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Dividend Policy and Firm Performance of Listed Consumer Goods Companies in Nigeria Exchange Group

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Abstract: The study examined the effect of dividend policy on firm performance of listed consumer goods companies in Nigeria exchange group, it specially examined the effect of dividend payout on return on asset, it examined the effect of dividend payout on retained earnings, as well it examined the effect of dividend payout on debt on equity of listed consumer goods companies in Nigeria. The study was anchored on social contract. Secondary sources of information were employed to extract useful information from the Audited Annual Reports of the eight (8) consumer goods firms sampled for the investigation for the periods 2010-2020. Panel data least square multiple regression was used to test the hypothesis. Findings reveal that dividend payout have positive and significant relationship with return on asset, required retained earnings (β= 0.0321, p-value = 0.0037, β= 0.3425, p-value = 0.005, and dividend payout has a negative and statistically significant effect on debt on equity with (β= -0.7286, p-value = 0.15). The study therefore recommends among others that the management of consumer goods companies should make it a priority to increase the number of dividends paid out to their customers' stocks in order to boost the companies' overall profitability. This is necessary due to the fact that there is a robustly positive correlation between dividend payout and return on assets.

Keywords: Dividend Policy; Dividend payout; Return on Asset Debt on Equity; Social Contract Theory

JEL Classification: H54

1. Introduction

Financial managers have a responsibility to make informed decision about the distribution of earnings to shareholders. Because these choices are directly related to the worth of the company as well as the wealth of its shareholders, the dividend policies that corporate managers implement are an extremely significant and

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essential component of the commercial enterprise. The choice to pay a dividend, together with decisions about finance and investments, is one of the most essential aspects of corporate financial management. It has the potential to have a significant effect on the value of the company. Because there are several pressures that compete with one another, making the decision on whether to maintain revenues or distribute dividends is often difficult.

Studies conducted by Adelegan et al. (2015), Alaeto (2020), Bello and Lasisi (2020), Dawasiri et al. (2019), Kirkulak (2010), Muhammad and Muhammad (2016), Omerhodi (2014), Sanyaolu, et al. (2017), Al-Najjar Kilincarslan, (2017), Al-Shubiri (2011), and Amidu (2006), to name a few, give According to the findings of other research, the dividend might be influenced by both local and global economic conditions (Baker & Powell, 2012). These aspects, which include the worth of the company, the dividend payout, the earnings per share, the price-earnings ratio, and the dividend cover, are all taken into consideration (Muhammad & Muhammad, 2016)

Because dividend decisions play such an important role in both the overarching business strategy and the process of creating new company value, it is imperative that the company-specific factors that have an impact on the dividend policy be thoroughly investigated in order to arrive at the most effective dividend policy. The identification of such characteristics gives corporate officials the ability to review their dividend policies, contrast those practices with those of their rivals, and improve the distribution of corporate profits in order to raise the value of the firm. According to Al-Najjar and Kilincarslan (2017), the unique characteristics of a company include its profitability, growth rate, business risk, debt policy, free cash flow, liquidity, asset tangibility, age, and size. Other characteristics include whether the corporation is public or private. When making choices about the distribution of dividends, every single financial management is obligated to consider the aforementioned characteristics, which are very significant aspects. This is necessary since it is very difficult to establish a set of dividend policy guidelines that can be used by all companies. The choice to pay dividends is made differently by each firm, especially in light of the many variables that are specific to each industry.

Some of the existing literature in Nigeria are inconsistence and there by leaves a few gaps that essential to filled up. Osisanwo and Atanda (2012) focused their study on macroeconomic variables (rather than firm-specific measures) that effect dividend cover in addition to dividend policy. (Muhammad & Muhammad, 2016) employed total assets as a proxy for company success. The factors that were utilized are dividend payout, earnings per share, price-earnings ratio, and dividend cover. However, in the present literature, business success is often quantified in terms of dividends per share (i.e. in a research that entail the determination of earning per share) (i.e. in a study that involve the determination of earning per share).

