International Journal of Innovative Finance and Economics Research 9(1):81-91, Jan.-Mar., 2021

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Dividend Policy and Shareholders Wealth in Nigeria (2014-2019)

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ABSTRACTS

Dividend refers to that portion of profit (after tax) which is distributed among the owners/shareholders of the firm. Dividend is basically the benefit of shareholders in return for risk and investment. The main objective of this study is to examine the effect of dividend policy on shareholders wealth in Nigeria. Secondary data were generated from Nigeria stock exchange (NSE) Fact book and daily official list. The variables of dividend per share, earnings per Share and net asset per share were regressed on market price per share. We used the Ordinary Least Square Regressions (OLS), to determine the effect of independent variables on the dependent variable. The result of the Ordinary Least Square indicates that dividend per share and earnings per share had positive and significant effect on market price per share. Again, the result indicates that net per share has negative and insignificant effect on market price per share. The Adjusted R-squared is 0.722253 which means that 72% of total variation in market price per share (MPS) can be explained by the variables, namely DPS, EPS and NAPS while the remaining 28% is due to other stochastic variables. The Durbin-Watson statistics at (2.173199) indicate that the model is free from autocorrelation. The F-statistic is 0.000340 which means that all the explanatory variables in the study have significant effect on market price per share within the period under study. We therefore, conclude that dividend policy has positive effect on shareholders' wealth in Nigeria within the period under review. Following the findings, we recommend that: quoted companies in Nigeria stock exchange should improve in the distribution of dividend and earning. The board of directors should review the dividend policy of the companies operating under this environment to ensure maximum operation and ensure that they comply with relevant and required dividend policy. The accounting professional bodies should enforce standards on dividend policies of firm and ensure that it should be adhered to given the fact that directors of companies are responsible for making dividend decision.

Keywords: Dividend Policy, Shareholders Wealth

INTRODUCTION

Dividend is a proportion of net income of the company paid to shareholders based on the number of shares held by them. Most companies mainly pay shareholders their dividends at the end of the accounting period while larger companies pay their dividends on quarterly basis. The amount of dividend to be amount and when dividends will be paid is decision of board of directors, who also determine whether dividends are paid from current net income or reserves. Preferred stockholders are paid dividend at a specified stable rate and are paid on priority while ordinary shareholders' dividends depend on the company net income earned and investment plans for the company (Gols , 2016). The continued significance of consistent dividend payment to uphold shareholder satisfaction remains as management priority (Frankfurter. 2003).

Several dividend theories that have been explained by academicians such as Modigliani and Miller .The theories view dividends as significant or immaterial in making financial decisions. The dividend irrelevance perspective by MM (1961) argues that dividends are irrelevant while dividend relevance perspective posits that dividends affect firm performance. According to several studies carried out, such as, Musyoka (2015) concluded that dividend policy affects the financial performance of firms. Dividend policy is long-term financial choice on how to utilize net income generated from company undertakings that is, how much to invest in the company, and how much to pay stakeholders as dividends. The determination of the amount of dividends paid is a vital decision that firms take since shareholder wealth maximization is the foremost objective of the companies (Waithaka, 2012).

The dividend policy of the firm defines the pattern of dividend payment over time. A company can pay a large fraction of its earning as dividend or decide to pay a lesser proportion of its net income and reinvest the rest. There are two forms of dividends; cash dividends and stock dividends. When stock dividends are issued, the stockholders receive new stock in the company as dividend thus their number of shares increases and hence the shareholders does not receive cash is received. There are four types of dividend policy; regular dividend policy, the shareholders receive dividend at regular intervals and investors are mainly retired persons, widows and other financially weaker persons in the community who are in need of consistent income. The regular dividend can only be paid by the company with regular and stable earning hence the firms should set the dividend paid at lower rate as compared to average earning of the organization (Managementation, 2016).

