DIVIDEND POLICY AND FINANCIAL PERFORMANCE (RETURN ON ASSETS) OF LISTED MANUFACTURING FIRMS IN FOOD AND BEVERAGE INDUSTRY IN NIGERIA

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ABSTRACT

Dividend policy is a pointer to the future performance of a company. It is against this background that this study investigated the effect of dividend policy on the financial performance (Return on Assets) of firms listed in food and beverage industry in Nigeria over a period of ten years, from 2010 to 2019. Panel data from audited financial statements from 14 purposely selected firms in the industry were extracted on Return on Assets (ROA) used to proxy financial performance. Data were also extracted on Dividend Payout Ratio (DPR); Dividend Yield (DY); Retention Ratio (RR) and Dividend Coverage Ratio (DCR) used to proxy dividend policy. An analysis of the data showed that they are stationary at level and that co-integration exists among them. Hausman test confirmed that fixed effect model was most appropriate. All the four variables used to proxy dividend policy jointly significantly affect performance though their individual results are mixed. DPR exerts a positive (coefficient = 1.886) and significant (p = 0.008) influence on performance. DY exerts a negative (coefficient = -0.002) and insignificant (p = 0.311) influence while RR exerts a negative (coefficient = -2.002) and significant influence (p = 0.004). DCR exerts an insignificant (p = 4.31) positive influence (coefficient = 0.17).The findings confirmed some existing works while they negate others. The study recommends that all the identified micro and macro-economic factors that affect dividend policy should be taken into consideration by management since the overall aim is to maximise shareholders' wealth.

Key words: Dividend policy, Firm performance, Return on Assets, Dividend Payout Ratio, Dividend Yield

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I. INTRODUCTION

Dividend is a share of earnings of a company to shareholders. The allocation of profit or dividend is one of the four fundamental decisions in financial management, others being management of working capital, investment and financing decisions (Idewele & Murad, 2019).

The importance of dividend decision is in two folds as it determines the amount of earnings to pay to investors and the amount to retain for investments. It is a pointer to the future performance of a company since the amount retained for investments determines, in most cases, the future earning powers of the company and future dividends (Swee, Zakaria & Hui, 2007). The cost of capital is influenced by dividend decisions and as such, when making these interwoven and complex decisions, the overall aim must be to maximize the wealth of shareholders. The ability of any firm to pay dividends, depends on its financial performance to a large extent.

Financial performance indicates the outcomes of activities involved in the use of financial resources owned by business organisations (Gitman & Zutter, 2012). Financial performance, in this way, is due to numerous decisions made on continuous basis by management with the view of assessing the outcomes of such decisions (Feriswara & Buniarto, 2021). Fahmi (2011) posited that financial performance is a form of analysis done by management in order to ascertain the extent of the correct and proper implementation of its financial rules and regulations.

One of the basic objectives of financial performance is to ensure liquidity which is the ability of any business organisation to meet, as at when due, all its financial obligations. Others, according to Munawir (2000 in Fadairo, 2021)are to ensure adequate solvency level and guaranty high profitability. Profitability, in this sense, being the ability of any business organisation to make enough profits and be able to regularly and conveniently pay dividends to its shareholders. One of the methods of measuring profitability is Return on Assets (ROA) (Feriswara & Buniarto, 2021; Robinson, 1982). ROA indicates to investors, the effectiveness of a company in converting its investments into net income. The higher the amount of ROA, the better as it shows that the company earns more from less investments.

Studies on how dividend policy affects financial performance of firms had been conducted world-wide by many eminent scholars. Some of these scholars are of the view that this topic remains one of the most challenging issues among researchers (Amidu, 2007; Frankfurter & Wood, 2002; Onanjiri & Korankye, 2014). Others consider dividend policy as normal business transaction and also as a strategy used for distribution of income to shareholders (Gill, Nahum & Rajendra, 2010; Nguyen, Pham, Doan, Ta, Nguyen &Truong, 2021).

Findings from previous researches differed on the effect of dividend policy on financial performance of firms. Some of the researches came up with findings that showed that financial performance is positively and significantly affected by dividend policy (Ali, Farzand & Atta, 2015, Nguyen *et al*, 2021). Others established a negative and significant effect (Onanjiri & Korankye, 2014). The differences in the findings were not due to differences in research years only but also inconsistencies in the various countries (Glen, Yannis, Robert & Sanjay, 1995; Kim & Kim, 2020). Differences also manifested among the economic sectors in specific countries (Khan, Houda & Shah, 2019).

