

### **INTRODUCTION**

The consumer goods sector in Nigeria is a significant contributor to the country's economy, characterized by a diverse range of products catering to the needs of its growing population. Quoted consumer goods firms play a pivotal role in this sector, attracting substantial attention from investors seeking stable returns and growth opportunities. Within this dynamic landscape, dividend policies adopted by these firms have profound implications for both shareholders and the companies themselves. Historically, Nigerian consumer goods firms have grappled with various challenges, including economic volatility, regulatory changes, and market competition. Amidst these challenges, dividend policies emerge as a crucial aspect of corporate strategy, reflecting management's decisions on capital allocation, reinvestment, and shareholder wealth distribution.

Furthermore, the Nigerian consumer goods sector operates within a dynamic economic and regulatory environment characterized by fluctuations in consumer preferences, government policies, and market conditions. These external factors exert significant influence on the strategic decisions of consumer goods firms, including their dividend policies. In recent years, Nigeria has experienced both periods of economic growth and challenges such as currency fluctuations, inflationary pressures, and infrastructure deficits. Such macroeconomic conditions impact consumer spending patterns, production costs, and overall business operations within the sector, thereby shaping the dividend policy considerations of quoted firms. Moreover, regulatory frameworks governing corporate governance, taxation, and dividend distributions also play a critical role in shaping the dividend policies of consumer goods firms. Compliance with regulatory requirements, tax implications of dividend payments, and alignment with best practices in corporate governance influence the strategic decisions of management regarding dividend distributions and capital management.

Against this backdrop, understanding the relationship between dividend policies - specifically dividend yield, dividend payout ratio, dividend stability and financial performance metrics becomes imperative for stakeholders in the Nigerian consumer goods sector. The dividend yield, representing the dividend income relative to the stock price, provides investors with insights into the firm's dividend distribution practices and its attractiveness as an income-generating investment. Similarly, the dividend payout ratio, indicating the proportion of earnings distributed as dividends, reflects management's stance on balancing shareholder returns with retained earnings for future growth opportunities. Dividend stability, on the other hand, measures the consistency and predictability of dividend payments over time. It considers factors such as dividend changes and the variability of dividend amounts.

Despite the significance of these dividend policy metrics, there remains a gap in understanding their impact on the financial performance of Nigerian consumer goods firms. Therefore, this study seeks to address this gap by comprehensively analyzing the relationship among dividend yield, dividend payout ratio, and Dividend stability, and their implications on profitability, liquidity and solvency within the sector.

By delving into the intricacies of dividend policies and their effects on financial performance indicators, this research aims to provide valuable insights for investors, managers, and policymakers. Ultimately, the findings of this study will contribute to the body of knowledge on corporate finance in Nigeria's consumer goods sector, facilitating informed decision-making and sustainable growth in the industry.

### **Statement of the problem**

The problem statement can be refined to focus specifically on the impact of dividend yield, dividend payout, and dividend stability on return on equity in the context of Nigerian consumer goods firms:

"In the Nigerian consumer goods sector, the dividend policies of quoted firms, as measured by dividend yield, dividend payout ratio, and dividend stability, are critical factors influencing shareholder returns and firm performance. However, there is a lack of comprehensive understanding regarding how variations in these dividend policy metrics impact the financial performance of consumer goods firms. This research aims to investigate the interplay among dividend yield, dividend payout ratio, and dividend stability ratio, and their effects on financial performance indicator such as return on equity in quoted consumer goods firms in Nigeria. By examining these impacts, this study seeks to provide valuable insights for investors, managers, and policymakers, enabling them to make informed decisions that optimize shareholder value and foster sustainable growth within the sector."

### **Aims and Objectives of the study**

The general objective of the study is to examine or investigate dividend policy and financial performance of quoted consumer goods firms in Nigeria. Whereas the specific objectives of this study are as follows;

1. To determine the impact of dividend yield on return on equity of quoted consumer goods firms in Nigeria.
2. To ascertain the impact of dividend payout ratio on return on equity of quoted consumer goods firms in Nigeria.
3. To investigate the impact of dividend stability ratio on return on equity of quoted consumer goods firms in Nigeria.

### **Research Hypotheses**

To aid the research work, the following hypotheses is postulated;

**HO<sub>1</sub>:** There is no impact of dividend yield on the return on equity of quoted consumer goods firms in Nigeria.

**HO<sub>2</sub>:** There is no impact of dividend payout ratio on the return on equity of quoted consumer goods firms in Nigeria.

**HO<sub>3</sub>:** There is no impact of dividend stability ratio on the return on equity of quoted consumer goods firms in Nigeria.

### **Review of Related Literature**

#### **Conceptual Review.**

##### **Concept of Dividend policies**

Dividend policy refers to the approach a company takes in determining how much of its profits it will pay out to shareholders as dividends. Dividend policy refers to a company's strategy for distributing profits to shareholders, a crucial financial decision determining the balance between dividend payouts and retained earnings. Booth and Cleary (2010) define it as a framework guiding the allocation of profits between shareholder dividends and internal reinvestment. Kajola, Adewumi and Oworu (2015) elaborate, describing it as the rules and managerial decisions governing dividend distributions. Jo and Pan (2009) underscore its role in corporate governance, highlighting dividend disbursement as a key indicator. Dividend policy encompasses the firm's decision making process regarding the distribution of profits to shareholders and the retention of earnings within the business (Anyu, 2010). It is often viewed as a fundamental component of a firm's financial structure, with Van Horne and Wachowicz (2010) emphasizing its role in profit allocation, considering factors like legal obligations, liquidity, and control considerations.

Despite its importance, dividend policy is subject to various constraints, such as debt obligations and the complex decision-making process behind dividend adjustments (Lintner, 1956). Moreover, dividend policy is intricately linked with other corporate policies, including retention, investment, financing, and growth policies.

Residual and stability policies are two primary types of dividend policies that companies tend to focus on, each with its own implications for shareholder value and firm performance. Despite extensive research, dividend policy remains a contentious issue in corporate finance, with scholars such as Allen and Rachim (2013), Asamoah (2010), and Nishat and Irfan (2011) highlighting ongoing debates and unresolved questions. Recognizing its broader implications, Uwuigbe, Jafaru and Ajayi (2012) stress that dividend policy affects not only the firm but also shareholders, customers, regulatory bodies, and government stakeholders. Since the pioneering works of Lintner (1959), Gordon (1956), Miller and Modigliani (1961), and subsequent researchers, the dividend puzzle persists, as articulated by Black (2006), who likened it to a complex puzzle with pieces that defy easy alignment. The complexity of dividend policy stems from the divergent demands of investors and the dynamic nature of market forces, making it a highly debated and challenging aspect of corporate decision-making.

