



Gusau Journal of Accounting and Finance (GUJAF)

Vol. 2 Issue 2 April, 2021 ISSN: 2756-665X

A Publication of
Department of Accounting and Finance,
Faculty of Management and Social Sciences,
Federal University Gusau, Zamfara State –Nigeria

DETERMINANTS OF MARKET PRICE OF COMMON STOCK OF LISTED INDUSTRIALIZED FIRMS IN NIGERIA

Aishat Salawudeen

Department of Accounting
Faculty of Management Sciences
University of Abuja, Nigeria
Ayizworld@gmail.com

Abdullateef Ibrahim

Department of Accounting
Faculty of Management Sciences
University of Abuja, Nigeria
ibrahim.abdullateef@uniabuja.edu.ng

Abstract

This study explores the effect of the dividend payout ratio on the share price of listed industrialized firms' common stock in Nigeria. This study comprises sixty-three industrialized firms whose shares were listed on the Nigerian stock exchange between 2008 and 2019. Fifty-one firms have been used as a sample. Panel regression analysis was used to test the hypotheses of this study. The results showed that the dividend payout ratio, growth, and age significantly impacted the common stock market price. Also, leverage and firm size had a significant negative impact on the market price of the common stock. However, profitability has an insignificant impact on the market price of the common stock. Accordingly, this study concludes that the dividend payout ratio is essential for determining the common market price. It suggests that Nigeria's listed industrialized firms could restructure their dividend policies to the extent that the dividend payout ratio will be susceptible to shareholders' needs. It will promote more spending by shareholders (existing shareholders to retain their shareholding and invest in buying more shares when made available). It would help attract prospective investors to invest in the company's share, thus growing the wealth of existing shareholders.

Keywords: Dividend Payout Ratio, Market Price, Common Stock, industrialised firms Nigeria

1. Introduction

Dividend policy remains the most important financial decision among companies around the world. Dividend payout is concerned with the trade-off between reinvestment profits and cash disbursement to shareholders (Tahir & Raja, 2014). The formulation of dividend decisions is a core feature of the Board of Directors, which stands out, among other important financial decisions, from an operational and shareholder viewpoint. Conversely, the dividend's decision-making role is reflected in the common stock market price (Azhagaiyah & SabariPriya 2008). Sarwar and Salman (2013) observed that the best dividend decision maximizes the company's share price. Yustisiana (2017) argued that the market price of common stock, better known as the share price, is essentially the amount of cash investors are willing to pay for one share. Notably, the market price of the common stock used here does not consider the real value of the company's properties, such as the book value per share, based on the details on the company's balance sheet. The common stock price is a valuable analytical method for assessing whether an investment in a business is worthwhile. The share price is the central determinant of common shares' market price (Zafar et al, 2012; Bawa, 2013).

Besides, previous studies such as Ponsian et al., (2015) and Zakaria et al., (2012) argued that the dividend payment is crucial to the stock return to shareholders, which is geared towards the better financial recovery of the shareholders. Ponsian et al.,

(2015) argued that cash incentives echo the company's earnings power and offer shareholders constant earnings. It increases the certainty of shareholders in their search for the payment of a cash dividend. The cash reward in the form of a dividend payout ratio is a crucial financial measure used to assess the company's dividend payments. The payout ratios have considerable predictive ability, signaling the stage of the company's growth (Zakaria et al., 2012). The decision to opt for the optimum dividend payout ratio, which raises common shares' market price, has been the focus of research in developed and developing economies. At the same time, Gejalakshmi and Azhagaiah (2015); Ponsian et al., (2015), Sharif et al., (2015); Alim et al., (2014); Hassan et al., (2013) concluded that the dividend payout ratio would increase the share price and boost trust and confidence of the investors. On the contrary, Balagobei and Selvaratnam (2016) and Suwabe (2006) concluded that the dividend payment ratio could reduce the stock price. It is therefore essential to have a better understanding of how the dividend payout ratio affects the market price of the common stock of listed industrialized firms in Nigeria since the dividend payout ratio is crucial to shareholders' wealth as it indicates how much of the company's profits are paid back to shareholders (Walsh, 2014). Consequently, the inconsistency calls for more investigation of the dividend payout ratio and the common stock market price.

Thus, researchers' interest is to answer how the decision on the percentage of after-tax profit paid to shareholders as dividends and the percentage of after-tax profit kept as retained earnings for further growth and development affects the market price of the common stock of listed industrialized firms in Nigeria. Especially in Nigerian industrialized firms whose Gross Domestic Product (GDP) is central to the growth of the nation's economy as it affects industrialization, national economic development prospects are focused on the entrepreneurial energy of small and medium-sized enterprises. This study deviates from the previous work because it focuses on industrialized firms in Nigeria and uses a systematic approach to check the quantitative data's robustness to predict the two constructs' approximate causes and effects. In many ways, this study is of tremendous importance. First, it adds to the current literature on the subject in Nigeria. Second, it allows industrialized firms to understand the need to pay or increase the proportion of after-tax profit to boost the shareholders' trust and confidence. It provides empirical evidence on the subject matter.