Findings by Nigerian researchers on the effect of dividend policy on financial performance of firms are not different from those of other countries. Some of the studies that established a positive and significant relationship between dividend policy and performance include: Abiola, (2014); Acha and Mewoabi, (2019); Idewele and Murad, (2017); Kajola, Adewumin and Oworo, (2015); Maude, Ihiovi and Okpanachi, (2015); Musa, (2009); Omilabu, Alao and Abiodun, (2018); Okwar, (2011); Odion and Murad, (2019); Ojeme and Ojo, (2015); Uwuigbe, (2013). Researchers that found negative relationship

between dividend policy and financial performance include: Idewele and Murad (2017); Nwankwo, Agbo, Okoye, and Ugwuomu-Nike, (2021); Yusuf, (2015)..

Most of the research works on dividend policy and performance in Nigeria focused mainly on Deposit Money Banks. Such works include: Abiola, (2014); Acha and Mewoabi, (2019); Idewele and Murad, (2017); Maude, Ihiovi and Okpanachi, (2015); Terzungwe and Adekunle, (2013); Omilabu, Alao and Situ, (2018); Odion and Mural, (2019); Osegbue and Ifurueze, (2014); Yusuf, (2015). Others focused on other areas of the Nigerian economy. Such works include: Kajola *et al*., (2015); Nwankwo *et al*., (2021); Uwuigbe, (2013). None of these works focused mainly on the Food and Beverage industry in Nigeria.

The Food and Beverage industry is crucial in every economy, Nigeria inclusive. The importance and contribution of the industry is growing in relevance and value. Available data from World Trade Organisation ranks Nigeria, with high level of import and investment in local industry that is significant, as the largest food market in Africa. The industry is expected to contribute 4.6 per cent to the country's GDP and as much as 22.5 per cent of the country's manufacturing industry value (Ayodeji, 2020).

Nestle Nigeria Plc and Cadbury Nigeria Plc are two leading companies in the Food and Beverage industry in Nigeria. Nestle Nigeria Plc increased its dividend per share by 31.6% in 2017. Its Earnings per Share (EPS)rose by 27.5% in the following year. It increased its dividend per share by 63.5% in 2019. Its EPS fell by 14.2% in 2020. Cadbury Nigeria Plc increased its dividend per share by 64% in 2019. Its EPS reduced by 12.4% in the following year. These are indications that the relationship between dividend policy and the financial performance of listed firms in the industry is worth investigating. Previous researches on the industry, according to Fadairo (2021), focused mainly on consumer goods, leaving out the beverage sub-sector.It therefore becomes necessary to fill this observed gap by investigating wholistically the possible effect which dividend policy has on the financial performance of listed firms in the food and beverage industry, using Return on Assets as a measure of financial performance because of the importance of the industry to the Nigerian economy.

II LITERATURE REVIEW

Conceptual Review

Dividend Policy

Bannock, (1998) observes that dividend is a portion of the nominal value of a share or an amount in absolute term per share. Richard and Steward, (2003) state that dividend is a form of compensation to shareholders for sacrificing their share capital to service the firm. It is a trade-off between payment in cash cum issuance of new shares and retained earnings. Where cash is not paid, bonus share or scrip issue is given. Chandra, (2002) maintains that dividend policy determines the percentage of earnings retained back for reinvested and the percentage paid out to shareholders in form of dividends. Lasher, (2000) defines dividend policy as the strategy which a firm uses to determine the amount it will pay as dividends. It takes into consideration, the total amount to pay and the circumstances under which changes may occur to the amount paid over time. This involves a trade - off between payments of dividends and future growth of the firm (Idewele & Murad, 2017).

This research work sees dividend policy as a decision taken by all those involved in the process of dividend decision on the proportion of earnings to be given out to shareholders as a reward for their investments and the proportion to be reserved for transitionary, speculative and precautionary purposes.

Financial Performance

Financial performance is defined by Investopedia (2014) as a subjective measurement of the extent to which a firm uses its primary assets to generate revenues. This indicates the financial standing of a company over a period of time based on measurements like acid ratio, return on assets, earnings per share, return on investments and other criteria.