Dividend policy is an important aspect of corporate finance which has attracted the attention of researchers leading to different school of thoughts as regards distribution of profits to firm's shareholders as well as retaining earning to be reinvested in the business. The goal of publicly listed firms is maximization of shareholders wealth, this is supported by the fact that shareholders need to get a return for their risk and investment. Management are however saddled with the responsibility of achieving this goal through optimum investment strategy, financing and dividend policy

There have been mixed results from numerous researches conducted on the effect of dividend policy on shareholders wealth in developing and developed countries. Under financial management in corporate sector dividend policy has high preference. There are different views about, how dividend policy affects shareholders wealth. According to one view (Linter 1956; Fama 1969), the dividend policy has positive relationship with the stockholders' wealth, whereas another view (Miller & Modigliani 1961; Fischer & Scholes 1974) argued that shareholders' wealth is not influenced through dividend policy. Adediran and Alade (2013); Mohammad (2013); Ajanthan (2013); Agarwal (2014); Rimza & Nadia (2014); Anike (2014); Agnes(2014); James (2014); Ramachandran and Sandanam (2015); GejaLakshmi & Azhagaiah(2015); Enekwe, Nweze, Augustine and Agu (2015); Oppong (2015); Olumuyiwa(2015); Omoregie and Eromosel(2016); Michael(2016) suggested that dividend policy had positively affected shareholders wealth. On the contrary, Azhagaiah & Priya (2008); Frankfurtet and McGoun (2000); Khan and Khan (2011); Zakaria, Muhammad and Zulkifli, (2012); Salisu, (2012); Mokaya, Nyang'ara and James (2013); Chidi, Agu &Ande, (2013); AlTroudi and Milhem, (2013); Ramadan, (2013) observed that dividend policy had negatively affected shareholders wealth.

In the light of these mixed results and findings, this paper critically analyzed the effect of dividend policy on shareholders wealth in Nigeria. Specifically, the study examined the effect of dividend per share, earnings per share and net asset per share on shareholders wealth.

In line with the objective, the following hypotheses were formulated and tested to guide this study.

Ho_1: Dividend per share does not have significant effect on shareholder wealth.

Ho_2: Earning per share does not have significant effect on shareholders wealth.

Ho_3: Net asset per share does not have significant effect on shareholders wealth.

REVIEW OF RELATED LITERATURE

Dividend Policy

Dividend policy of a firm is the decisions relating to dividend payout and retention. It is a decision on the amount of profits to be retained by the company and that to be distributed to the shareholders of the company (Watson and Head, 2004). Theoretically, there are different types of dividend policies. These include constant payout, progressive policy, residual policy, and zero policy and non-cash policy. Investors are seen to belong to a particular group or clientele. This is because they tend to pitch their tent with a particular policy that might suite them. This is the clientele effect of dividend policy (Hutchinson, 1995; Kolb and Rodriguez, 1996). Although investors generally agree on some key determinants of firms' dividend policy, the effect of dividend policy on firm value is largely contended. Dividend policy remains one of the most important financial policies not only from the viewpoint of the company, but also from that of the shareholders, the consumers, employees, regulatory bodies and the Government. For a company, it is a pivotal policy around which other financial policies rotate (Alii, Khan and Ramirez (1993). According to Ross, Westerfield and Jaffe (2002) companies view dividend decision as quite important because it determines what funds flow to investors and what funds are retained by the firm for investment. More so, it provides information to stakeholders concerning the company's performance.

Dividend is the distribution of value to shareholders which could be in the form of Cash dividends, Stock dividends, Stock split; Share repurchases (Tajirian, 1997). Dividends are usually paid to owners or shareholders of business at specific periods. This is apparently based on the declared earning of the company and the recommendations made by its directors. Thus, if there are no profits made, dividends are not declared (Nnadi & Akpomi, 2008). When a dividend has been declared, it becomes a debt of the firm and cannot be rescinded. Declaration of dividend affects share prices of firms

Dividend policy is what happens to the value of the firm as dividend is increased, holding everything else (capital budgets, borrowing) constant. Thus, it is a trade-off between retained earnings on one hand, and distributing cash or securities on the other (Tajirian, 1997 & Nnadi & Akpomi, 2008).