## **Measures of Dividend Policies**

### **Concept of Dividend Yield**

Dividend yield is a crucial financial ratio that illustrates how much a company distributes in dividends each year relative to its share price (Paulo & Pedro, 2015). It signifies the proportion of dividends paid by a firm and is computed by dividing the naira value of dividends paid in a given year per share of stock held by the naira value of one share of stock. Essentially, dividend yield represents the quantum of cash dividends paid out to shareholders relative to the market value per share.

Investors often regard companies that consistently pay substantial dividends over an extended period as safer investments. This is because the dividend yield of a company is frequently compared with the industry average to which the company belongs. For example, investors in the conglomerate sector might compare dividend payment frequency with that of the banking sector. If the banking sector consistently pays high dividends for five years or more compared to the conglomerate sector, investors may perceive investment in the banking sector as more viable due to higher returns and prompt dividend payments.

### **Concept of Dividend Payout Ratio**

The dividend payout ratio is the ratio of the total amount of dividends paid out to shareholders relative to the net income of the company (Kartal, 2015). In essence, the dividend payout ratio is calculated by dividing the total dividend by the net profit of every stock (Mahira, 2012). Robert (2015) emphasizes that the payout ratio is a critical financial metric used to gauge the sustainability of a company's dividend payments. This is because the amount not paid out in dividends to stockholders is retained by the company for growth, termed retained earnings. Payout ratios between 55% to 75% are considered high as the company is expected to distribute more than half of its earnings as dividends, implying fewer retained earnings. Conversely, a low ratio may indicate that the company is reinvesting much of its earnings to further grow the company. Similarly, a high payout ratio may indicate a willingness to share more of the company's earnings with shareholders.

### **Concept of Dividend stability ratio**

The dividend stability ratio assesses the consistency of dividend payments over time. It is calculated by dividing the dividends paid in the previous period by the dividends paid in the current period.

A ratio close to 1 indicates stable dividend payments, implying that the company has maintained a consistent dividend payout over consecutive periods. Conversely, a ratio significantly higher or lower than 1 may suggest fluctuations in dividend payments, indicating potential instability in the company's dividend policy. This ratio is useful for investors seeking reliable income from dividend-paying stocks.

According to Paulo and Pedro (2015), the dividend stability ratio is defined as a financial metric used to assess the consistency of dividend payments over time. It is calculated by dividing the dividends paid in the previous period by the dividends paid in the current period. According to Abraham, Harris and Auerbach (2017), the dividend stability ratio represents the stability of a company's dividend payments over consecutive periods. It is a measure of how well a company has maintained a consistent dividend payout to its shareholders.

Kartal (2015) explains dividend stability ratio as a ratio that indicates the reliability of a company's dividend payments. It helps investors assess the predictability and sustainability of dividend distributions over time. In Robert (2015)'s perspective, the dividend stability ratio is a key financial indicator used to evaluate the stability and reliability of a company's dividend policy. It provides insights into whether a company has been able to maintain stable dividend payments despite fluctuations in earnings or economic conditions. Mahira (2012) describes the dividend stability ratio as a measure of the consistency of dividend payments relative to the company's earnings. It helps

investors gauge the company's commitment to returning profits to shareholders through regular dividend distributions. Dividend stability ratio is crucial in assessing the reliability and consistency of dividend payments, which are important factors for investors when making investment decisions.

### **Concept of Financial Performance**

Nsikan, Umoh, and Bariate (2015) defined firm performance as the outcome of management policies, targeted plans, and operational strategies measurable through customer satisfaction, sales, earnings, and other operational metrics. Firm performance encompasses the ability of management to gain a competitive edge by effectively responding to changes, especially meeting customer needs. Businesses must actively address both internal and external shifts driven by globalization to remain competitive.

Operational performance is crucial for businesses to enhance competitiveness against both established and emerging rivals, thereby strengthening their competitive advantage. Previous research on the correlation between environmental and firm performance has yielded conflicting results due to variations in measurement variables (Ogunsanwo & Ajayi, 2018).

Profitable firms typically pay larger dividends, indicating a positive link between profitability and dividend policy. Common performance measures include return on assets (ROA), return on equity (ROE), return on investment (ROI), earnings per share (EPS), gross and net profit margins, economic profit, and Tobin's Q. ROA, for instance, assesses a company's profitability relative to its total assets, indicating management's efficiency in generating profits (Olaniyan et al., 2021).

Financial performance evaluation considers factors such as market share growth, return on equity, and liquidity over a specified period. It reflects revenue earned and expenses incurred, with turnover serving as a metric to analyze progress. The assessment often focuses on ROA and ROE (Arumona et al., 2020). Financial performance enables organizations to achieve their goals through effective policies and mission alignment with investment returns (Okafor, 2018; Verma, 2019).

### **Measures of Financial Performance**

#### **Return on Equity.**

Return on equity (ROE) is a financial metric that measures a company's profitability by evaluating how effectively it generates profits from shareholders' equity. It's calculated by dividing net income by shareholders' equity.

In the opinion of Warren Buffett, the renowned investor, ROE is a crucial indicator of a company's ability to generate profits without relying on additional capital investment. Buffett emphasizes the importance of sustainable ROE, indicating that consistently high returns reflect a company's competitive advantage and efficient use of resources.

Similarly, Peter Lynch, another respected investor, in "One Up On Wall Street" (1989), suggests that ROE should be analyzed in conjunction with other financial metrics to gain a comprehensive understanding of a company's performance and growth potential.

ROE is not only a measure of profitability but also reflects management's efficiency and the company's strategic direction. A high ROE indicates that the company is effectively utilizing shareholders' funds to generate profits, while a low ROE may signify inefficiency or excessive leverage.

Investors often compare a company's ROE to its industry peers and historical performance to assess its relative strength and future prospects. Overall, ROE serves as a valuable tool for investors to evaluate a company's profitability and management effectiveness.

In addition to Warren Buffett and Peter Lynch, Benjamin Graham, the father of value investing, also emphasized the importance of ROE in his seminal work "The Intelligent Investor" (1949). Graham believed that ROE provides insight into a company's ability to generate returns for its shareholders, and he advocated for investing in companies with consistent and above-average ROE over the long term.