The Return on Assets (ROA) is one of the profitability ratios used to analyse financial statements. It is used to measure the net income generated by the total assets of a firm during a period of time by comparing the net earnings to the average total assets. It measures the efficiency of a firm on how it can make profits through proper management of its assets. It is an important profitability ratio that indicates the amount of profit per naira which a firm makes on its assets (Nwankwo &Agbo, 2021).

Empirical Review

Nguyen *et al* (2021) used panel data collected from Vietnamese firms to examine the relationship between dividend policy and firm performance, using the fixed effect model. The period under investigation was from 2008 to 2019. Findings established a positive and significant relationship between dividend policy and Return on Assets used to proxy performance.

Khan, Nadeem, Islam, Salman and Gill, (2016) used OLS technique on data collected from listed firms on Pakistan Stock Exchange for six years, 2010 to 2015. Dividend policy positively affects return on assets. This agrees with the work of Ali *et al.* (2015).

The relationship between dividend policy and firm performance was empirically tested by Ali, Jan. and Atta (2015). The researchers used 122 listed high and low debt non-financial firms on Karachi Stock Exchange, using data sourced from 2006 to 2011. Findings from the panel regression analysis revealed a significant and positive relationship between dividend policy and return on assets.

Dogan and Topal (2014) used dividend payment to proxy dividend policy to test its influence on firm performance. The researchers used 172 firms listed in Istanbul Stock Exchange and established a significant influence of dividend policy on return on assets used to proxy firm performance.

Onanjiri and Korankye (2014) used panel data sourced from manufacturing firms listed on Ghana Stock Exchange to analyse the impact which dividend policy exacts on firm performance, using the fixed effect model. All the variables used to proxy performance were found to have positive and statistically significant relationship with dividend policy.It was concluded that investors in listed Ghanaian manufacturing firms need to rationalize dividend payout ratio in order to maximise return on assets.

Amidu (2007) used data obtained from Ghana Stock Exchange over a period of eight years to investigate the influence of dividend policy of firms listed in the Exchange. A positive relationship was established between dividend policy, growth sales and return on assets. The relationship between dividend payout ratio and return on assets is negative. Findings further revealed that the performance of bigger firms in the exchange is less in relation to return on assets. The findings are in tandem with the works of Amidu&Abor 2006; Bhattacharya 1979; Danila, Noor &Zaheer, 2020; Easterbrook 1984; Gordon 1963; Michaely& Allen 2002; Shefrin&Statman 1984.

Kajola *et al.* (2015) worked on twenty five Nigerian listed non-financial firms to investigate the influence of dividend policy on firm performance. The panel data sourced from 2004 to 2013 were analysed using Ordinary Least Square. The result from the regression analyses showed that a positive and significant relationship exists between ROA and dividend policy.

Adediran and Alade (2013) collected data on earnings per share, investment and profitability from 25 listed Nigerian firms to examine how dividend policy affects profitability. The results of the regression analysis indicated a positive and significant effect.

Salawu, Asaolu and Yinusa (2012) used 1990 to 2006 panel data extracted from seventy listed firms in Nigeria to investigate how financial policy, dividend policy inclusive, affect firm's performance. A positive and strong association was established between ROA (firm performance) and dividend policy. This confirms the work of Uwuigbe *et al* (2012) that came out with a similar result.

Some studies did not find a significant relationship between dividend policy and firm performance. Osegbue, Ifurueze and Ifurueze (2014) worked on the relationship between dividend policy and firm performance using data sourced from listed Nigerian banks from 1990 to 2010. Findings established a negative insignificant relationship between dividend payout ratio and firm performance, measured by ROE and ROA. This was collaborated by the work of Velnampy, Nimalthasan and Kalaiarasi (2014) which analysed data sourced from 25 manufacturing companies in Sri Lanka from 2008 to 2012 in order to investigate the impact of dividend policy on financial performance. The impact of dividend policy on ROA and ROE (proxies for performance) was found to be insignificant.

Ubesie, Cyril, Emejulu and Iyidiobi (2020) focused on listed Nigerian Consumer Goods manufacturing firms, sourcing data from 2009 to 2018 to investigate the relationship between firms' financial characteristics and dividend policy. The methods of analysis included the use of Pairwise Granger Causality and Pearson Product Moment Correlation (PPMC). Findings showed an insignificant and negative relationship between ROA and dividend policy, proxy by Dividend per Share (DPS).