Some firms may have low dividend payout because management is optimistic about the firm's future and therefore wishes to retain their earnings for further expansion (Nnadi & Akpomi, 20080. Where a company retains most of its earnings, its expansion is enhanced but the market price of its shares will be relatively low. Others would maintain a generous dividend policy which keeps the market price of their shares high but at the expense of expansion, where there is no other source of capital (Igben, 1999).

Shareholders Wealth

Shareholders' wealth is represented in the market price of the company's common stock, which, in turn, is the function of the company's investment, financing and dividend decision (Van Horne & Wachowicz, 2001). Managements' primary goal is shareholders' wealth maximization, which translates into maximizing the value of the company as measured by the price of the company's common stock. Shareholders like cash dividends, but they also like the growth in earning per share that result from ploughing earning back into the business (Khan and Jain, 1992). Earnings per share increases, thus value of firm increases (Tajirian, 1997). The optimal dividend policy is the one that maximizes the company's stock price which leads to maximization of shareholders' wealth and thereby ensures more rapid economic growth (Mageshwari, 1992).

Theoretical Framework

This work is anchored on signaling effect based on Modigliani and Miller (1961). This theory argued that dividend may have a signaling effect. It helps management to forecast on the future earning or long term planning of the company. Investor can predict the changes of future profit prospect for the firm based on the changes on the dividend rate. However, the firms must have stabilized dividend payout and higher dividend payout compared to target payout ratio. Dividend changes might not the causal factor to changes of share price. Nevertheless, changes on share price may reflect the future earning and opportunity cost for the respective company. In line with the study of Modigliani and Miller (1961), investors and management have asymmetric information. This leads to management tend to pass on the favorable information to the investors. However, low firm value's company may suffer higher cost in conveying information to investors as compared to high firm value's company. Besides, the information not conveyed in a straightforward way through press for instance. The reason is management had to liable for the damages to shareholders (Grinblatt et al., 1984). Lintner (1956) stated that the dividend can be increase once the earning is confirmed permanently increased; otherwise, management should not increase the dividends no matter any changes of the condition.

Empirical Review

Alfred, Ezeabasili, and Jessie (2019) examined the effect of dividend policy on stock prices with empirical evidence from Nigeria. The study employed dividend yield (DY), dividend pay-out ratio (DPO), earnings per share (EPS) as the dividend policy variables and net asset per share (NAPS) as control variable of firm size. The dependent variables and proxy for stock prices is the market price share (MPS). Data were obtained from financial statements of 10 consumer goods firms quoted in Nigerian stock exchange. The panel data covering a period of five years from 2011 to 2015 were used. A panel least square regressions technique was employed. The results showed that DY has an insignificant negative effect on MPS, DPO has a significant positive effect on MPS, EPS has a significant positive effect on MPS while NAPS has an insignificant positive effect on MPS. The study thus concludes that dividend policy is capable of influencing the stock prices in consumer goods sector of the Nigerian stock market indicating that the theory of irrelevancy of dividends do not hold in the case of Nigeria.

Muhammad, Said and Syeda, (2018) investigate the impact of dividend policy on shareholders' wealth using secondary data of 17 listed insurance companies in Pakistan employing non-probability convenience sampling for 2012-2015. Shareholders' wealth is used as dependent variable measured by earning per share whereas dividend policy as independent variable measured by three ratios namely dividend per share, Retention ratio and dividend payout ratio. Analysis techniques include descriptive statistics, regression analysis and correlation analysis. The results show that all the independent variables impact dependent variable positively with dividend per share and retention ratio significant at 5%. Moreover study reveals that the theory of dividend irrelevancy failed in the case of insurance industry of Pakistan

Ebire, Mukhtar and Onmonya, (2018) the oil and gas sector has been the main stay of the Nigerian economy which has attracted lots of investors and consequently maximization of wealth in the form of dividend. This study therefore investigated the effect of dividend policy on the performance of listed oil and gas firms in Nigeria spanning from 2007-2016. Secondary data were sourced from 9 listed firms which formed the sample size of this study. The collected data were analysed using descriptive statistics, correlations matrix and pooled regression analysis. Also, residuals of result were subjected to various diagnostic tests such as Variance Inflation Factor and Heteroskedasticity. Findings from the analysis revealed that dividend payout ratio and retained earnings positively affects earnings per share of listed oil and gas firms in Nigeria while dividend yield had a significant but negative effect on earning per share.