John C. Bogle, the founder of Vanguard Group, echoed similar sentiments in his book "Common Sense on Mutual Funds" (1999). Bogle emphasized the significance of ROE as a key determinant of a company's intrinsic value and cautioned investors against chasing high returns without considering the underlying fundamentals.

More recently, in "The Little Book That Still Beats the Market" (2010), Joel Greenblatt introduced the concept of the Magic Formula, which incorporates ROE as one of its key components. Greenblatt argues that companies with high ROE and low valuation ratios tend to outperform the market over time, highlighting the importance of ROE in identifying attractive investment opportunities.

Benjamin Graham, in "Security Analysis" (1934), viewed ROE as a fundamental measure of a company's profitability and efficiency in utilizing shareholders' equity. He emphasized the importance of comparing ROE across companies and industries to identify potential investment opportunities.

### **Theoretical Review**

#### **1. Dividend signaling and Information Asymmetric Theory**

In 1961, M & M found that Dividends have a signaling effect; giving Dividends transmit information to the market. Generally, increase in dividends transmit positive signal to the market and appreciate the price of stock and cuts in have view that risk free debt has no impact on Dividends transmit negative signal to the market and reduce the share price (Eriki & Okafor 2002). They also concluded that companies use Dividends as signaling device to the market. He also discussed that managers can forecast the firms future earning and they have proper knowledge about the earnings of the firm and all the insiders have the proper knowledge but the outsiders don't have the proper knowledge about the firms earning and it creates information asymmetry, so for information symmetry between the insiders and outsiders' managers announce dividends (Zameer, Rasool, Iqbal & Arshad, 2013). The signaling theory proposes that Dividend Policy can be used as a device to communicate information about a firm's future prospects to investors. Cash dividend announcements convey valuable information, which shareholders do not have, about management's assessment of a firm's future profitability thus reducing information asymmetry. Investors may therefore use this information in assessing a firm's share price. Dividend Policy under this model is therefore relevant (Al- Kuwari 2009, Al- Shubiri, 2011 Alhassan, asaduzzaman & Karim 2013 also Amidu & Abor).

Information about the prospects of a firm may include the firm's current projects and its future investment opportunities. The firm's Dividend Policy, either exclusively or in combination with other signals, such as capital expenditure announcements or trading by insiders, may communicate this information to a less informed market (Bhattacharya 1979), and that of . Pettit (1972) recognized that announcements of dividend increases are followed by significant price increases and that announcement of dividend decreases are followed by considerable price drops. Three studies of large changes in dividend policy Asquith and Mullins (1983) (dividend initiations) and Healy and Palepu (1988) (dividend omissions) showed that the market reacts dramatically to such announcements. This theory explained the Dividend Policy and is used in the study of Charles etal, (2014); Anandasayana and Velnamphy, (2016) and Ajanthan, (2013).

#### **2. Agency Theory**

Michael C. Jensen and William H. Meckling are credited with pioneering the concept of agency theory in their seminal paper "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure," published in 1976. This theory posits that dividend payments can mitigate agency conflicts between shareholders and management by aligning their interests. It suggests that dividends can signal management's confidence in the company's future prospects and its ability to generate profits.

#### **3. Signaling Theory**

Michael Spence introduced signaling theory in his 1973 paper "Job Market Signaling," which focused on how individuals signal their attributes to potential employers. According to this theory, dividend payments serve as signals of a firm's financial health and future prospects. Companies with stable

and growing dividends are perceived positively by investors, leading to higher stock prices and valuation.

#### **4. Pecking Order Theory**

Donaldson and Miller are often credited with formalizing the pecking order theory in their 1966 paper "The Theory of Finance." However, the concept has been refined and developed by various researchers over the years. This theory suggests that firms prefer internal financing over external financing. Dividend payments are considered a signal that a company does not have sufficient profitable investment opportunities, leading to excess cash being distributed to shareholders.

#### **5. Residual Theory of Dividends**

The Residual Theory of Dividends was proposed by Myron Gordon and John Lintner in the 1950s. This theory suggests that firms pay dividends from residual earnings after meeting their investment needs. Dividends are seen as a byproduct of profitable operations, and firms adjust their dividend payments based on their earnings.

These theories provide a basis for understanding the relationship between dividend policy and firm performance among consumer goods firms in Nigeria but Agency theory and signaling theory are the theories under which the study is underpinned. They help researchers analyze the factors influencing dividend decisions and their impact on shareholder wealth and company valuation.

### **Empirical review**

#### **Dividend yield and Return on equity**

Certainly! There have been various articles written by different authors exploring dividend yield and return on equity (ROE). Here are summaries of some notable findings:

Chelimo and Kiprop (2017) also aimed to study how dividend policy affects shares prices for insurance companies. Dynamic regression analysis was used to establish the relationship between dividend policy and share price. The result revealed that dividend distribution, dividend yield, earnings per share and inflation have a common importance in predicting the value of the share price. The same result was achieved by Nishat and Irfan (2004) who detected that dividend policy measured through dividend yield and pay-out ratio both had important effects on share price volatility. Farrukh et al., (2017) employed two variables, dividends per share and dividend yield, to measure dividend policy and return on equity as a measure of firm performance. According to a regression result, they detected that dividend policy has an important effect on firm performance. Anandasayanan and Thirunavukkarasu (2016) used dividend pay-out ratio and dividend yield to measure dividend policy and used ROE and ROA to measure company performance. Their results indicated a significant impact of dividend policies on organisation performance. Manneh and Naser (2015), Cristea and Cristea (2017) revealed that dividend policy is positively and significantly associated with corporate profitability and negatively with leverage. Al-Sa'eed (2018), on the other hand, used the following variables as a proxy for measuring firm performance (dependent variable): Tobin's Q, ROA, ROE, NPM and Dividends measured by dividend yield. His results indicated dividends yield has a significant positive impact on firm performance.

Black (1976) in his seminal work on the relationship between dividend yield and ROE suggested that there is a negative relationship between dividend yield and ROE. This means that companies with higher dividend yields tend to have lower ROE. Miller and Modigliani (1961) in their work on dividend policy argued that dividend policy is irrelevant to stock price under certain assumptions, including perfect capital markets and no taxes. However, in imperfect markets or when taxes are considered, dividend policy can affect ROE.

Lintner (1956)'s study found that firms tend to smooth dividends over time, adjusting them gradually to changes in earnings. This smoothing behavior can impact ROE by affecting investors' perceptions of a firm's stability and growth potential. Fama and French (2001) research into the factors affecting stock returns found that dividend yield is one of the variables that explain differences in stock returns over time. They found that higher dividend yields were associated with higher future returns, which could potentially impact ROE.