Olabisi, Faberu and Onyekuwuluje (2017) used Ordinary Least Square method to examine factors that determine dividend policy among listed Nigerian consumer goods manufacturing companies. Seven randomly selected companies were used. Findings showed a significant negative relationship between firm performance (ROA) and dividend policy.

It can be seen from the literature reviewed that the influence of dividend policy on corporate performance has been examined by scores of scholars from various countries, both developing and less developed. The results are mixed and not consistent as some found that dividend policy positively and significantly affect corporate performance while some found reversed results. These inconsistencies necessitated the present study which focuses on the Food and Beverage industry in Nigeria, an important sub-sector of the Nigerian economy that had not been given much attention by previous works in Nigeria.

III METHODOLOGY

The population of this study is made up of all the fourteen (14) listed firms in the Food and Beverage industry in Nigeria as at 31st December, 2019. Ten of them were selected for being the most capitalized firms in the industry. They are: Cadbury Nigeria Plc, Dangote Sugar Refinery Plc, Flour Mills Nigeria Plc, Guinness Nigeria Plc, Honeywell Flour Mill Plc, International Breweries Plc, Mult-Trex Integrated Foods Plc, NASCON Allied Industries Plc, Nestle Nigeria Plc and Nigerian Breweries Plc. The time period of 2010 to 2019 was selected due to the availability of data while the industry was selected because of its contribution to the Nigerian economy.

Model Specification

This study adopts the model used by Ubesie*et al.* (2020) and Fadairo (2021). The researchers work on the influence of dividend policy on the financial performance of Nigerian firms listed in the consumer goods and Food and Beverage firms respectively.

Return on Assets (ROA) is used to proxy financial performance while Dividend Payout Ratio (DPR), Dividend Yield (DY), Retention Ratio (RR) and Dividend Coverage Ratio (DCR) are used to proxy dividend policy. This is stated thus:

ROA_{it}= f ($DPR_{it}DY_{it}RR_{it}DCR_{it}$) (1)

$ROA = \beta_0 + \beta_1 DPR_{it} + \beta_2 DY_{it} + \beta_3 RR_{it} + \beta_4 DCR_{it} + \mu$ (2)

Where:
ROA = Return on Assets
DPR = Dividend Payout Ratio
DY = Dividend Yield
RR = Retention Ratio
DCR = Dividend Coverage Ratio

IV FINDINGS AND DISCUSSION

Table 1: Descriptive Statistics

	ROA	DPR	DY	RR	**DCR**
Mean	0.163922	0.282404	0.207062	0.704478	40.66883
Median	0.114000	0.297054	0.172570	0.683993	33.59284
Maximum	0.672000	0.864540	0.856384	1.000000	136.3225
Minimum	0.053700	0.000000	-0.466723	0.313370	0.000000
Std. Dev.	0.177862	0.196338	0.239345	0.179815	25.72905
Skewness	1.202556	0.440995	0.561676	0.298968	1.302471
Kurtosis	3.221018	3.316871	4.080695	2.480301	4.781149
Sum	16.39218	28.24040	20.70625	70.44777	4026.214
Sum Sq. Dev.	3.131838	3.816331	5.671328	3.201006	64874.44
Observations	100	100	100	100	100

Source: Output from Eviews analysis by the Authors (2021)

Return on Assets (ROA) has a mean of 0.16392; maximum value of 0.6720 and minimum value of -0.0537. This indicates that the values of the mean lies within the maximum and minimum values. The standard deviation value of 0.1778 depicts that there exist no high variation around the data sets giving it value below 1. This is applicable to Dividend Yield (DY) with a mean of 0.20706, maximum value of 0.85638, minimum value of -0.4667. The standard deviation of 0.23934 shows a low variation around the mean. The same pattern is noticed in other variables (DPR, RR and DCR).

Table 2: Result of Correlation

ROA	RR	DY	DPR	DCR
1.000000	-0.110741	0.132815	-0.277030	-0.026720
-0.110741	1.000000	-0.131976	0.121428	0.456406
0.132815	-0.131976	1.000000	-0.066380	0.017520
-0.277030	0.121428	-0.066380	1.000000	0.373701
-0.026720	0.456406	0.017520	0.373701	1.000000

Source: Output from Eviews analysis by the Authors (2021)

Correlation analysis was done as part of the pre-estimation tests. There is a negative correlation between ROA and RR (-0.110); ROA and DPR (-0.277) ROA and DCR (-0.267). The correlation between ROA and DY is positive (0.132). Positive and negative correlations also exist among the independent variable. All the correlations are low, below 0.7, indicating that the problem of multi-collinearitydoes not exists.