Isibor, Modebe, Okoye, and Ado (2017).examines the possible effects of dividend policy on firm value. The study covers 10 quoted companies studied for the period of 1995 - 2015. In so doing, the methodology adopted is the ordinary least square regression analysis for primary data analyses and multiple regression analysis for the secondary data analyses with models MPS (Market Price per Share) as dependent variable, EPS (Earnings per Share) and DPS (Dividend Per Share) as independent variables. The study shows the relevance of dividend as a signaling model and proves that firm value is greatly influenced by dividend policy as far as public limited companies are concerned.

Cordelia and Kalu (2017) evaluated dividend policy and measured its impact on shareholders' wealth maximization in Nigerian firms (a study of brewery industry). A cross-survey research design was adopted and secondary data extracted from the published annual reports of the firms studied. The statistical tool used was a multi-regression analysis and t-test for hypotheses testing and data analysis with the aid of SPSS version 20. The result in Guinness Nigeria Plc., indicated the irrelevance of dividend policy. From the result, the DPS, EPS and NAPS which were the explanatory variables, had no positive impact on the market value per share (MPS) both collectively and individually. The result from Nigeria Breweries Plc., proved dividend policy is relevant to an extent to which earnings per share and net asset per share are positively affected. The F-ratio was 0.000 which shows a significant positive impact on the MPS. The earnings per share and net asset per share were also significant except the dividend per share which had no impact on the market value per share. The implication is that the growth in stock prices is not always a function of dividend payment.

Salman (2013) examined the "Effect of DP on SW of sugar industry in Pakistan" considering a sample of 33 listed firms of sugar industry listed on Karachi Stock Exchange. The data were collected for a period of six years ranging from 2006 to 2011. Descriptive statistics and regression analysis were applied for analysis considering dividend per share (DPS), earnings per share(EPS), lagged market price per share (MPS), price earnings ratio (PER), and retained earnings (RE) as predictor variables and market price per share (MPS) as response variable. The study showed that DPS, EPS, Lagged MPS, and Lagged PER had significant positive relationship with SW.

Tahir and Raja (2014), examined the impact of dividend policy on shareholders' wealth of oil and gas exploration firms of Pakistan during the years from 1999 to 2006 used regression and correlation to ascertain the best fitted model for the DP and to study its impact on SW. The variables viz., dividend payout ratio (DPR), price earnings ratio (PER) and book value to market value of equity (BV/MV) ratio were considered as predictor variables and holding period yield as response variable. The result showed a correlation between predictor variables and response variable for all the firms. Oil and gas industry of Pakistan paid dividend on regular basis but there was uncertainty in stock market due to which holding period returns were not efficient because share price of firms were not stable and fluctuation took place in firms and the study proved that dividend payout ratio had insignificant relationship with holding period yield.

Enekwe, Nweze, and Agu (2015) investigate the effect of dividend payout on performance of quoted cement companies in Nigeria from 2003 to 2014. The researcher employed four (4) variables for the analyses such as: Dividend Payout Ratio (DPR); Return on Capital Employed (ROCE); Return on Assets (ROA) and Return on Equity (ROE). The results suggest that dividend payout ratio (DPR) has statistically significant with Return on Capital Employed (ROCE) and Return on Asset (ROA) while DPR has statistically insignificant with Return on Equity (ROE) of quoted cement companies in Nigeria

Ozuomba, Okaro and Okoye (2013), examines how share shareholders wealth is affected by dividend policies. The study covers 10 quoted companies in the Nigeria stock exchange. This study shows the relevance of dividend and further proves that dividend policies of public limited companies influence the wealth of shareholders in Nigeria. Ijaiya and al (2013) basically investigate the relationship between the financial performance and dividend payout among listed firms' in Nigeria. The result from their findings shows an insignificant relationship between dividend payout ratio and financial performance of the selected quoted firms in Nigeria