2.1 Empirical Review and Hypotheses Development

Past studies such as Chenchehene and Mensah (2015), Kapoor (2009) and Asquith and Mullins (1983) on the dividend payout ratio and market price per share have shown that dividend policy can increase or decrease the market price per share as well as the valuation of firms and thus affect the wealth of shareholders. Ponsian et al., (2015) and Azhagaiah and SabariPriya (2008) have tried to clarify what is decided by the shareholder wealth in corporate finance with specific reference to dividend payment decisions. These studies' results did not provide a consistent position in the literature on the dividend payment ratio's effect on the stock price per share. Balagobei and Selvaratnam (2016) and Suwabe (2006) found that the dividend payment ratio had a substantial adverse effect on the stock price per share. Studies by Gejalakshmi and Azhagaiah (2015); Alim et al., (2014); Hassan et al., (2013) have

shown a significant positive impact on the dividend payout ratio and the market price of common shares. However, Chenchehene and Mensah (2015); Ali et al., (2008); Akani and Sweneme (2016) found that the dividend payout ratio and market price per share had an insignificant impact.

As a result, the real (positive or negative) effect of the dividend distribution ratio on companies' share price lacks a general conduct pattern under various research and socio-economic circumstances. The results of Ozuomba et al., (2016); Ojeme et al., (2015) show that dividend payments affect shareholders' income. Sunmola and Emmanuel's (2016) findings prove an insignificant positive relationship between the dividend payout ratio's stock price per share. Whereas Oliver et al., (2016) have shown that the dividend payout ratio is essential and positively linked to the share price. The purpose of this research is to empirically analyze the relationship between the payout ratio of dividends and the market price of the common stock of listed industrial companies in Nigeria. This research study investigates the impact of the dividend payout ratio on the market price of listed industrial companies' common stock in Nigeria. This study differs primarily from the previous study on the stock price per share dividend payout ratio in that most of the studies on the subject are not domesticated, and those domesticated do not include the manufacturing sectors of the economy. Again, it is worth remembering the lack of consensus on the effect of the dividend payout ratio on companies' stock price per share in both developed and emerging markets. Therefore, the justification for ongoing and in-depth studies is to obtain a comprehensive theoretical and empirical study of the subject matter. A systematic statistical methodology may, therefore, provide a well-detailed and robust result for this analysis. This analysis, therefore, offers the answer to the following null hypothesis:

***H₀** Determinants of share price have no significant impact on the market price of common stocks of listed industrialized firms in Nigeria*

Isa and Salawudeen (2019) checked the relationship between the market price per share dividend payout ratio in Nigeria using sixty-three manufacturing companies whose shares are listed on the Nigerian stock exchange between 2008 and 2018. Some filters were used to select fifty-one companies as sample size—the annual data from sample business reports and accounts for eleven years, from 2008 to 2018. Path analysis is used to measure the dividend payment ratio's effect on the stock price per share. The dividend payout ratio significantly impacted the shareholder stock price per share at a 1% level of relevance. Similarly, Gejalakshmi and Azhagaiah (2015) analyzed the relationship between dividend payout ratio and market price per share of India's firms. The analysis used a sample of 13 companies listed on the Indian Stock Exchange. Data compiled from the annual report for a period of time. Pooled regression methods were used to analyze the effect of dividend payments on the stock price per share. As a result, substantial positive evidence for the dividend policy impacts the stock price per share. Likewise, Ponsian et al., (2015) investigate the relationship between the stock price per share of Tanzania's dividend payout ratio. The analysis used a sample of 13 companies listed on the Karachi Stock Exchange. Data compiled from the annual report for the five years from 2007 to 2011. The OLS calculation methods were used to evaluate the dividend payout ratio's effect on the stock price per share. As a result, substantial positive evidence for the dividend payout ratio impacts the stock price per share. Again, Sharif, Ali, and Jan (2015)