Table 3: Result of Unit Root Tests

		ROA		DRP		DY		RR		DCR		
		Statistics	Prob	Statistics	Prob	Statistics	Prob	Statistics	Prob	Statistics	Prob	Stationary
Levenin, Lin & Chu		-3.66647	0.0001	-5.65703	0.0000	-3.67113	0.0001	-187.427	0.0000	-206.974	0.0000	I(0)
saran and Shin W - st		-2.3641	0.0025	-2.20445	0.0137	2.76312	0	-44.7731	0.0000	-65.9337	0.0000	I(0)
DF - Fisher Chi-squar		37.3402	0.0106	39.1327	0.0064	31.4092	0.0400	41.0278	0.0037	59.2650	0.0000	I(0)
PP - Fisher Chi-square		37.6520	0.0098	58.4183	0.0000	35.4740	0.0177	42.1492	0.0026	46.0664	0.0008	I(0)

Source: Computations from E-views by the authors (2021)

Four types of unit root tests were conducted as part of the pre-estimation tests to examine the stationarity of the data (Table 3). The tests are Levinin, Lin and Chu; Pasaran, Augmented Dickey Fuller (ADF) and Phillip Perron (PP). The results of the tests showed that all the variables are stationary at level i.e. I(0).

Table 4: Result of Co-integration Test

Pedroni Residual Cointegration Test
Series: ROA DCR DPR DY RR
Date: 09/30/21 Time: 06:17
Sample: 2010 2019
Included observations: 100
Cross-sections included: 10
Null Hypothesis: No cointegration
Trend assumption: No deterministic trend
User-specified lag length: 1
Newey-West automatic bandwidth selection and Bartlett kernel

Alternative hypothesis: common AR coefs. (within-dimension)

	Statistic	Prob.	Weighted Statistic	Prob.
Panel v-Statistic	-2.617914	0.9956	-1.821775	0.9658

Panel rho-Statistic	2.290484	0.9890	2.245252	0.9876
Panel PP-Statistic	-6.789306	0.0000	-4.177919	0.0000
Panel ADF-Statistic	-2.056459	0.0199	-1.008719	0.1566

Source: Output from E-views used by the Authors (2021)

It was necessary to determine if there is co-integration or long-term relationship among the variables. The results of the co-integration show that there exists one co-integration among the variables (Table 4).

Table 5: Result of Regression Analysis – Pooled, Random Effect and Fixed Effect

Variable	**Pooled** Coeff. Std. Dev. ( ) Prob.[ ]	**Random** Coeff. Std. Dev. ( ) Prob.[ ]	**Fixed** Coeff. Std. Dev. ( ) Prob.[ ]
Constant	-0.249 (1.141) [0.827]	-1.278 (1.524) [0.404]	-1.278 (1.524) [0.404]
DPR	0.486 (0.601) [0.421]	0.886 (1.090) [0.419]	1.886*** (0.090) [0.008]
DY	-0.003** (0.001) [0.049]	-0.001 (0.002) [0.311]	-0.002 (0.002) [0.311]
RR	0.003 (0.001) [0.728]	-0.002 (0.010) [0.824]	-2.002*** (0.010) [0.004]
DCR	-0.008 (1.141) [0.827]	0.017 (0.021) [0.431]	0.017 (0.021) [0.431]
Observations	**100**	**100**	**100**
R^2	**0.053**	**0.140**	**0.440**
Adj. R^2	**0.013**	**0.109**	**0.409**
F-Statistic	**1.315**	**1.066**	**1.066**
p-value	**0.026**	**0.004**	**0.039**

***** p<0.01, ** p<0.05, * p<0.1**

Source: Authors' Computation (2021)

The result of the regression analysis is presented in Table 5. It was necessary to ascertain which of the two models (Random or Fixed) was most suitable for this study.

Table 6: Lagrange Multiplier and Hausman Tests

Tests	Chi2	P-Value
Breusch-Pagan Lagrange Multiplier (LM)	1.024	0.312
Hausman test	6.746	0.150

Source: Author's Computation (2021)

The results of the two tests conducted (Table 6) favoured fixed effect model since the p-value of each of them is greater than 0.05. The fixed effect model in column (3) of Table 5 was therefore considered appropriate.