Kumaresan (2014), analyzed the impact of dividend policy on shareholders' wealth: A study of listed firms in hotels and travels sector of Sri Lanka" focused on top ten firms under hotel and travel sectors in Sri Lanka during the period from 2008 to 2012. Shareholders' wealth (EPS) was considered as response variable while predictor variables were: return on equity (ROE), dividend payout ratio (DPR), dividend per share (DPS) and retention ratio (RR). The study found that there was a positive relationship between return on equity (ROE), dividend per share (DPS) and dividend payout ratio (DPO) and shareholders' wealth (SW) of the selected firms under hotel and travel sectors in Sri Lanka

Rimza and Nadia (2014) examined the impact of dividend policy on shareholder's wealth. The result of the study indicate that dividend policy have positive impact on shareholders wealth. Eniola, Akinselure (2016) examined the impact of Dividend policy and Earnings on selected quoted companies in Nigeria. The findings revealed that there was a significant relationship between dividend and market value but, this relationship can only be established between earning per share and dividend yield.

Uwuigbe et al. (2012) studied the relationship between financial performance and dividend payout among the listed firms in Nigeria for a period of five years i.e. 2005-2010 and found that there was a significant positive association between the performance of firms and the dividend payout; ownership structure and firm's size on dividend payout of the firms.

Chidinma (2013), examined the Shareholders' value and firms' dividend policy, evidence from public firms on Nigeria stock exchange. The study used secondary data of 216 public limited firms listed on Nigerian stock exchange for the period of 2000-2011. Dividend per share (DPS) was considered as response variable, while earnings per share (EPS) and market price per share (MPS) were considered as predictor variables. The study found that earnings per share and market price per share had significant impact on SW; a high dividend payout increases the market value of shares and thus, the shareholders' value.

Kadioglu et al. (2015) examined market reaction to cash dividend announcements made by 118 firms listed on the ISE during the period 2003-2015. He found that there is a negative relationship between cash dividends per share and abnormal returns which supports the tax-clientele-effect proposition

METHODOLOGY

The study adopted ex-post facto research design because the data for the analysis are time series data that covers twenty five quoted companies in Nigeria The study made use of secondary data sourced from financial publications such as the Nigeria Stock Exchange (NSE) Fact Book and Daily Official List for the study. The variables which the researcher used include; Market price per share (MPS) which is the dependent variable and dividend per share (DPS), Earnings per share (EPS) and Net assets per share (NAPS) are the independent variables.

The equations and variables used for the study given below are adaptation and modifications from the work of Azhagaiah and Sabari, (2008) done in India. Azhagaiah and Sabari studied the impact of dividend policy on shareholders' wealth in India. This study then tested this model in Nigeria. The model is stated thus:

MPS = f (DPS, EPS, NAPS)

Where,

MPS = Market price per share

DPS = Dividend per share

EPS = Earnings per Share

NAPS = Net Asset per Share

β_0 and μ are the constant and error term respectively while β_1 and β_2 are the coefficient of dividend policy on shareholders wealth in Nigeria.

The equation form of the model is:

$MPS = \beta_0 + \beta1DPS + \beta2EPS\ \beta_3NAPS + \mu$

Where:

β_0 and μ are the constant and error term respectively while β_1, $\beta_{2\ \text{and}}$ β_3 are the coefficients of Dividend per share, Earnings per share and Net asset per share respectively.

The data will be analyzed with econometric techniques involving granger causality test and the ordinary least square (OLS)

DATA PRESENTATION AND ANALYSIS

4.1 Unit Root

The data gathered was subjected to Unit root test. Since carrying out regressions on non stationary time series data would lead to spurious regression outcomes, we employed the widely used Augmented Dickey-Fuller (ADF) and Philip and Peron test to ascertain the stationarity of the data.

Table 2: The Unit Root Test

At Level					
Variables	**Augmented Dicker Fuller Test**		**Philip and Peron Test**		**Decision**
	t-Statistic	**Prob.**	**Adj. t-Stat**	**Prob.**	
MPS	-2.133424	0.2339	-1.996650	0.2865	Stationary at level
DPS	-1.156835	0.6783	-1.023858	0.0031	Stationary at level
EPS	-4.109778	0.0036*	-4.046948	0.0042*	Stationary at level
NAPS	-8.662571	0.0000*	-9.114547	0.0000*	Stationary at level

Source: E-View 9.0

The result of the unit root test shows that MPS, DPS, EPS, NAPS are stationary at levels. This is indicated with the probabilities of the test values which are below 0.05 levels of significance.