investigate the relationship between the stock price per share of Pakistan's dividend payout ratio. The analysis used a sample of 12 companies listed on the Karachi Stock Exchange. Data compiled from the annual report for a period of 13 years from 2001 to 2013. Multiple regression analysis was used to analyze the dividend payout ratio's effect on the stock price per share. As a result, substantial positive evidence for the dividend payout ratio impacts the stock price per share. Besides, Alim et al., (2014) analyzed the relationship between the stock price per share of Pakistan's dividend payout ratio. The work included a survey of 50 listed companies on the Karachi Stock Exchange. Data compiled from the annual report for a period of 10 years from 2001 to 2010. Regression methods have been used to analyze the dividend policy's effect on the stock price per share. As a result, substantial positive evidence for the dividend policy impacts the stock price per share. Hassan et al., (2013) investigated the relationship between the stock price per share of Pakistan's dividend payout ratio. The analysis used a selection of 50 listed companies on the Karachi Stock Exchange. Data compiled from the annual report for a period of 10 years from 2001 to 2010. Multiple regression analysis methods were used to analyze the dividend payout ratio's effect on the stock price per share. As a result, substantial positive evidence for the dividend payout ratio impacts the stock price per share. Mokaya et al., (2013) investigate the relationship between dividend payments at market price per share in Kenya. The research used a selection of 100 listed companies in the Kenya Stock Exchange. Data compiled from the annual report for a period of time. OLS regression analysis methods were used to analyze the dividend payout ratio's effect on the stock price per share. As a result, substantial positive evidence for the dividend payout ratio impacts the stock price per share. Kapoor (2009) also explores the relationship between dividend payout ratios on India's stock price per share. The analysis used a curated sample of Indian listed companies. Data obtained from the annual report of the time chosen. The panel regression methodology was used to analyze the dividend payout ratio's effect on the stock price per share. As a result, substantial positive evidence for the dividend payout ratio impacts the stock price per share.

On the contrary, Balagobei and Selvaratnam (2016) analyzed the relationship between the dividend payment ratio and the market price per share in Sri Lanka. The analysis used a sample of 12 companies listed on the Colombo Stock Exchange. Data obtained in the annual report for a period of five years from 2008 to 2012. Multiple regression methods were used to analyze the dividend payout ratio's effect on the stock price per share. As a result, substantial but negative support for the impact of the dividend payout ratio and the stock price per share. Suwabe (2006) explores the relationship between the stock price per share of Japan's dividend payout ratio. A sample of listed Japanese companies was used in the analysis. Data compiled from the annual report for a period of time. Multiple regression methods were used to analyze the dividend payout ratio's effect on the stock price per share. As a result, substantial but negative support for the impact of the dividend payout ratio and the stock price per share. However, insignificant findings were also found in Chenchehene and Mensah (2015). They analyzed the relationship between the dividend payment ratio and the stock price per share in the United Kingdom and sampled 25 UK firms. Data obtained from the annual report for twenty years from 2004 to 2008. Multiple regression analyzes were used to verify the impact of the dividend payout ratio and market price per share. The result gives negligible and negative support to the relationship between the dividend payout ratio and the market price per share. While multiple regression

analysis was used in the study, there was no evidence of a robustness check. Ali et al., (2008) analyzed the relationship between the stock price per share of India's dividend payout ratio. The analysis used a selection of 68 listed companies in the Indian Stock Exchange. Data obtained in the annual report for a period of five years from 2003 to 2007. Multiple regression methods were used to analyze the dividend payout ratio's effect on the stock price per share. As a result, there is negligible support for the dividend payout ratio's impact on the stock price per share. Besides, Adefila (2000) analyzed the relationship between dividend payout ratio and market price per share of Nigeria's firms. A selection of 15 companies in Nigeria was used in the analysis. Data compiled from the annual report for a period of 10 years from 1990 to 1999. Multiple regression methods were used to analyze the dividend payout ratio's effect on the stock price per share. As a result, negligible and negative support for the dividend payout ratio impacts the stock price per share. However, most of the previous studies neglect the essence of the robustness measure. Thus, the OLS regression model neglects the cross-sections and the time-series structure of the data as the inference and recommendation derived from the analysis may be inaccurate.

Signal theory suggested that managers had more knowledge of the company's potential earnings prospects than shareholders. Thus, when directors have affirmed a more than expected dividend, it will be interpreted to indicate that the corporate financial perspective will be much healthier. As a result, investors will recognize that the management would not raise dividends if they cannot meet them in the future. Due to the signal of good times, investors would buy multiple shares, increasing the stock price. However, when the dividend is cut, the company is depicted in a bad mood. This will result in a decline in the prices of existing stock, as traders conclude that hard times are close. Bhattacharya (1979) and Miller and Rock (1985) documented that the dividend declarations offered details on its prospects. Dividend details and the declaration of dividends means that the company is in an excellent position to raise share prices. Brickley (1983) has shown that dividend signaling might give information if managers pay dividends on a daily, periodic, and special basis. Investors will see a special dividend declaration as a hedged managerial signal for potential profitability.