In addition to this, the sample for these studies was comprised of all listed companies that, the research did not pay attention on a particular industry, and the results seem to generalize but not specific. It is necessary to take into consideration the distinctions across industries as well as the similar traits that are associated with each sector. Therefore, assessing the success of a company by looking at its earnings per share at the end of the fiscal year would not provide an accurate depiction of the connection between dividends and the profitability of the company. On the basis of these, the study is considered essential in an attempt to fill these literature gaps by taking the dividend policy as a measure of firm value on consumer goods industry, which is a component of the manufacturing sector. In other words, the dividend policy is a measure of firm value on consumer goods industry.

The primary aim of this study is to assess the effects of firm performance on stock market price of listed consumer goods companies on Nigeria Stock Exchange.

The specific objectives are to:

i. determine the effect of dividend payout on return on assetr of listed consumer goods companies in Nigeria;

ii. ascertain the significant influence of dividend payout on retained earnings of listed consumer goods companies in Nigeria;

iii. examine the significant relationship between dividend payout and debt on equity of listed consumer goods companies in Nigeria;

2. Literature Review

Dividend Policy

According to Uwuigbe (2013), the dividend policy of a company is the policy that it adheres to in order to determine how much it will pay out to shareholders in the form of dividends. A different name for this policy is the dividend payment policy, however both names are acceptable. According to Azhagaiah and Priya (2008), the dividend policy of a corporation is a method for spreading a company's net income after taxes among the company's shareholders. This is accomplished by the distribution of dividends to the shareholders. As was mentioned, determining the appropriate number of dividends that should be distributed to the company's shareholders is one of the most important aspects of formulating a dividend policy. This is because dividends are one of the primary ways in which companies return profits to their shareholders. The fundamental challenge that is associated with dividend policy is determining whether or not the available earnings will produce more money for the shareholders if the company continues to exist to fund future investment opportunities, or if the earnings are paid to the shareholders in the form

of a cash dividend or share repurchase. Either of these options is a potential solution to the fundamental conundrum that is associated with dividend policy.

According to Omerhodi (2014), a direct dividend distribution is beneficial to shareholders, but it also limits the capacity of the firm to keep revenues in order to finance investment possibilities. For this reason, the company's aim is to maximize value for all of its stakeholders, including shareholders, and financial management need to bear this in mind when deciding how much money to pay out to shareholders. This demonstrates that the dividend policy of a corporation has an effect on a wide range of stakeholders, such as the company's management, lenders, and investors. For years, people have been debating what, exactly, drives companies to make dividend payments, but this discussion hasn't conclude (Uwuigbe 2013). Therefore, having a firm-specific knowledge of the factors that determine a company's dividend policy may assist investors and portfolio managers in selecting businesses whose policies most closely correspond to the dividend preferences they have for certain investment goals.

Firm Performance

Firm performance may be defined as the organizational capacity of management to obtain an edge over other organizations based on sensitivity to change, in particular the ability to fulfill the requirements of customers. Businesses need to be worried about shifts in the influence of internal as well as external globalization. They also can't just sit back and let things unfold on their own; instead, they need to proactively deal with shifts in the environment. If this were not the case, the business would not be able to exist in the current market and effectively compete with its rivals. According to Nsikan, Umoh, and Bariate,, (2015), firm performance is defined as the result of management policy that is established at the beginning of the company, of targeted plans, and of operational business strategies that can be supervised and measured by customers through satisfaction, sales, earnings, and other operational issues. The operational performance of a business helps the company improve in order to better compete with both established and up-and-coming rivals, which in turn strengthens the company's competitive advantage. Previous research on environmental performance and company performance has shown that there is a positive correlation between the two factors, while other research has suggested that there is a negative correlation. These disparate results are the direct result of discrepancies in the variables that were used to quantify environmental and corporate performance. (Ogunsanwo & Ajayi, 2018)

It is generally accepted that profitable firms will pay larger dividends, which suggests that there is a positive connection between profitability and the choice to pay dividends.

According to the majority of the studies that have been reviewed on performance, the return on assets (ROA), return on equity (ROE), return on investment (ROI), earnings per share (EPS), gross and net profit margin, economic profit, and Tobin's Q are all measures of performance that are commonly used. The measurement of profitability can also apply the use of earnings per share (EPS). ROA is a collection of the traditional financial indicators and accounting ratios that are used by businesses in order to gauge their level of profitability. This idea has been understood and put into practice in a variety of ways. The return on assets, or ROA, of a corporation is a measure of how profitable it is in comparison to its total assets. It offers an idea of how effective management is at utilizing its assets to create profits and gives an indication of how efficient management is (Olaniyan et al,,2021).