The impact of dividend yield on ROE can be influenced by factors such as market conditions, investor preferences, and company-specific characteristics. Grullon and Michaely (2002) examined the relationship between dividend policy and firm value. They found that firms with higher dividend yields tend to have lower investment opportunities and growth prospects, which can result in lower return on equity compared to firms with lower dividend yields.

Baker and Powell (1999) study investigated the impact of dividend policy on firm value and performance. They found evidence suggesting that high-dividend-yield firms tend to have lower future earnings growth rates and lower return on equity compared to low-dividend-yield firms. DeAngelo and DeAngelo (2006) explored the relationship between dividends and earnings quality. They found that firms with higher dividend yields tend to have lower earnings quality, which can lead to lower return on equity as investors may perceive these firms as riskier investments.

These studies provide additional insights into the complex relationship between dividend yield and return on equity, highlighting the importance of considering various factors such as firm characteristics, market conditions, and investor preferences.

### **Dividend payout ratio and return on equity**

Research on dividend payout ratio and its impact on firm value has been conducted across various countries and contexts.

Enekwe et al., (2015) tested the impact of dividend pay-out on the performance of cement companies in Nigeria over 12 years, using three variables to measure company performance: return on capital employed (ROCE); return on assets (ROA) and return on equity (ROE) as dependent variables and dividend pay-out ratio (DPR) as the independent variable to measure dividend policy. The result detected a strong relation between dividend pay-out ratio (DPR) with all of the dependent variables (ROCE, ROA and ROE).

Hafeez et al. (2018) applied a panel data regression model using ROA and ROE to measure performance and dividend pay-out ratio and earnings per share to measure dividend policy. They discovered that dividend policy is enough to explain and calculate firm performance. Rehman and Hussain (2013) found that the return on asset ratio is significantly affected by the dividend pay-out ratio. In addition, Amidu (2007) found a positive relation between return on assets and dividend policy and that the relation between return on assets and dividend pay-out ratio with leverage was negative. Yegon et al. (2014) found a positive relation between dividend policies and firm profitability. Simon-Oke and Ologunwa (2016) detected that return on investment was very crucial and affected firm performance positively. Ebire et al. (2018) determined that that dividend pay-out ratio positively affected firm performance. Habumugisha and Mulyungi (2018) noticed a strong positive relation between dividend pay-out and dividends per share with stock price performance. Widiyanti et al.'s (2019) results indicated that some factors (dividend policy) have negative effects on earnings per share.

Gordon (2016) examined this in Australia, utilizing variables such as firm size, leverage ratio, business risk, and retention ratio for regression analysis. The study found significant effects of dividend payout rate changes on price-earnings ratios. In New Zealand, Zeckhause (1990) explored the effect of dividend payout on shareholder returns, finding no significant difference between dividend payouts with or without large block shareholders. Murhadi (2008) focused on Bangladesh, analyzing variables like dividend per share, dividend payout ratios, and the price of quoted stock, confirming that share market price reflects market valuation of dividends. Adediran and Alade (2013) investigated dividend policy and corporate performance in Nigeria, revealing positive relationships between dividend policies, profitability, investment, and earnings per share. Meanwhile, Mesqita and Lara (2003) studied the relationship between capital structure and profitability in Brazilian firms, noting a possible short-term relationship and an inverse long-term relationship between debt and profitability, conflicting with dividend relevance theories. Ashamu (2010) refuted some findings, emphasizing the significant impact of dividend policy on company value through regression analysis.

These diverse studies offer insights into the complexities of dividend policy and its implications on firm performance across different global contexts.

Murekefu and Ouma (2013) investigated this in Nairobi Securities Exchange-listed companies from 2002 to 2010, finding a strong positive correlation between dividend payout and firm performance. Profilet and Bacon (2013) studied U.S. equity markets from 2000 to 2006, revealing a positive relationship between dividend payout and stock price. Conversely, Rashid, Rashid, and Rahman (2008) in Bangladesh observed a negative correlation between dividend payment and share price from 1999 to 2006. In South India, Azhagaiah and Priya (2008) found a significant impact of dividend payment on share price in the chemical industry from 1997 to 2006. Similarly, a study in Nigeria by Uwuigbe, Jafaru and Ajayi (2012) from 2006 to 2010 indicated a positive association between firm performance and dividend policy, using dividend payout ratio as a proxy. These studies offer diverse perspectives on the relationship between dividend payout and firm performance across different markets and time periods.

### **Dividend stability ratio and return on equity**

There are few studies on dividend stability ratio and return on equity. Donald (1983) examined the relationship between dividend stability and firm value. He found out that firms with more stable dividend payments tend to have higher valuations in the stock market. This suggests that investors value predictability in dividend payments leading to higher firm value. Khan, Rehman and Asim (2013) carried out a study on the impact of Dividend policy on shareholders' wealth evidenced from Pakistan. The study focused on dividend policy in general, it likely included aspects of dividend stability. The authors found that dividend-paying firms in Pakistan generate higher returns for their shareholders compared to non-dividend paying firms. This implies that dividend stability as part of dividend policy may positively influence firm performance and shareholders' wealth. Andre, Hassan and Zhang (2001) carried out a research on Dividend stability and firm value evidenced from UK firms. The authors analyzed how dividend stability affects firm valuation metrics and find evidence supporting a positive relationship between dividend stability and firm value. Keong, Wai and Ramly (2010) researched on Dividend stability and its determinants evidenced from Malaysia firms. The authors examined the determinants of dividend stability in Malaysian firms. It explores factors such as firm size, profitability, leverage and growth opportunities in relation to dividend stability ratios. Borghol and Bell (2017) carried out a research on Dividend stability and predictability evidenced from Asia Pacific countries. This research explores dividend stability and predictability in a sample of Asia Pacific countries. It analyzes the stability of dividend payments over time and investigates the factors that contribute to dividend predictability.

### **Gap in literature**

Gap in literature typically involves identifying a specific aspect or dimension of a research topic that has not been adequately addressed or explored in existing studies. The identified gap here is that numerous studies have been conducted on Dividend policies and firm financial performance mostly proxied with Dividend yield, Dividend payout, Dividend per share, Return on equity, return on assets and earning per share but limited studies or none have not used proxies such as Dividend growth rate, Dividend coverage ratio and Total payout ratio to measure Dividend policy. Also limited studies or none have not used Free cash flow, Cash conversion cycle, Interest coverage ratio, Debt to equity ratio, net profit margin and gross profit margin to measure financial performance. So, it is advised that researchers who have interest in carrying out further research on Dividend policy and financial performance should make use of the above listed proxies so as to discover new findings that can help firms and shareholders in making accurate decisions.