Easterbrook (1984) argued that dividends could reduce the cash inflow of the manager. In addition, dividend payments would make the company go to the stock market to collect funds. In this case, the actions of managers will be controlled by experts, including bankers, stockbrokers, and analysts. Stockholders are also now observing managers at reduced costs and mitigating any collective action difficulties. This claims that stockbrokers' dividend payments increase the management review and decrease the probability of managers behaving on their behalf. Jensen (1986) again argued that the Agency's costs could be expurgated by dividend payment by reducing the large holding of excess cash. Paying dividends would minimize the expenses of the agency because the free cash flow will be limited. However, Jensen (1986) suggests that surplus cash payment is a valuable method to raise common stock market prices and then reduce agency disputes. This study adopts the signaling theory and agency costs – free cash flow theory because dividend payment stimulates the high value of stocks. Also, it offers a better resolution of the relationship between principal and agent. It is because it considers dividends to relieve the strain of organization expenses by distributing free cash flows that are not more expended on

non-profit programs (Jensen, 1986). Paying dividends would minimize the expense of the agency since the free cash flow will be smaller. However, paying dividends is a way to reduce the agency's costs and raise the common stock market price by paying dividends.

3. Methods and Models

The study adopts an explanatory research design since the data used for the study are quantitative. It uses secondary data from the sampled industrialized listed companies' annual reports filed with the Security and Exchange Commission (SEC) and Nigeria Stock Exchange (NSE). This research is, therefore, focused on a functional and positivist model. This study's population covers the six-three industrial companies reported on the NSE as at 31 December 2019, and the study covers the 12 years from 2008 to 2019. This research sampled a stratified random sample of industrial companies due to similarities in the distribution of assets from other industries. Thus, the strata are built based on five main sectors with similar characteristics. The sectors are conglomerates with six companies, manufacturing and real estate with seven companies, consumer goods with twenty-six companies, manufactured goods with nineteen companies, and natural resources with five companies. Based on the selection criteria, fifty-one sample sizes arrived after excluding firms deemed unsuitable in this report. Conglomerate companies were censored because of the availability of information; four companies were selected from the construction and real sector, twenty-three were selected from the consumer goods sector, fourteen selected companies from the industrial goods sector, and four selected companies' natural resources sector. Thus, the companies whose shares were listed before the end of the research period were excluded from the study because, for the company to count as a sample, the company's shares must be listed for the entire study period. They must have submitted their reported audited financial statements to the Nigeria Stock Exchange (NSE) for the entire duration. The study examined the listed industrial firms because the manufacturing sector is fundamental to the economic development of any country's economy through its immense contribution to national GDP and its ability to generate jobs. This is an environment that has drawn investors (foreign and domestic) in recent times.

Table 1: Operationalization of Variables and Measurement

Variable	Measurement
Market Price of Common Stock (MPS)	The year's opening price plus the ending price of the year divided by two, as used by Azhagaiah and SabariPriya (2008), Bawa, and Kmaur (2013).
Dividend Payout Ratio (DPR)	The dividend payout ratio is measured as dividend per share divided by earnings per share as used by Suwabe (2006), Mokaya et al., (2013) Gejalakshmi and Azhagaiah (2015).
Profitability (PRF)	Percentage of profit after tax divided by shareholders equity as Salawudeen (2017) and Kamaludeen and Salawudeen (2017)
Leverage (LEV)	Leverage is measured as total debt divided by total assets as used by Salawudeen et al., (2018), Al-Msum (2014), Waithaka et al., (2012)
Firm Size (FSZ)	The firm's size is evaluated by the natural log of total assets

	used by Gawad et al., (2012), Waithaka et al., (2012).
Growth (GWT)	Growth is measured by the natural log of sales revenue as used by Da Silva et al., (2004), Farinha, (2003), and Grullon et al., (2002).
Age (AGE)	Age is measured by the natural log of several years since start-up. Salwudeen and Suleiman (2018) and Sawar and Salman (2013)

Source: Researchers' Compilation 2020

This study used a panel regression analysis (OLS and GLS-random effect) to assess the variability of the dependent variables of the common stock market price due to changes in any explanatory variables of the dividend payout ratio, profitability, leverage, firm size, growth and age. The panel data of fifty-one (51) companies for twelve (12) years were used to interpret the study's data due to its longitudinal nature. Thus, in line with previous research, such as Sawar and Naseem's (2014) work and Azhagaiah and Sabari Priya's work (2008). For the analysis, the following regression model was adapted from Sawar and Naseem (2014); Azhagaiah and SabariPriya (2008).

$$MPS = f(DPR, PRF, LEV, FSZ, GWT, \text{ and } AGE) \dots\dots\dots 1$$

$$MPS_{it} = \beta_0 + \beta_1 DPR_{it} + \lambda_2 PRF_{it} + \lambda_3 LEV_{it} + \lambda_4 FSZ_{it} + \lambda_5 GWT_{it} + \lambda_6 AGE_{it} + \mu_{it} \dots\dots\dots 2$$