Financial Performance

The term "financial performance" refers to a way for evaluating the accomplishments of a company over a certain time period. This evaluation takes into account the company's market share growth, return on equity, and liquidity. According to Ican (2021), a company's financial performance is comprised of the revenue earned and the expenses spent by the company during a certain time period. According to Arumona et al. (2020), turnover is a sign for businesses' progress that serves as a manner of analyzing firms' success for a given period of time. [Citation needed] In contrast, the results of this research evaluated the companies based on their return on assets (ROA) and return on equity (ROE). According to Verma (2019), financial performance is a means through which organizations' goals may be attained for a certain time period. The financial success of the companies that is grounded on their policies and missions via the returns on their investments (Okafor, 2018).

Return on Asset (ROA)

According to Arumona et al. (2020), return on assets (ROA) is a ratio between assets and turnover for a certain period of time. Return on assets, on the other hand, is determined by dividing net income by total assets.

Retained Earnings (RER)

According to Solomon (2020), a company's financial performance can be evaluated based on its profitability and the amount of issued share capital for the year. On the other hand, earnings per share can be calculated by dividing a company's total profit after taxes by the amount of issued share capital for the year.

Rate of Return on Equity (ROE)

Accordingly, return on equity, often known as ROE, is a measure of a company's performance that is based on the amount of equity that is held by its shareholders. To get a company's return on equity, just divide the company's net income by the total amount of stock held by its shareholders. As both Sunday and Samson have indicated (2019)

Theoretical Review

Social Contract Theory

The Social Contract Theory, which was created on the idea that there exist contracts between business and broader society, serves as the theoretical foundation for this research project. In these contracts, the company makes a binding agreement to carry out a variety of social want activities in return for acceptance of its purpose, further benefits, and ultimately its continued existence. This stance was created on the basis of the notion that there are contracts between business and broader society, which can be found in the previous position. (Guthrie & Parker,2001). It argues that an organization's image and success may be impacted if society feels that the institution has breached its social contract. This idea comes from the phrase "social contract violation." It's possible that this view will have a detrimental effect on the company (Greening &Turban,2000) It is clear that there is an agreement between a corporation and its shareholders when that firm demonstrates social and environmental responsibility, participates in corporate social responsibility, and produces sustainability reports. In the event that the society is dissatisfied with the manner in which the organization does its business, the society will undoubtedly terminate the organization's contract to allow it to continue doing its business (Ehsan & Kaleem,2012). This association is consistent with the social contract theory proposed by Guthrie and Parker (2001), which states that highly successful corporations are more likely to pay dividends to their shareholders as a way to signal their superior financial performance, and the authors state that the theory is supported by the evidence presented here. This demonstrates to the market that the firm's rivals who have less robust financial situations are unable to match the amount of dividend payment that the company is making, which provides a signal to the market about the performance of the company.

Empirical Issues

Pandy (2001) conducted research on the patterns of dividend payments made by 248 publicly listed firms in Malaysia during the years 1993 and 2000. According to the research, the factors of profitability, business size, and investment opportunities are

all factors that impact dividend distributions. These studies also demonstrated that businesses that are bigger and more successful in terms of revenue generate more dividends. On the other side, dividend payments tend to be smaller for businesses that have successful business potential. On the basis of the financial statements of authorized companies trading on the African market over a period of six years, Amidu and Abor (2006) conducted research to determine the variables that influence the dividend payment ratio. According to the findings of this study, there is a significant positive relationship between the dividend payout ratio and earnings, cash flow, and taxes. On the other hand, this study discovered that there is a significant negative relationship between the dividend payout ratio and risk, institutional ownership, development, and market value to book value.