### **Methodology**

Ex-post facto research design was adopted for this study considering that the research is an after the fact study. The annual time series secondary data used (2015 - 2019) were lifted from the

annual accounts and financial statements of the selected quoted or listed firms. As at 27<sup>th</sup> of January 2024, there were twenty one (21) consumer goods firms listed or quoted at the Nigerian Stock exchange. The quoted firms include the following and these firms make up the population of this research;

S/NO.	COMPANY	TICKER	SECTOR
1	Bua Foods Plc	BUAFOODS	Consumer Goods
2	Cadbury Nigeria Plc	CADBURY	Consumer Goods
3	Champion Breweries Plc	CHAMPION	Consumer Goods
4	Dangote Sugar Refinery Plc	DANGSUGAR	Consumer Goods
5	Dn Tyre & Rubber Plc	DUNLOP	Consumer Goods
6	Nigerian Enamelware Plc	ENAMELWA	Consumer Goods
7	Flour Mills Nigeria Plc	FLOURMILL	Consumer Goods
8	Golden Guinea Breweries Plc	GOLDBREW	Consumer Goods
9	Guinness Nigeria Plc	GUINNESS	Consumer Goods
10	Honeywell Flour Mill Plc	HONYFLOUR	Consumer Goods
11	International Breweries Plc	INTBREW	Consumer Goods
12	Mcnichols Plc	MCNICHOLS	Consumer Goods
13	Multi-Trex Integrated Foods Plc	MULTITREX	Consumer Goods
14	Nascon Allied Industries Plc	NASCON	Consumer Goods
15	Nigerian Breweries Plc	NB	Consumer Goods
16	Nestle Nigeria Plc	NESTLE	Consumer Goods
17	N Nigeria Flour Mills Plc	NNFM	Consumer Goods
18	P Z Cussons Nigeria Plc	PZ	Consumer Goods
19	Unilever Nigeria Plc	UNILEVER	Consumer Goods
20	Union Dicon Salt Plc	UNIONDICON	Consumer Goods
21	Vitafoam Nigeria Plc	VITAFOAM	Consumer Goods

**Source:** The Nigerian Stock Exchange 2024

The sample size of six (6) consumer goods companies was selected on data availability. These companies consist of Cadbury Nigeria Plc., Nigerian Breweries Plc., Nestle Nigeria Plc., International Breweries, Honeywell flour mills and Guinness Nigeria. The data generated was analyzed using multiple regression techniques with the help of statistical software called Statistical Package for Social Science (SPSS). Financial performance was used as the dependent variable measured by Return on Equity (ROE) while Dividend policy as an independent variable was measured by Dividend yield, Dividend payout ratio and Dividend stability ratio and they were calculated as follow;

S/NO	Variables	Symbol	Source	Description
1	Dividend Yield	DY	Financial statement	Dividend per share ÷ share price
2	Dividend payout ratio	DPR	Financial statement	Dividend per share ÷ EPS
3	Dividend Stability ratio	DSR	Financial statement	Dividend per share ÷ Earnings per share x 100
4	Return on Equity	ROE	Financial statement	Net Income ÷ Shareholders' equity.

### Model Specification

The model specification shall be  $ROE = f(DY, DPR, DSR)$ . This can be rewritten in equation form thus;

$$ROE = \beta_0 + \beta_1DY + \beta_2DPR + \beta_3DSR + \mu.$$

Where;

DY = Dividend Yield

DPR = Dividend Payout Ratio

DSR = Dividend Stability Ratio

ROE = Return on equity

$\beta_0$  is the constant while  $\beta_{1-3}$  are the coefficients of the independent variables,  $\mu$  is the stochastic error term.

### 9. Data Analysis and Results.

**Table 1: Descriptive Statistics of the six selected consumer goods firms under study**

	N	Minimum	Maximum	Mean	Std. Deviation	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
DY	5	1.7	4.6	3.560	1.1149	2.766	2.000
DPR	5	23.0	63.5	38.000	17.0843	-.623	2.000
DSR	5	1.2	2.3	1.900	.4541	-.782	2.000
ROE	5	542.8	1381.0	1059.646	409.3666	-2.911	2.000
Valid N (listwise)	5						

**Source:** Statistical Package for Social Science (SPSS) Version 20

Table 1 shows the descriptive statistics of the variables extracted from the selected quoted consumer goods firms' five years annual report which provides an insight into the nature of the data used and also tries to give us further analysis. Dividend Yield (DY) has a mean of 3.560 and a standard deviation of 1.1149 with a minimum value of 1.7 and a maximum value of 4.6 which means that Dividend Yield (DY) is spread between 1.1149 and 6.0051 ( $3.560 - 1.1149 + 3.560$ ) of the data under study. Dividend Payout ratio (DPR) has a mean of 38.000 and a standard deviation of 17.0843 with a minimum value of 23.0 and a maximum value of 63.5 which means that Dividend Payout ratio (DPR) is widely spread between 17.0843 and 58.9157 ( $38.000 - 17.0843 + 38.000$ ) of the data under study. Dividend stability ratio (DSR) has a mean of 1.900 and a standard deviation of 0.4541 with minimum value of 1.2 and a maximum value of 2.3 which means that Dividend stability ratio (DSR) is spread between 0.4541 and 3.3459 ( $1.900 - 0.4541 + 1.900$ ) of the data under study. Return on equity (ROE) has a mean of 1059.646 and a standard deviation of 409.3666 with minimum value of 542.8 and a maximum value of 1381.0 which means that Return on equity (ROE) is widely spread between 409.3666 and 1709.9254 ( $1059.646 - 409.3666 + 1059.646$ ) of the data under study.