The Ordinary Least Square Regressions

In this section, we provide the benchmark test of the significance of the independent variables in explaining the effect of dividend policy on shareholders wealth in Nigeria. The result of OLS is presented in the table below:

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.332806	1638155	2.034488	0.0051
DPS	2.660510	9.234924	2.880923	0.0047
EPS	1.832566	6.905754	2.653680	0.0002
NAPS	-0.301044	9.365032	-1.204520	0.7325

R-squared	0.748027	Mean dependent var	16568137
Adjusted R-squared	0.722253	S.D. dependent var	26065603
S.E. of regression	6263745.	Akaike info criterion	34.25837
Sum squared resid	1.06E+15	Schwarz criterion	34.44340
Log likelihood	-527.0047	Hannan-Quinn criter.	34.31868
F-statistic	164.1679	Durbin-Watson stat	2.173199
Prob(F-statistic)	0.000340		

Source: E-View 9.0

From the above regression coefficients, we can express the model as follows:

MPS = 3.332806, DPS= 2.660510, EPS= 1.832566, NAPS= -0.301044 + u

From the results of the OLS, the constant parameter is positive at 3.332806. This means that if all the independent variables are held constant, MPS as a dependent variable will grow by 3.332806

Dividend Per Share: the coefficient of dividend per share (DPS) is positive at 2.660510 with t-Statistic of 2.880923 and probability value of 0.0047 which means that dividend per share (DPS) has positive and significant effect on market price per share (MPS), a unit increase in dividend per share (DPS) will cause (MPS) to increase by 2.660510 units.

Earnings Per Share: The coefficient of earnings per share (EPS) is positive at 1.832566 with t-Statistic of 2.653680 and probability value of 0.0002 which means that, earnings per share (EPS) has positive and significant effect on (MPS). A unit increase in earnings per share (EPS) will lead to a unit increase in (MPS) by 18.32566

Net asset Per Share: the coefficient of net asset per share (NAPS) is negative at 0.301044 with t-Statistic of 1.204520 and probability value of 0.0013which means that, (NAPS) has negative and insignificant effect on (MPS). A unit increase in (NAPS) will cause (MPS) to decrease by 30.01044 units.

The Adjusted R-squared is 0.722253 which means that 72% of total variation in market price per share (MPS) can be explained by the variables, namely DPS, EPS and NAPS while the remaining 28% is due to other stochastic variables. The Durbin-Watson statistics at (2.173199) which means the model is free from autocorrelation. The F-statistic is 0.000340 which means that all the explanatory variables in the study have significant effect on market price per share within the period under study.

Test of Hypotheses

To test the hypotheses, the statistical significance of the individual parameters was used to test the hypotheses. These test were conducted at 5% level of significance

Test of Hypothesis One

Stage One

Restatement of hypothesis in null and alternate form:

Ho_1: Dividend per share has no significant effect on market price per share in Nigeria

Hi: Dividend per share has significant effect on market price per share in Nigeria

Stage Two

Analysis of the regression results,

Table 5: OLS on Effect of Dividend Policy on Shareholders Wealth

Variable	**Coefficient**	t-Statistic	**Probability**	**Conclusion**
Constant	3.332806	2.034488	0.0051	Statistically Positive and Significance
DPS	2.660510	2.880923	0.0047	Statistically Positive and Significance
EPS	1.832566	2.653680	0.0002	Statistically Positive and Significance
NAPS	-0.301044	-1.204520	0.7325	Statistically Negative and Insignificance

Source: Computed from E- view 9.0

Stage Three: Decision

From table 5 above, since the probability value is less than 5% (0.0051<0.05) with coefficient value of 2.660510 and t-Statistic of 2.880923, the studies therefore reject the null hypothesis and accept the alternative hypothesis: these imply that dividend per share has positive and significant effect on market price per share

Hypothesis Two

Stage One

Restatement of Hypothesis in Null and Alternate Form:

Ho_2: Earnings per share has no significant effect on market price per share in Nigeria

Hi: Earnings per share have significant effect on market price per share in Nigeria.