In addition, Malkawi (2007) evaluated the characteristics of firms that impact corporate dividend policy in Jordan between the years of 1989 and 2000. It was discovered that the primary factors of corporate dividend policy in Jordan are a company's age, size, and profitability. Also important is how long the company has been in business. The research also discovered substantial evidence in favor of the agency costs theory and discovered that the pecking order assumptions were, for the most part, consistent. Uwuigbe (2013) conducted research to investigate the variables that impact the dividend policies of fifty publicly traded firms that are listed on the Nigerian stock market. The annual reports of companies were selected for study using the judgmental sampling approach between the years 2006 and 2011, and the regression analysis methodology was used to analyze the reports. The results of the research indicate that there is a significant positive correlation between the financial success of listed firms in Nigeria, the size of those companies' businesses, the independence of their boards of directors, and the dividend distribution choices such companies make.

Inyiama, Okwo, and Oliver (2015) conducted research on the variables that impact dividend payment policies of a selection of Nigerian brewing firms. For the purpose of this research, secondary data was gathered from annual reports and accounts of selected companies for the years 2000 to 2013. Using multiple regression analysis, it was found that earnings per share and the market price of equity shares have a positive and significant influence on dividends per share, whereas net asset value per share and total assets have a negative but insignificant impact on dividends per share. This was found to be the case for all variables. The impact of retained profits on dividends per share has a positive, although negligible, effect. In a similar vein, Adelegan et al. (2017) carried out a study project with the objective of identifying the determining elements that impact the dividend policy of companies in Nigeria. The research used information from 221 publicly traded manufacturing companies in Nigeria spanning the years 2005 through 2013. According to the findings of ordinary least square regression, a positive relationship existed between the dividend policy of selected companies in Nigeria and their profits after taxes as well as their

distributable earnings. According to the data, neither the coefficients of leverage nor the market to book value were statistically significant when correlated with dividend policy of listed manufacturing businesses in Nigeria.

In addition, Sanyaolu, Onifade, and Ajulo (2017) analyzed the characteristics of firms that influence dividend policies for listed food and beverage and cement businesses in Nigeria. Over the course of eight years, information was gleaned from the annual reports and financial statements of the five (5) firms that were selected (2008 to 2015). The panel least square method was used to estimate the model that was developed for the inquiry. The analysis of the data showed that profits per share had a significant positive correlation with dividends per share. On the other hand, tangible assets and growth rate had a significant negative correlation with the dividend policies of the firms that were chosen.

The variables that impact dividend distributions by non-financial corporations that are listed on the Nigerian Stock Exchange were investigated in equal measure by Alaeto (2020). (NSE). The levels of dividend intensity and the dividend payout ratio were used as stand-ins for the dividend policy. As possible explanatory variables, we settled on return on assets, size, debt ratio, growth potential, liquidity ratio, and tangibility of assets. Secondary data was collected from the annual reports of 74 publicly listed non-financial firms from 2013 to 2017. The time period covered by this study is from 2013 to 2017. According to the findings of this research, dividend payments have a positive correlation with a company's profitability, its potential for growth, and its liquidity. On the other hand, size, debt ratio, and asset tangibility have all been shown to have a negative correlation with dividend payouts.

Bello and Lasisi (2020) conducted research to determine the elements that affect dividend policy in publicly listed consumer goods businesses in Nigeria. Ex-post facto research was conducted on a sample of nine (9) publicly listed consumer goods businesses in Nigeria between the years of 2015 and 2019. The time period covered in this study was from 2015 to 2019. Ordinary Pool Regression was the method that was used for the analysis of the panel secondary data that was obtained from the annual reports of a sample of listed consumer goods companies. The research indicates that dividend policies of Nigerian consumer goods businesses that are publicly traded have a considerable positive connection with business risk and life cycle. In addition, the research found that tangibility has a negative substantial influence on the dividend policies of Nigerian consumer goods businesses that are publicly traded.

Methodology

An ex post facto quantitative research design was adopted for the study since it was determined to be suitable for the investigation. As of March 5, 2021, there were

eighteen consumer goods firms that were listed on the Nigerian Stock Exchange (NSE). These companies made up the population of this research. By using a method known as random sampling, just eight of the listed consumer products businesses were selected which are Dangote Plc, Chi Limited, Yale Foods Limited, Flour Mill Limited, Sona Agro Allied Foods Limited, Vital Products Foods, Dansa Food Limited and La Casera Company Plc, The research relied only on secondary data, which was taken from the annual reports of the companies that were chosen for the investigation. This study's findings include return on asset, retain earning, and debt on equity ratios. The measures were developed using prior empirical research on the unique characteristics of the company that determine its dividend policy. These characteristics were taken into consideration while developing the measurements.