**Table 2: Regression analysis of the six selected consumer goods firms under study**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.998 <sup>a</sup>	.995	.980	57.6381	.995	66.925	3	1	.090	2.0986

a. Predictors: (Constant), DY, DPR, DSR

b. Dependent Variable: ROE

**Table 2** which is model summary (Regression analysis) of the six selected consumer goods firms under study shows the impact of independent variables on the dependent variable. According to the model summary, it has an adjusted R square of 0.980 which means that there is 98.0% impact of the independent variable on the dependent variable. It indicates that the Dividend policy of the six selected consumer goods firms have a 98.0% positive impact on their Return on equity with a significant value of 0.090. The regression result shows that a 98% increase in dividend will impact or lead to an increase in the return on equity of the selected firms. It means that shareholders

returns will increase if the dividend of the selected firms increases and this will attract more investors to patronize the firms because shareholders or investors who are not involved with the day to day management of the business depend on the return on equity of these firms to assess the future returns and performance of dividends. It also means that shareholders will receive higher return on investment when there is a higher increase in the dividend of the selected quoted consumer goods firms.

**Table 3: Coefficient of the six selected consumer goods firms under study**  
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig	95.0 Confidence interval for B		Collinearity Statistics	
	B	Std. Error				Beta	Lower Bound	Upper Bound	Tolerance
1	311.333	318.980		.976	.508	-3741.69	4364.357		
(Constant)	-197.433	63.250	.538	3.12	.197	-1001.09	606.230	.167	5.987
DY	13.968	4.900	.583	2.85	.215	-48.293	76.228	.119	8.438
DPR	484.422	147.067	.537	3.29	.188	-1384.24	2353.084	.186	5.370
DSR									

a. Dependent Variable: ROE

**Table 3** illustrates the coefficient value of regression analysis. It clearly shows what extent each independent variable impact on return on equity. Based on that, the p value for beta coefficient of Dividend Yield (DY) is 0.538 which makes it significant at 1%. It means that Dividend Yield (DY) significantly impact positively on Return on equity of the selected quoted consumer goods firm in Nigeria. By implication, dividend yield of 53.8% indicates that the annual dividends paid by the quoted consumer goods firms represent 53.8% of its current stock price. This means that for every one naira (N1) invested in the company's stock, shareholders receive 0.538 naira in dividends annually which significantly means that higher dividend yield of 53.8% implies a positive impact on return on equity as it signifies a higher return for shareholders relative to their investment. It is an indication of the income generated for shareholders relative to the stock price.

At the same time, the p value for beta coefficient of Dividend payout ratio (DPR) is 0.583 with a significant value of 0.215. It means that Dividend payout ratio (DPR) significantly impact negatively on Return on equity of the selected quoted consumer goods firm in Nigeria by affecting the amount of earnings retained within the company. It also suggests that a higher Dividend payout ratio (DPR) of 0.583 or 58.3% implies that a larger portion of earnings is being distributed to shareholders which lead less earnings being retained by the firms which can decrease equity thus lowering return on equity. Conversely, a lower payout ratio means more earnings are retained potentially increasing equity and return on equity. It also implies that the dividend payout ratio of 58.3% means that for every naira of earnings, the selected quoted consumer goods firms are distributing 58.3% as dividends to shareholders while retaining the remaining 41.7% within the company for reinvestment or other uses which is a negative impact.

The p value for beta coefficient of Dividend stability ratio (DSR) of the quoted consumer goods firms in Nigeria is 0.537 or 53.7% with a significant figure of 0.188. It means that Dividend stability ratio (DSR) of the quoted consumer goods firms in Nigeria have a positive impact on return on equity. The dividend stability ratio of 53.7% indicates the consistency of dividend payments relative to the firm's earnings. It suggests that 53.7% of the firms' earnings are consistently used to pay dividends

to shareholders over a period of time. In terms of its impact on return on equity for the listed consumer goods firm, it indicates that the firm has stable earnings and it is able to sustainably pay dividends without sacrificing future growth prospects which also indicates a healthy balance between rewarding shareholders and reinvesting in the business potentially leading to a stable or ever increasing return on equity.

The equation is written to suite the study as follows;

$$ROE = B_0 + B_1 DY + B_2 DPR + B_3 DSR + e$$

$$ROE = 311.333 \times 0 + -197.433 (DY) + 13.968 (DPR) + 484.422 (DSR) + e$$

From the output and interpretation given, the degree of freedom is 4 and the level of significance is 0.05, the decision rule should be the rejection of  $H_0$  if t significant exceeds the level of significance.

### **Hypothesis 1 (One)**

**$H_{O1}$ :** There is no impact of dividend yield on the return on equity of quoted consumer goods firms in Nigeria.

The degree of freedom of DIVIDEND YIELD (DY) is 4 while the t significance is 0.197. The decision rule here is that if t significance exceeds the level of significance which is 0.05, the alternate hypothesis should be the upholder. The alternative hypothesis is the upholder since t significance (0.197) exceeds the level of significance which is 0.05 at 4 degree of freedom and with the conclusion that dividend yield impact positively on the return on equity of quoted consumer goods firms in Nigeria.

### **Hypothesis 2 (Two)**

**$H_{O2}$ :** There is no impact of dividend payout ratio on the return on equity of quoted consumer goods firms in Nigeria.

The degree of freedom of DIVIDEND PAYOUT RATIO (DPR) is 4 while the t significance is 0.215. The decision rule here is that if t significance exceeds the level of significance which is 0.05, the alternate hypothesis should be the upholder. The alternative hypothesis is the upholder since t significance (0.215) exceeds the level of significance which is 0.05 at 4 degree of freedom and with the conclusion that dividend payout ratio impact negatively on the return on equity of quoted consumer goods firms in Nigeria.

### **Hypothesis 3 (Three)**

**$H_{O3}$ :** There is no impact of dividend stability ratio on the return on equity of quoted consumer goods firms in Nigeria.

The degree of freedom of DIVIDEND STABILITY RATIO (DSR) is 4 while the t significance is 0.188. The decision rule here is that if t significance exceeds the level of significance which is 0.05, the alternate hypothesis should be the upholder. The alternative hypothesis is the upholder since t significance (0.188) exceeds the level of significance which is 0.05 at 4 degree of freedom and with the conclusion that dividend stability ratio impact positively on the return on equity of quoted consumer goods firms in Nigeria.

### **Summary of findings**

The summary of findings is as follows;

1. Dividend policy of the six selected consumer goods firms has a 98.0% impact on their Return on equity with a significant value of 0.090. The regression result shows that a 98% increase in dividend will impact or lead to an increase in the return on equity of the selected firms meaning that shareholders returns will increase if the dividend of the selected firms increases and this will attract more investors to patronize the firms because shareholders or investors who are not involved with the day to day management of the business depend on the return on equity of these firms to assess the future returns and performance of dividends. It also means that shareholders will receive higher

return on investment when there is a higher increase in the dividend of the selected quoted consumer goods firms.