Stage Two

Analysis of the regression results,

Table 6: OLS on effect of Dividend Policy on Shareholders Wealth

Variable	**Coefficient**	t-Statistic	**Probability**	**Conclusion**
Constant	3.332806	2.034488	0.0051	Statistically Positive and Significance
DPS	2.660510	2.880923	0.0047	Statistically Positive and Significance
EPS	1.832566	2.653680	0.0002	Statistically Positive and Significance
NAPS	-0.301044	-1.204520	0.7325	Statistically Negative and Insignificance

Source: E- view 9.0

Stage three: Decision

Table 6 above reveals that the probability value is less than 5% (0.0051<0.05) with coefficient value of 18.32566 and t-Statistic of 2.653680, the study therefore accept the null hypothesis and reject the alternative hypothesis and summit that earnings per share has significant effect on market price per share in Nigeria

Hypothesis Three

Stage One

Restatement of Hypothesis in Null and Alternate Form

Ho_3. Net asset per share has no significant effect on market price per share in Nigeria.

Hi. Net asset per share has significant effect on market price per share in Nigeria.

Stage Two

Analysis of the Regression Results

Table 7: OLS on Effect of Dividend Policy on Shareholders Wealth

Variable	**Coefficient**	t-Statistic	**Probability**	**Conclusion**
Constant	3.332806	2.034488	0.0051	Statistically Positive and Significance
DPS	2.660510	2.880923	0.0047	Statistically Positive and Significance
EPS	1.832566	2.653680	0.0002	Statistically Positive and Significance
NAPS	-0.301044	-1.204520	0.7325	Statistically Negative and Insignificance

Source: Computed from E- view 9.0

Stage three: Decision

From table 7 above, since the probability value is more than 5% (0.7325>0.05) with coefficient value of -30.01044 and t-Statistic of 1.204520 the studies therefore accept the null hypothesis and reject the alternative hypothesis. Which means that net asset per share has negative and insignificant effect on market price per share in Nigeria

Discussion of Finding

The result of the ordinary least square (OLS) indicates that dividend per share has positive and significant effect on market price per share, the results of our findings are consistent with the work of Agarwal (2014) in terms of dividend per share, it was discovered that dividend per share has positive effect on share holders wealth

Earnings Per Share: The result indicates that earnings per share has positive and significant effect on market price per share in Nigeria

The result of our findings are consistent with the work c of Omoregie & Eromosele (2016), they posit that earnings per share has positive relationship with market price per share in Nigeria

Net Asset Per Share: the result of our study indicates that net asset per share has negative and insignificant effect on market price per share. The result of our findings are consistent with the work c of Michael (2016), posit that net asset has negative relationship with market price per share.

Summary of Findings

This study used a time series data to investigate the effect of dividend policy on shareholders wealth in Nigeria. The result of the ordinary least square indicates that dividend per share and earnings per share have positive and significant effect on market price per share. Again, the result indicates that net asset per share has negative and insignificant effect on market price per shares

CONCLUSIONS

The result of the ordinary least square indicates that dividend per share and earnings per share have positive and significant effect on market price per share. Again, the result indicates that net asset per share has negative and insignificant effect on market price per shares. This paper therefore, concludes that dividend policy has positive effect on shareholders' wealth within the period under review

RECOMMENDATIONS

Based on these findings, this paper therefore recommends that:

1. Firms operating under this environment should improve in the distribution of dividend and earning
2. The board of directors should review the dividend policy of the companies operating under this environment to ensure maximum operation and ensure that they comply with relevant and required dividend policy.
3. The level of dividend payments should be determined by shareholders preference and implemented by their management representative. The firms operating under this environment should ensure the application of "shareholders value approach" to estimates the economic value of an investment by discounting forecasted cash flows by the cost of capital.

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