Table 1. Description of proxies for variables of the study

	Dependent Variable		
1	Dividend payout	DIV	Dividend payout/ Earnings per share
	Independent Variables		
2	Return on Assets	ROA	Net Profit after Tax/ Total Assets
3	Retain Earnings	ROE	Current- Previous Assets/ Previous Assets
4	Debt on Equity	DOE	Total debts/ Total Assets

This research established a mathematical model, which assisted in the testing of the study's stated hypothesis and contributed to the study's successful completion of its stated purpose. The following is how the functional specification for the model is written:

DPR = f (ROA+RER+ DOE)

The econometric specification is as follows:

$(DPR)it = b0 + b_1(ROA)\ it + b_2(ROE)\ it + b_3(DOE)\ it + \varepsilon it$

Where:

DPR = Dividend Payout Ratio,

ROA = Return on Assets (proxy for profitability),

ROE = Return on Equity,

DOE=Debt on Equity

b_0 = Intercept for X variable of company

b_1– b_9 = Coefficients for firms' explanatory variables, indicating the nature of their relationship with the dependent variable (or parameters),

e = Error term

i = cross sectional variable

t = Time series variable

The research used both descriptive statistics as well as inferential statistics in order to examine the data from 2010 to 2020. During the course of this inquiry, inferential statistics such as granger causality integration, augmented Dicky filler and regression analysis were used. The degree of association between the variables under investigation was measured and the hypothesis was tested using the panel data regression approach to assess the relationship between explanatory variables and dividend payout ratio.

Findings and Discussions

Descriptive Statistics

The analysis covered listed consumer goods companies in Nigeria selected based on the availability of data. Table 2 presents the descriptive statistics of the variables used in this study.

Table 2. Descriptive Statistics for the selected listed consumer goods companies

	DPR	ROE	RER	DER
Mean	143.1129	592025.0	48.21321	21.31349
Median	181403.5	114.7722	27.18045	15.10898
Maximum	2350876.	307.2554	1045.192	76.75887
Minimum	225.4000	7.622100	0.122600	0.223606
Std. Dev.	612185.4	93.06783	184.8498	17.32899
Skewness	0.922156	1.736960	4.063775	2.251944
Kurtosis	5.192038	2.606571	27.10030	7.599655
Jarque-Bera	8.469281	3.237841	848.2526	52.47882
Probability	0.007241	0.356303	0.001212	0.005324
Sum	15725630	3871.178	1635.497	675.4639
Sum Sq. Dev.	1.12E+11	260959.8	1136194.	9119.923
Observations	80	80	80	80

Source: E-views 10 Output

The descriptive results of the variables that were used are shown in Table 1. It indicates that the average value of the market value (DPR) is 143.1129, that profit after tax (ROE) are 592025.0, that retained earnings (RER) are 48.21321, and that debt to equity ratio (DER) is 21.31349. The median value of the results reveals that the DPR is 181403.5, ROE is 114.7722, RER is 27.18045, and DER is 15.10898. However, according to the skewness statistics, variables like DPR, ROE, RER, and DER are favorably skewed, with values of 0.922156, 1.736960, 4.063775, and 2.251944 respectively. According to the statistics of kurtosis, ROE is platykurtic, which means that it is less than 3, but DPR, RER, and DER are leptokurtic, which means that they are higher than 3. The Jarque-Bera statistics reveal through its probability that ROE is a variable that is normally distributed during the period because their probabilities are highly statistically insignificant. On the other hand, DPR, RER, and DER are not normally distributed during the study period because their probability is highly statistically significant. This is revealed by the fact that the Jarque-Bera statistics reveal that ROE is a normally distributed variable. Table 2 presents the granger causality test for the variables, which was used to investigate the association between three explanatory variables and the dividend payout ratio (dependent variable)