Where:

MPS: Market Price per Share of Firm i at Period t, Dividend Payout Ratio of Firm i at Period t, PRF: Profitability of Firm i at Period t, LEV: Leverage of Firm i at Period t, FSZ: Firm Size of Firm i at Period t, GWT: Growth of Firm i at Period t, AGE: Age of Firm i at Period t, α_0 Constant $\beta_1 \dots \beta_4$ efficient for each of the independent variables, λ is the parameters of the control variables, μ is the random error, t Time dimension of the Variables and i represent firms under consideration

4. Result, Robustness Check and Discussions

The robustness test was performed to verify all statistical inferences for this analysis. The outliers' problems were obtained before the required statistical method was selected to ensure a similar relationship between them; a graphical linearity test was carried out, offering valuable linearity testing. To establish if two or more independent variables are interrelated, Multicollinearity tests have been carried out, which shows a little dependence between the variables. The collinearity problem was tested using the Variance Inflation Factor (VIF); this results in an indication of a lack of collinearity with a mean of 1.85, which is less than 10 (see table 4.3). A heteroscedasticity quiz further investigated to determine the error term's variability being constant or not. This result shows the presence of heteroscedasticity, which suggests that the variability of the error word is not constant as the coefficient of 24.56 with its significant value of 0.067 (See table 4.3). This problem was corrected using a rigorous standard error test for heteroscedasticity. The researchers tested the normality of the residues. The normality test of the error term is the regression model (OLS) postulation, which guarantees that all residual tests (p, t, and F) usually operate. However, the analysis predicts the error term (e) by running sktest e, and the result shows a large p-value at 0.089, suggesting that the standard error is not normally distributed (see table 4.3). Since a probability value greater than 0.0500 is considered to be appropriate (Gujarati, 2003). As a result, Breusch and Pagan

Lagrangian multiplier experiments were performed for random effects. The chance of seeing 0.0000 shows the GLS random effect choice over OLS (see appendix). The result is, therefore, analyzed using a random GLS effect. The product of Random Effect was used for the interpretation of the sample.

Table 2: Descriptive Statistics

Variables	Mean	Std Dev	Minimum	Maximum	Skewness	Kurtosis
Mps	0.3683	1.2424	0.2500	11.820	0.0000	0.0000
Dpr	0.0064	0.0031	-0.0057	0.0349	0.0000	0.0000
Prf	0.2166	0.3342	-0.9823	0.9992	0.0590	0.0000
Lev	0.3969	0.2553	0.0005	0.9987	0.0015	0.0000
Fsz	9.8274	0.7227	7.7398	10.993	0.0001	0.0153
Gwt	9.8614	0.8292	7.5917	11.527	0.0368	0.0001
Age	36.628	10.747	12.000	58.000	0.0000	0.3514

Source: Descriptive Statistics Result Using STATA 13.0

The average share price at which investors are willing to pay for the stock of the sampled industrial companies in Nigeria for 12 years is 0.37k, which means that the sampled firms' investment might be worthwhile. The standard deviation is 1.24, meaning data points are spread over a wide rate of 11.57k, the difference between the minimum and the maximum values of 0.25k and 11.82k. The market price of the common share as a dependent variable is to be constant. More so, the varying share prices and heterogeneous existence of the sample firms may also explain the full range. The average share of profit allocated to each common shareholder for all the sampled industrial companies in Nigeria over 12 years was 0.0062. It shows that the percentage of earnings charged as a dividend payout ratio for all sampled industrial companies amounted to 0,0062k. Meaning for each naira, the companies receive a net income of 0.62k paid back as a dividend to the shareholders. The standard deviation of 0.003 indicates a substantial difference in the dividend payout ratio among the firms sampled during the study period. The minimum value of the dividend payout ratio was approximately 0.0057k, which resulted in substantial losses in some companies' earnings experience during the study period with a maximum dividend payout of 0.035k, guy. Profitability indicates a mean value of 0.2156, a minimum value of -0.98, and a maximum value of 0.99. The standard deviation of 0.33 suggests no substantial improvement in the sampled companies' profitability during the study period. Leverage indicates an average of 0.396 (approximately 0.40m) with a minimum of 0.005m and a maximum of 0.99m. The standard deviation of 0.26 suggests no substantial improvement in the sampled companies' leverage during the study period. The average size of the firm was 9.8 and the standard deviation was 0.72. It indicates that firm size will change on all sides. The low value of the standard deviation means that the data points are distributed over a large range of 3.2m values (i.e., the difference between the minimum and the maximum values of 7.7m and 10.9m). The average firm growth is valued at 7.69m, with a standard deviation of 0.83. The low valued standard deviation means that the data points are distributed over a large range of values of 3.8m (i.e., the difference between the minimum and the maximum values of 7.7m and 11.5m). The average firm age for the sampled industrial companies in Nigeria was 37 years, with a minimum of 11 years and a maximum of 58 years. The standard deviation value at 10.75 shows a significant shift in the ages of the sampled industrialized firms in Nigeria. However, all variables