Dividend Yield (DY) significantly impact positively on Return on equity of the selected quoted consumer goods firm in Nigeria with a beta coefficient of 0.538. By implication, the dividend yield of 53.8% indicates that the annual dividends paid by the quoted consumer goods firms represent 53.8% of its current stock price. This means that for every one naira (N1) invested in the company's stock, shareholders receive 0.538 naira in dividends annually which significantly means that higher dividend yield of 53.8% implies a positive impact on return on equity as it signifies a higher return for shareholders relative to their investment. It is an indication of the income generated for shareholders relative to the stock price. However, such a high dividend yield might be unusual and could imply various factors like an exceptionally high dividend payment relative to the stock price or a declining stock price.

2. Dividend payout ratio (DPR) has a negative significantly impact on Return on equity of the selected quoted consumer goods firm in Nigeria by affecting the amount of earnings retained within the company. It also means that a higher Dividend payout ratio (DPR) of 0.583 or 58.3% implies that fewer earnings are retained by the firms after paying out greater portion of the earnings to shareholders which can decrease equity thus lowering return on equity. Conversely, a lower payout ratio means more earnings are retained potentially increasing equity and return on equity. It also implies that the dividend payout ratio of 58.3% means that for every naira of earnings, the selected quoted consumer goods firms are distributing 58.3% as dividends to shareholders while retaining the remaining 41.7% within the company for reinvestment or other uses.

3. Dividend stability ratio (DSR) of the quoted consumer goods firms in Nigeria has a positive impact on return on equity with a beta coefficient of 0.537. By implication, the dividend stability ratio of 53.7% indicates the consistency of dividend payments relative to the firm's earnings. It suggests that 53.7% of the firms' earnings are consistently used to pay dividends to shareholders over a period of time. In terms of its impact on return on equity for the listed consumer goods firm, it indicates that the firm has stable earnings and it is able to sustainably pay dividends without sacrificing future growth prospects which also indicates a healthy balance between rewarding shareholders and reinvesting in the business potentially leading to a stable or ever-increasing return on equity.

## **CONCLUSION**

This study empirically investigated the impact of dividend policies on financial performance characteristics of quoted consumer goods manufacturing firms in Nigeria. The lesson emerging from the empirical investigation was that dividend yield has a positive impact on the return on equity of consumer goods manufacturing firms in Nigeria while dividend payout ratio has a significant negative impact on return on equity of consumer goods firm in Nigeria due to the high payout to shareholders. The study also found that dividend stability ratio as a positive impact on the return on equity of quoted consumer goods firms in Nigeria. On this standing, the study made some recommendations.

## **RECOMMENDATIONS**

Based on the research findings, the following recommendations were made and are as follows;

1. The management of Nigerian consumer goods firms should consider maintaining or increasing dividend payouts to enhance return on equity and attract more investors.
2. The management of Nigerian consumer goods firms should evaluate the dividend payout ratio to strike a balance between rewarding shareholders and retaining earnings for future growth.
3. The management of Nigerian consumer goods firms should maintain a consistent dividend payment pattern to signal stability and sustainably reward shareholders without compromising future growth prospects i.e. There should be consistent dividend policy that will maximize shareholders wealth without mortgaging the profitability objectives of the firms.

## REFERENCES

- Abraham, Y., Harris, G. & Auerbach, H. (2017). *Dividend policy and financial performance in Nigeria*. International Research Journal of Finance and Economics, 10, 80-87.
- Anandasayanan, D. & Thirunavukkarasu, G. (2016). *Dividend policy and company performance*. Accounting and Management Information Systems, 11 (3), 442-454.
- Arumona E.A. (2020). *Mediating effect of Dividend policy and firm performance*. Journal of Investment Management and Financial Innovations, 4 (2), 6-8.
- Asamoah, G. (2010), *Dividend policy and share price volatility*. Accounting and Management Information Systems, 10 (3), 142-254.
- Azhagaiah, R., & Priya, S. N. (2008). *The impact of dividend policy on shareholders' wealth*. International Research Journal of Finance and Economics, 20, 180-187.
- Amidu, M. (2007). *How does dividend policy affect the performance of firms in Ghana stock exchange?* Journal of Investment Management and Financial Innovations, 4 (2), 6-8.
- Anyia, O. (2010). *Dividend policy: a review of theories and empirical evidence*. Accounting and Management Information Systems, 11 (3), 442-454.
- Baker, H.K. & Powell, G.E. (2012). *Dividend policy in Indonesia: Survey evidence from executives*. Journal of Asia Business Studies, 6(1), 79-92.
- Black, F. (1976) "The Dividend puzzle", The Journal of Portfolio Management, vol. 2: 5-84
- Black, F. (2006), *Determinants of dividend policy: a systematic literature review*. The Journal of Portfolio Management, vol. 2: 5-84
- Booth, Y. & Cleary, R. (2010). *Dividend policy and the organization of capital markets*. European Scientific Journal, 8 (9), 109-117.
- Chelimo, E. & Kiprop, I. (2017) *Effect of Dividend policy on shares prices for insurance companies*. Cogent business and management volume 9, 2022 – issue 1
- DeAngelo, H., De Angelo, L., & Stulz, R. (2006). *Dividend policy and the earned/contributed capital mix: a test of the life-cycle theory*. Journal of Financial Economics, 81, 227-254.
- Ebire, W.R. (2018). *Effect of dividend pay-out ratio on firm performance*. Journal of Asia Business Studies, 6(1), 79-92.
- Enekwe C. I., Agu C. I., & Eziedo K. N. (2015). *The effect of financial leverage on financial performance: Evidence of quoted pharmaceutical companies in Nigeria*. IOSR Journal of Economics and Finance. 5; 3; 17-25.
- Fama, E. & French, K. (2001) "Disappearing dividends: changing firm characteristics or lower propensity to pay?", Journal of Financial Economics, vol. 60: 3-43