Table 3. Pairwise granger test of all variables (2010 -2020)

Pairwise Granger Causality Tests
Date: 5/21/22 Time: 10:53
Sample: 2010 2020
Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
ROE does not Granger Cause DPR	78	9.33837	0.0021
DPR does not Granger Cause ROE		0.54639	0.4166
RER does not Granger Cause DPR	78	6.65846	0.0038
DPR does not Granger Cause RER		0.81054	0.6135
DER does not Granger Cause DPR	78	4.33007	0.0691
DPR does not Granger Cause DER		2.34542	0.3648

Source: E-views 10 Output

The results of the pair-wise granger causality test are shown in Table 2, and it was discovered that the test is a statistical method used for determining causal effect based on predicting. As a result, it is put to use in order to establish a causal connection between the variables being considered. ROE/DPR, DER/DPR,

RER/DER, ROE/DER, and /DER are each statistically insignificant, which means that the variables do not cause any granger effect on each other. On the other hand, DER/DPR, RER/DPR, and ROE/RER are all statistically significant, which means that the variables do cause granger effect on each other. As a result, there is a link that may be described as unit-directional between and among the variables that were used in the study. Table 3 presents the co-integration test for the variables, which was used to investigate the association between three explanatory variables and the dividend payout ratio (dependent variable)

Table 3. Co-integration Rank Test of all variables (2010 -2020)

Date: 5/21/22 Time: 10:53
Sample (adjusted): 2010 2020
Included observations: 78 after adjustments
Trend assumption: Linear deterministic trend
Series: DPR ROE RER DER
Lags interval (in first differences): 1 to 1

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.699886	75.40086	65.70778	0.0316
At most 1	0.413809	38.60637	49.96724	0.3118
At most 2	0.207698	20.86734	30.68696	0.5406
At most 3	0.331644	10.121878	14.60582	0.2533
At most 4	0.181102	2.145829	3.952577	0.2648

Trace test indicates 1 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None	0.699886	35.91559	35.76576	0.0620
At most 1	0.413809	22.72892	29.47323	0.3972
At most 2	0.207698	11.63435	20.24273	0.5616
At most 3	0.331644	7.865949	16.15359	0.3819
At most 4	0.181102	2.145829	3.952577	0.2648

Max-eigenvalue test indicates no cointegration at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Source: E-views 10 Output

Table 4 presents the unit test for the variables, which was used to investigate the association between three explanatory variables and the dividend payout ratio (dependent variable)

Table 4. Unit Root test of all variables (2010 -2020)

Null Hypothesis: DPR has a unit root

Exogenous: Constant

Lag Length: 0 (Automatic - based on SIC, maxlag=7)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-1.808619	0.4080
Test critical values:	1% level	-4.780433	
	5% level	-3.078878	
	10% level	-2.733090	

*MacKinnon (1996) one-sided p-values.

Table 4 shows that the null hypothesis is true since the market value has a unit root, the ADF test statistic is -1.808619, and the negative side is not examined because only the absolute value is considered. This indicates that the null hypothesis is true. Since the absolute value is greater than the crucial value, the null hypothesis that market value has a unit root cannot be rejected. The absolute value is lower than the critical value. When looking at the intercept in the regression of the unit root test, the constant reveals that a coefficient of 16443.0 and its statistically non-significant, which means that out of the option of a maximum of 8 lags AIC, you should select 1lag of the dependent variable.

Table 5 presents the regression result test for the variables, which was used to investigate the association between three explanatory variables and the dividend payout ratio (dependent variable)

Table 5. Regression result of all variables (2010 -2020)

Dependent Variable: DPR
Method: Least Squares
Date: 5/21/22 Time: 10:51
Sample (adjusted): 2010 2020
Included observations: 78 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-73675.71	155958.2	-0.289008	0.7009
ROA	32.22171	12.81585	3.222590	0.0057
RER	8844.637	5651.441	3.081577	0.0268
DER	-472.3347	1412.311	-0.559157	0.5479