under analysis are positively skewed, which means that more findings are produced in the lower values; this occurs because the right side of the axis has the histogram's peak. The kurtosis of the variables in the analysis reveals the features of the platykurtic and leptokurtic curves. The curve peak is less noticeable than the standard curve in all variables except the board composition, which is more conspicuous than the standard curve.

Table 3: Correlation Matrix

V	MPS	DPR	PRF	LEV	FSZ	GWT	AGE	VIF
Mps	1.0000							
Dpr	0.3582	1.0000						1.96
Prf	0.1725	0.4798	1.0000					1.94
Lev	-0.078	-0.064	-0.058	1.0000				1.29
Fsz	0.4950	0.1899	0.0497	-0.277	1.0000			2.16
Gwt	0.5523	0.2833	0.0846	-0.049	0.561	1.0000		2.51
Age	0.0186	0.3320	0.2398	-0.037	0.014	0.0248	1.0000	1.26

Source: Correlation matrix using STATA 13.0

The above table 3 shows that the common stock share price is weak and positively associated with the dividend payout ratio, profitability, leverage, firm size, and age at 36 percent, 17 percent, 50 percent, 55 percent and 1.9, respectively, except for growth and firm size, which shows a strong and positive correlation between 55 percent and 50 percent. However, the leverage ratio is negatively correlated with the common stock market price at 7.8 percent. The dividend payout ratio was positively associated with profitability, leverage, productivity, firm size and age at 48 percent, 19 percent, 28 percent, and 33 percent, respectively. The ratio of debt to dividend pay-out is negative and low at 6.4%. Profitability has a poor positive correlation with firm scale, development and age at 5.0 percent, 8.5 percent and 24 percent. However, profitability and leverage were negatively correlated at 5.8%. Likewise, leverage has a low negative association with firm size, growth, and age at 28 percent, 4.9 percent, and 3.7 percent. Also, firm size has a favorable relationship with growth and age at 56 percent and 1.4 percent. Age and development are low but positively correlated at 2.5%. The outcome of the VIF for the particular variable indicates normal behavior since no variable surpassed the benchmark of 10, as seen in Table 4.

4.1 Regression Result

Table 4: OLS and GLS Estimate

Variable	OLS			GLS (Random Effect)		
	Coeff.	T	t>/t/	Coeff.	Z	t>/t/
Constant	-3.3827	-4.20	0.000***	-3.3827	-4.20	0.000** *
Dpr	0.0163	2.56	0.011***	0.0163	2.56	0.009** *
Prf	6.4359	0.93	0.354	6.4359	0.93	0.348

Lev	-26.506	-2.94	0.003***	-26.506	-2.94	0.001** *
Fsz	-2.3270	-2.35	0.019**	-2.3270	-2.35	0.019**
Gwt	6.0807	16.12	0.000***	6.0807	16.12	0.001** *
Age	0.4001	3.23	0.001***	0.4001	3.23	0.001** *
R ²	0.460		R2 Within -----		0.3567	
Adj. R ²	0.370		Between -----		0.5627	
Obs	612.0		Overall -----		0.4623	
F(sig)	78.71					
Prob >F	0.000					
VIF mean	1.850					
Hetttest chi ²	24.56					
Hetttest	0.067					
Prob>chi ²	14.56					
Sktest	0.089					
SktestProb>chi ²	0.136					
Root Mean						
Probability	0.00000		Probability -----		0.0000	

Source: OLS and GLS Estimates using STATA (Version 13.00). Note *, **, *** specifies significance levels at 10%, 5%, & 1% respectively.