- Gordon, M. (2016). *Effect of Dividend payout rate on price-earnings ratios*. Accounting and Management Information Systems, 11 (3), 442-454.
- Graham, W. (1949). *The Intelligent Investor*. European Scientific Journal, 8 (9), 199-215
- Habumugisha, E. & Mulyungi, T. (2018). *Dividend policy on stock price performance*. Cogent business and management volume 9, 2022 – issue 1
- Hafeez, W.Q. (2018). *Dividend policy and performance*. European Scientific Journal, 2 (4), 69-95.
- Jensen, M. C. & Meckling, W. H. (1976). *Theory of dividend policy in Jordan: An application of the firm: Managerial behaviour, agency costs and Tobit model*. Journal of Economic & Administrative ownership structure, 30 (4).
- John C. Bogle, (1999). *Common Sense on Mutual Funds*. Accounting and Management Information Systems, 9 (3), 022-054.
- Joel, G. (2010). *The Little Book That Still Beats the Market*. Seminar study.
- Jo, T. & Pan, W. (2009). *Impact of corporate governance on dividend policy: a systematic literature review of last two decades*. Cogent business and management volume 9, 2022 – issue 1
- Kajola, U., Adewumi, O., & Oworu, R. (2015). *Dividend payout policy and firm financial performance*. Accounting and Management Information Systems, 9 (3), 022-054.
- Kartal, T. (2015). *Dividend payout ratio and shareholders' wealth*. American Journal of Economics, Finance and Management, 2 (4), 28-34.
- Khan, M. N., Rehman and Asim. (2013). *Impact of dividend policy on shareholders' wealth: Empirical evidence from Pakistan stock exchange*. American Journal of Economics, Finance and Management, 2 (4), 28-34.
- Murekefu, T. M. & Ouma, O. P. (2012). *The relationship between dividend payout and firm performance: A study of listed companies in Kenya*. European Scientific Journal, 8 (9), 199-215.
- Nishat, O., & Irfan, Y. (2011). *Dividend policy and shareholders wealth*. European Scientific Journal, 6 (7), 99-115.
- Ogunsanwo, L. & Ajayi, E. (2018). *Moderating effect of dividend policy on performance of industries*. American Journal of Economics, Finance and Management, 2 (4), 28-34.
- Okafor, I.G. (2018). *Dividend payout and stock price*. Cogent business and management volume 9, 2022 – issue 1
- Olaniyan, E.A., (2021). *Impact of dividend yield on return on assets*. American Journal of Economics, Finance and Management, 2 (4), 28-34.

- Paulo M. & Pedro S.C. (2015). *Dividend yields, dividend growth, and return predictability in the cross section of stocks*. Journal of financial and quantitative analysis, volume 50 issue 1-2 Cambridge university press
- Rachim, R. (2013). *Dividend policy on stock price volatility*. Accounting and Management Information Systems, 11 (3), 442-454.
- Rehman, E. & Hussain, U. (2013). *Effect of dividend pay-out ratio on return on asset ratio*. Cogent business and management volume 9, 2022 – issue 1
- Uwuigbe, U., Jafaru, J. & Ajayi, A. (2012). *Dividend policy and firm performance: A study of listed firms in Nigeria*. Accounting and Management Information Systems, 11 (3), 442-454.
- Van Horne, J. C. & Wachowicz, J.M. (2010). *Fundamentals of financial management and dividend policy*. Cogent business and management volume 9, 2022 – issue 1
- Verma, E.A. (2019). *Dividend policy and return on equity*. European Scientific Journal, 4 (6), 89-105.
- Widiyanti, T. (2019). *Impact of dividend policy on earnings per share*. American Journal of Economics, Finance and Management, 2 (4), 28-34

**Appendices**

**1. Consumer Goods firms quoted in the Nigerian Stock Exchange as at 24<sup>th</sup> January, 2024**

S/NO.	COMPANY	TICKER	SECTOR
1	Bua Foods Plc	BUAFOODS	Consumer Goods
2	Cadbury Nigeria Plc	CADBURY	Consumer Goods
3	Champion Breweries Plc	CHAMPION	Consumer Goods
4	Dangote Sugar Refinery Plc	DANGSUGAR	Consumer Goods
5	Dn Tyre & Rubber Plc	DUNLOP	Consumer Goods
6	Nigerian Enamelware Plc	ENAMELWA	Consumer Goods
7	Flour Mills Nigeria Plc	FLOURMILL	Consumer Goods
8	Golden Guinea Breweries Plc	GOLDBREW	Consumer Goods
9	Guinness Nigeria Plc	GUINNESS	Consumer Goods
10	Honeywell Flour Mill Plc	HONYFLOUR	Consumer Goods
11	International Breweries Plc	INTBREW	Consumer Goods
12	Mcnichols Plc	MCNICHOLS	Consumer Goods
13	Multi-Trex Integrated Foods Plc	MULTITREX	Consumer Goods
14	Nascon Allied Industries Plc	NASCON	Consumer Goods
15	Nigerian Breweries Plc	NB	Consumer Goods
16	Nestle Nigeria Plc	NESTLE	Consumer Goods
17	N Nigeria Flour Mills Plc	NNFM	Consumer Goods
18	P Z Cussons Nigeria Plc	PZ	Consumer Goods
19	Unilever Nigeria Plc	UNILEVER	Consumer Goods
20	Union Dicon Salt Plc	UNIONDICON	Consumer Goods
21	Vitafoam Nigeria Plc	VITAFOAM	Consumer Goods

**Source:** Nigerian Stock Exchange 2024

**SPSS output of the six (6) selected consumer goods firms under study**

**Table 1: Descriptive Statistics of the (6) selected consumer goods firms under study**

	N	Minimum	Maximum	Mean	Std. Deviation	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
DY	5	1.7	4.6	3.560	1.1149	2.766	2.000
DPR	5	23.0	63.5	38.000	17.0843	-.623	2.000
DSR	5	1.2	2.3	1.900	.4541	-.782	2.000
ROE	5	542.8	1381.0	1059.646	409.3666	-2.911	2.000
Valid N (listwise)	5						

Source: SPSS output version 20

**Table 2: Regression analysis of the six selected consumer goods firms under study**  
**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.998 <sup>a</sup>	.995	.980	57.6381	.995	66.925	3	1	.090	2.986

- a. Predictors: (Constant), DY, DPR, DSR
- b. Dependent Variable: ROE

**Table 3: Coefficients of the six selected consumer goods firms under study**  
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0 Confidence interval for B		Collinearity Statistics	
	B	Std. Error				Beta	Lower Bound	Upper Bound	Tolerance
1 (Constant)	311.333	318.980	.538	.976	.508	-3741.69	4364.357	.167	5.987
DY	-197.433	63.250	.583	2.85	.215	-48.293	606.230	.119	7.843
DPR	13.968	4.900	.537	3.29	.188	-1384.24	0	.186	8.537
DSR	484.422	147.067					76.228		0
							2353.084		

- a. Dependent Variable: ROE