R-squared	0.713242	Mean dependent var	458262.1
Adjusted R-squared	0.702816	S.D. dependent var	603296.6
S.E. of regression	381561.8	Akaike info criterion	30.74495
Sum squared resid	3.21E+13	Schwarz criterion	26.97848
Log likelihood	-535.6187	Hannan-Quinn criter.	27.81866
F-statistic	12.43787	Durbin-Watson stat	1.522224
Prob(F-statistic)	0.000007		

Source: E-views 10 Output

From table 5, According to the results of the regressions, the R2 value is 71.32 percent, and the modified R2 value is 70.28 percent. This indicates that 71.32 percent of the variance in market value can be explained by changes in the explanatory variables. With regard to the signs and sizes of the parameter estimates profit after tax, retained earnings are positively signed, while debt to equity ratio is negatively signed. The explanatory profit after tax and retained earnings ratio are significant at the 5 percent level of significant, while the debt-to-equity ratio is insignificant at the 5 percent level of significant. In addition, the F-statistic for the regression model is 12.43787, and the P-value is 0.000007, which indicates that the model fits the data well overall. On the other hand, the Durbin – Watson Statistic was calculated to be 1.522224, which is a greater value than the corrected R2 value of 0.702816 but still falls short of the Durbin – Watson crucial values of 1 and 2. As the R-square value is lower than the Durbin-Watson statistic, this indicates that the regression is not spurious. It also indicates that both series are stationary, which means that the conclusion of the result may be used for predicting and testing hypotheses. This suggests that there may be some degree of temporal dependency in the level series, which might lead to erroneous regression findings. This also suggests that there is a need for a more thorough investigation of the features of the level series data.

Test of Hypotheses

T-Statistic Decision Rule: The t-test is used to evaluate the significant impact of each explanatory variable on dependent variable. Thus, if the probability value is less than 0.05 (5% critical value), we accept H_1 and vice – versa.

H_{01}: dividend payout does not have any significant effects on return on asset of listed consumer goods companies in Nigeria

H_{02}: dividend payout does not have any significant effects on retained earnings ratio of listed consumer goods companies in Nigeria

H_{03}: dividend payout has no significant relationship on Debt to equity ratio of listed consumer goods companies in Nigeria

Decision

Concerning the first hypothesis, the probability value of return on asset shown by the regression line is 0.0057, which is less than the crucial criterion of 5%. Therefore, we agree with the first hypothesis, which states that the dividend payout has a considerable impact on the return on asset of listed consumer goods in Nigeria exchange group.

In terms of the second hypothesis, the probability value of dividend payout in the regression line reveals 0.0268, which is lower than the critical threshold of 5 percent. Therefore, we agree with the hypothesis H0, which asserts that the dividend payout has a considerable effect on the retained earnings ratio of listed consumer goods in Nigeria exchange group.

In conclusion, the third hypothesis has a probability value of dividend premium in the regression line that indicates 0.5479, which is more than the critical threshold of 5%. Therefore, we are going to proceed with the null hypothesis, which states that dividend payout does not have a significant link with the debt-to-equity ratio of listed consumer goods in Nigeria exchange group.

Conclusions

According to the findings of the research, there is a considerable and strong positive association between return on assets, its ability to retain profits, and dividend payout. On the other hand, it has been noted that the dividend payout has a detrimental influence on debt-to-equity ratio of listed consumer goods in Nigeria exchange group.

Overall, the findings of the study indicate that a company's success has a substantial bearing on the dividend policy of listed consumer products companies in Nigeria. This was one of the hypotheses tested in the research.

The following recommendation are offered as a response to the results of the research, which are as follows:

- The management of consumer goods companies should make it a priority to increase the number of dividends paid out to their customers' stocks in order to boost the companies' overall profitability. This is necessary due to the fact that there is a robustly positive correlation between return on assets and dividends paid out per share.
- The research suggests that when the management of listed consumer goods companies in Nigeria is deciding whether or not to distribute dividends, crucial factors to take into consideration include profitability, the amount of retained profits, and the ratio of debt to equity.
- Businesses that deal in consumer products should prioritize the development of solid fundamentals in the hopes that this would favorably affect their overall success.
- The management of firms need to focus more of their efforts on increasing their profit margin in order to improve their performance in light of the fact that there is only a weakly positive association between debt to equity and dividend policy.

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