The regression results (OLS and GLS) in Table 4 show that the probability-value of the 0.0000 model shows that the relationship between the dividend payout ratio and the market price of the sampled industrial companies' common stock is statistically meaningful. Besides, the Log-likelihood (F-Statistics) estimate of 78.71 suggests that the research model is reasonably fit and, as such, the variables in the model have been sufficiently chosen, combined, and used. It also means that the relationship between the dependent variable and the independent variables is not due to chance, as the result and the inferences drawn from the results could be depended on by 99 percent on the 1 percent significance stage, i.e., Prob > chi² = 0.0000. The p-value of Prob > chi² is statistically significant at 1%, which implies that its predictors predict dependent variables accurately. The estimate records R² at 46%, which specifies the degree to which the independent variables clarified the common stock's dependent market price. Just 54% are responsible for variables not included in this model. The modified R² shows that the explanatory variable can explain the explained variable by 37%, leaving an error of 63%. It demonstrates the power, applicability, and usefulness of the model in deciding how the dividend payout ratio affects the share price of the common stock of listed industrialized firms in Nigeria. It was deemed satisfactory because 10 percent R-square was widely agreed for studies in the arts, humanities, and social sciences because human behavior could not be reliably predicted, and thus low R-square is also not an issue in studies in the arts, humanities, and social sciences. However, the Breusch and Pagan Lagrangian multiplier experiments were performed for random effects. The likelihood shown by 0.0000 shows the choice of the random effect of GLS over OLS. The result is, therefore, analyzed using a random GLS effect.

The GLS random effect's consequence shows that the dividend payout ratio of the listed industrialized firms in Nigeria and their market share prices have a coefficient

and t-value of 0.016 and 2.56. It was necessary at a value of 0.009 or 0.9%. It suggests that the dividend payout ratio has a significant positive impact on the market price of the common stock, which means that an improvement in the dividend payout ratio would increase the market price of the common stock. It implies that the shareholders would enjoy the rise in the dividend payout ratio. The apriori presumption of the effect of the dividend payout ratio on the market price of the common stock is that the dividend payout ratio would positively impact the market price of the common stock. The previous theorist, such as Lintner (1956), has argued that companies are reluctant to cut dividends, as this could lead investors to perceive bad results and lower common stock prices. Suwabe (2006) has reported that the more profitable businesses are, the higher the stock price and the free cash flow from profit can raise shareholders' wealth. The outcome supports the existing literature on this phenomenon. For example, the Alim, Ali, Ali, Khattak, and Qureshi (2014), Hassan, Asaduzzaman, and Karim (2013) and Kapoor (2009) studies have shown a positive impact of the dividend payout ratio on the market price per share. However, Balagobei and Selvaratnam (2016) and Suwabe (2006) found that the dividend payment ratio had a negative impact on the stock price per share. Previously, it assumed that the payout ratio had no significant effect on the share price of listed industrialized firms' common stock in Nigeria. The null hypothesis was estimated by regression analysis. The extent of the dividend payout ratio's effect on the market price of the common share suggests a large benefit, which means that the dividend payout ratio has a significant beneficial influence on the common share's market price. Subsequently, the relationship is statistically essential; thus, we reject the null statement that the dividend payout ratio does not have a significant impact on the market price of the common stock and conclude that there is a significant beneficial effect of the dividend payout ratio on the market price of the common stock of listed industrialized firms in Nigeria. The important positive effect of the common share dividend payout ratio on the stock price indicates an efficient financial decision-making mechanism, particularly the policy of dividends in the sampled companies.

The listed industrialized firms' profitability in Nigeria and the common stock market price has a coefficient and t-value of 6.435 and 0.93. It is negligible at the value of 0.348, implying that the profitability has an insignificant positive impact on the market price of the common stock, which indicates that the profitability does not decide the market price of the common stock of sample firms. The apriori assumption of the impact of profitability on the market price of the common stock is that it has a positive influence as the theoretical backing of Brickley (1983) indicates that investors could use the dividend payment announcement as a better managerial indicator of future profitability, which has a positive effect on the market price of the common stock. However, this research has shown that certain businesses have suffered losses over a specific span of the study, thereby having an insignificant impact on the market price of the common stock. This finding is contradictory to the current literature on this phenomenon. For example, the current study supports studies by Thirumagal and Vasantha (2016), Ali, Ali, Ali Khattak, and Quersh (2014, Ali, Ishtiaq, and Naveed (2008) and Suwabe (2006), which found that profitability had a positive impact on the common stock market price. Accordingly, this analysis does not refute the null hypothesis that profitability does not affect the share price of listed industrialized firms' common stock in Nigeria.

The leverage of listed industrialized firms in Nigeria and their share price of common stock have a coefficient and t-value of -26.506 and -2.94, respectively, and this is important at a value of 0,001 or 1%. It indicated that leverage has a significant adverse impact on the market price of common stock, which means that a highly leveraged business would reduce the market price of common stock of listed industrialized firms in Nigeria by 0.1%. Highly leveraged firms will channel their profits to offset debt obligations as they fall due, resulting in a negative impact on common stock market prices. The apriori expectation of the effect of the leverage on the market price of common stock has a positive impact because the leverage reflects long-term debt and its willingness to satisfy its financial obligations as if it were due. It can have a positive effect on the stock price per share if the liquidity ratio is low. Al-Masum (2014) predicts that the sector's liquidity position will improve as more funds are poured into businesses to pursue a viable project or investment opportunity that will have a positive effect on the share price of the common stock. The negative impact of this finding then weakened this status. The finding, however, is in line with established literature on this phenomenon. For example, Akit, Hamzah and Ahmad (2015) Al-Masum (2014) showed that leverage had a negative effect on the market price of common shares. On the contrary, Akani and Swenewe (2016) found that leverage positively affected the common market price. This study rejects the analysis assumptions that leverage does not influence the share price of listed industrialized firms' common stock in Nigeria.

