

ASSESSMENT OF DIVIDEND POLICY PRACTICES AND THE PERFORMANCE OF FIRMS: EVIDENCE FROM LISTED NIGERIAN COMPANIES

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ABSTRACT

This study examined the effect of dividend policy on firm performance in Nigeria for the period 2015 to 2019. Ex post facto research design is used in this study. All listed consumer and service firms on the Nigerian stock exchange formed the study population. However, purposive sampling was used to sample 12 firms for the study. The secondary data was adopted in this study and the data was obtained from the annual financial report of consumer product and services sector. The measurement for firm performance is return on assets (ROA). Three measurement of dividend policy are selected to measure which include form of dividend payment (FDP) timing of dividend payment (TDP) and earning per share (EPS). Panel regression data was used for data analysis. Descriptive and correlational statistics was used to summarize the data and logistic regression was used to test the hypotheses. The findings shows that ROA has positive relationship with form of dividend payment, but negative relationships with earnings per share (EPS) and timing of dividend payment(TDP). The study concluded that there is no significant positive effect of the form of dividend payment (FDP), TDP and EPS on the performance of Nigerian companies. It was recommended that Companies have to adopt the form of dividend payment that is favourable to the growth of the organization since the form of the dividend payment is directly proportional to the growth of firms in Nigeria.

Keywords: Earnings per Share, Forms of Dividend Payment, Timing of Dividend Payment, Financial Performance, Dividend Policy.