The results of the analysis in Table 5 column 3 show the F-statistics value [1.066; p-value = 0.039) indicating that all the four explanatory variables used to proxy dividend policy are jointly statistically significant in explaining the variations in performance (proxy by ROA). The results are however mixed for individual variables used to proxy dividend policy. Dividend Pay Ratio (DPR) exerts a positive (coefficient = 1.886) and significant (p = 0.008) influence on performance. Dividend Yield (DY) exerts a negative (coefficient = -0.002) and insignificant (p = 0.311) influence while Retention Ratio (RR) exerts a negative (coefficient = -2.002) and significant influence (p = 0.004). Dividend Coverage Ratio (DCR) exerts an insignificant (p = 4.31) positive influence (coefficient = 0.17).

Table 7: Test for Heteroscedasticity

Test	**Breusch-Pagan LM Cross-Section Dependence Test**	**Heteroscedasticity**
Stat.	55.007	1.815
P-value	0.146	0.169

Source: Authors' Computation (2021),

It was necessary to test for heteroscedasticity in order to validate the findings. The p-value of the test in Table 7 suggested that the model was free from heteroscedasticity.

Discussion

Dividend Pay Ratio (DPR) exerts a positive (coefficient = 1.886) and significant (p = 0.008) influence on performance. A lot of studies had been conducted on the determinants of Dividend Payout apart from firm performance. Some established a negative and significant relationship between leverage ratio and dividend payout ratio (Al-Kuwari, 2009 in Fitri, Hosen &Muhari, 2016; Al-Shubiri, 2011;Fitri*et al*, 2016).Alzomaia and Al-Khadiri (2013) found that a company's sales growth has an insignificant

negative influence on dividend payout ratio. The researchers established a negative and not significant relationship between debt-equity ratio and dividend payout ratio.Fitri*et al.* (2016) found that asset growth has a significant and negative influence on dividend payout ratio. Theyalso found that the dividend payout ratio of the previous year is the most significant factor that affects current year's dividend payout ratio. Factors like leverage, sales growth and asset growth might have influenced the outcome of the results of this study most especially on dividend payout ratio and firm performance.

Dividend Yield (DY) exerts a negative (coefficient = -0.002) and insignificant (p = 0.311) influence on firm performance. On the average, a dividend yield of between 2% to 6% is considered good though a number of factors ought to be taken into consideration in deciding an appropriate yield. Broberg and Lindh (2012) conducted a research on the relationship between dividend yield and stock returns. They did not establish any linear relationship between them. Factors like future earnings, industry norms, return on investments, leverage, liquidity, availability of cash and after tax earnings are some of the factors that can affect dividend yield. These factors might have accounted for the 2% mean of Dividend Yield (DY) of this study (Table 1) and its negative insignificant effect on firm performance.

Retention Ratio (RR) exerts a negative (coefficient = -2.002) and significant influence (p = 0.004) on firm performance. It had already been established by Iheduru and Okoro (2018) that oil price and inflation rate positively and significantly affect retention ratio while exchange rate and money supply negatively affect it. Factors like availability of investment opportunities, shareholders' expectation, capital appreciation and others cannot be ignored. All these might have been responsible for findings of this study.

In all, all the variables used for this study jointly significantly affect firm performance. This confirms the earlier works that used ROA as a proxy for firm performance: Ali *et al.* (2015); Dogan&Topal (2014); Nguyen *et al* (2021);Onanjiri&Korankye (2014). The finding however negated the works of Osegbue*et al.*(2014); Ubesie*et al.* (2020); Velnampy*et al.* (2014) and others that established a negative relationship.

V CONCLUSION

The conclusion from this study is that the all the four variables used to proxy dividend policy, jointly and significantly affect firm performance (proxy by ROA) though the effects of each of the independent variables are mixed. This is so because many factors, micro and macro, influence dividend policy. Such factors include: firm leverage, sales growth, asset growth, previous period's dividend payment, industry norm, liquidity, shareholders' expectation and many others.

VI RECOMMENDATION

This study recommends that all the identified factors that affect dividend policy should be taken into consideration when formulating an appropriate dividend decision. Maximization of shareholders' wealth should be the overriding factor when making this complex and interwoven decision.

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