The size of the listed industrialized firms in Nigeria and the common stock market price have a coefficient and t-value of -2.327 and -2.35, respectively; this is important at a value of 0.019 or 1.9 percent. Indicating that firm size has a significant adverse impact on the market price of common stock, a rise in firm size would reduce the market price of common stock of listed industrialized firms in Nigeria by 1.9 percent. It suggests that the sample companies are not maximizing their size in order to increase shareholder wealth. The apriori expectation of the effect of firm size on the market price of common stock is that it has a positive impact, as Asquith and Mullins (1983) argue in the literature that large companies are maximizing shareholders' wealth rather than small ones because of their financial viability. The negative impact of this finding then weakened this status. The finding, however, is in line with established literature on this phenomenon. E.g., the studies Kumaresam (2014), Hasan, Asaduzzaman and Karim (2013), Waithaka, Ngugi, Aiyabei, Itunga and Kirago (2012), and Asquith and Mullins (1983) found a positive effect of firm size on the common stock market price. This study rejects the null hypothesis that the size of the company does not influence the share price of the common stock of listed industrialized firms in Nigeria.

The firm growth of the listed industrialized firms in Nigeria and the common stock market price have a coefficient and t-value of 6.081 and 16.12, respectively; this is important at 0.000 or 1%. It shows that firm growth has a significant beneficial impact on the market price of the common stock, which means that a rise in the company's growth would increase the market price of the common stock by 1% - indicating that the sampled companies are using their growth to make a positive effect on shareholders' equity. The a priori presumption that firm growth will affect the market price of common stock will have a positive impact. Rozeff (1982) argued that increasing companies pay dividends to raise the share price of popular stocks, which encourages investors to invest in business relative to mature firms. Mature companies

can also pay dividends to demonstrate to the market that they face less systematic risk as their goods or markets enter a mature stage (Thirumagal & Vasantha, 2016). The positive influence of this result then sustains this position. The finding, however, is in line with established literature on this phenomenon. For example, studies by Dewet and Mpinda (2013), Farinha (2003), and Grullon, Michaely, and Swaminathan (2002) have shown that firm growth has had a positive impact on the market price of common shares. This study rejects the null hypothesis that growth does not affect the share price of listed industrialized firms' common stock in Nigeria.

The age of the listed industrialized firms in Nigeria and the common stock market price have a coefficient and t-value of 0.400 and 3.23, respectively; this is important at a value of 0.001 or 0.1 percent. It demonstrates that the firm age has a significant positive impact on the market price of the common stock, which means that an improvement in the business age would increase the market price of common stock by 0.1%. It shows that older companies earn more because they have more industry knowledge, because they have built up their market share, and usually have less cost structure. Older companies may be approaching the end of their product life cycle again. For this reason, the first assumption of the effect of the firm age on the share price of the common stock is that it would have a positive impact. Salawudeen and Suleiman (2017) argued that older companies are doing better as they reach the end of their product life cycle, impacting positively on common shares' market price. The positive influence of this result then sustains this position. The finding, however, is in line with established literature on this phenomenon. For example, Elangkumara and Jenitta (2012) and Lipczinsky and Wilson (2001) have shown that a firm age has a positive impact on the market price of the share. This study rejects the null hypothesis that a firm age does not impact the share price of listed industrialized firms' common stock in Nigeria.

5. Conclusion and Recommendations

There is a significant positive effect of the dividend payout ratio on common stocks' market price, which means that the rise in the dividend payout ratio raises common shares' market price. It notes that dividend payments will help alleviate agency-related problems and thereby increase the shareholders' wealth. Growth and age, however, have a substantial positive effect. Leverage and size have a substantial negative effect; however, the impact of profitability on the common stock market price is considered negligible. Thus, this study concludes that the dividend payment ratio is essential for determining the market price of the common stock of listed industrialized firms in Nigeria. This study suggests that Nigeria's listed industrialized firms should restructure their dividend policies to the degree that the dividend payout ratio will be susceptible to the need to attract more investment from existing shareholders to maintain their shareholding. Besides, engaging in the purchasing of more shares when made available would help enable potential investors to invest in the company's shareholding and other financial instruments, thus increasing the wealth of existing shareholders.

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