



# Financial Performance and Dividend Policy: An Empirical Analysis of the Deposit Money Banks Listed on the Nigerian Exchange Group

<sup>1</sup>Faiza Abubakar Bawuro, \*Usman Suleiman,  
<sup>3</sup>Julius T. Ndaghu, and <sup>4</sup>Rukayyatu Adamu

<sup>1&3</sup>Department of Business Administration,

\*Corresponding Author: Department of Accountancy,  
Modibbo Adama University, Yola

<sup>4</sup>Department of Accounting,

Adamawa state University, Mubi

<sup>1-4</sup>Emails: [faizabawuro@gmail.com](mailto:faizabawuro@gmail.com) ; [sulmanshan@mautech.edu.ng](mailto:sulmanshan@mautech.edu.ng)  
[ndaghu4d@gmail.com](mailto:ndaghu4d@gmail.com) ; [84mammyru@gmail.com](mailto:84mammyru@gmail.com)



## ABSTRACT

The study was carried out to examine the impact of financial performance on the dividend payout ratio of listed Deposit Money Banks in Nigeria. The population of this study comprises all the listed Deposit Money Banks on the Nigeria Stock Exchange (NSE) as at 31st December, 2021, which constitutes Sixteen (16) Banks. Fourteen (14) Banks were emerged as adjusted population after two (2) firms were filtered out based on the criteria that a Bank must be listed throughout the period of the study. Data were collected from the annual reports and accounts of the sample Banks for the period of the study. The data collected were analyzed using descriptive statistics, correlation and multiple regression technique. The findings of the study revealed that return on capital employed (ROCE) has positive and significant impact on the dividend payout ratio of listed Deposit Money Banks in Nigeria. The finding further shows that return on assets (ROA) is negative and insignificantly related to the dividend payout ratio of listed Deposit Money Banks in Nigeria. Finally, the finding shows that return on equity (ROE) has positive and significant relationship with dividend payout ratio of listed Deposit Money Banks in Nigeria. It is therefore recommended that the listed DMBs should pay attention on their return on capital employed (ROCE) by increasing its level and the Banks' management team and board of directors should increase return on their equity through increase in sales volume, cutting cost and increasing members equity in order to achieve higher dividend payout ratio.

**Keywords:** Dividend policy, financial performance, DMBs, Return on equity





## 1. INTRODUCTION

Financial performance is crucial in current business environment more especially on the determination of shareholders' dividend payments. The financial performance of firms amongst others is the primary element of dividend payment in any corporate policy which is basically the benefit of shareholders in return for investing their money in the organization. The financial performance of businesses does not only constitute a source of cash flow to the shareholders, it also offers information relating to firm's present and future dividend payout pattern. Dividend policy remains one of the most important financial policies not only from the view point of the company, but also from that of the shareholders, the consumers, employees, regulatory bodies and the government (Amankwah & Agyemang 2020).

Literature has documented that return on assets, return on equity, return on Net worth (RONW) determine the level of dividend payout. Companies enjoying higher level of profitability are expected to pay higher dividends than those with lower profits. Financial theory argues that dividend payment and performance have a positive relationship (Nurdin & Kasim 2017). Many previous scholars have found the same result and posited that performance is an important determinant of dividend payout. Thus, when there is an increase in the earning of a firm, they transfer it easily to the shareholders as dividend.

Arnoth and Asness (2016) also revealed that higher earnings growth is associated with

higher dividend payout. Considering dividend payout in information perspective, the dividend signaling theory prescribes that dividend payout can be used as a device to communicate information about a company's financial performance to investors. In this perspective, financial performance is an indicator that dividend has to be paid to shareholders.

Uwuigbe, et al. (2015) opined that 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 while financial performance is significant as they determine the nature and quantum of dividends to investors and what proportion is to be retained by the firm for further investment (Ross, et al., 2016).





In addition, performance communicates important information to stakeholders concerning the firm's overall status and the distribution of shareholders' wealth. The firm's current investments determine its future earnings and its future potential dividends, and influence the cost of capital (Adeyemi & Adewale, 2016). Hence, it is central to the dividend payment of listed Deposit Money Banks firms in Nigeria.

Financial performance is rather crucial to dividend payment than the reverse. A number of factors have been mentioned in previous empirical studies regarding the effect of corporate earnings ratios on dividend distribution, including risk, profitability, agency cost, cash flow and growth (Jaara, et al., 2018).

Dividend policy has been a controversial issue in corporate finance as such the decisions regarding whether to pay, when to pay, and how to pay dividends have dominated academic as well as professional debates. On this note, various studies on financial performance and dividend payout ratio have been conducted but their results revealed mixed findings as some shows positive relationship, others revealed negative relationship between financial performance and dividend payout ratio.

### **Objectives of the study**

The main objective of this study is to examine the impact of financial performance on dividend payout ratio of listed Deposit Money Banks in Nigeria. The specific objectives are to;

1. examine the impact of Return on Capital Employed (ROCE) on the Dividend payout ratio of listed Deposit Money Banks in Nigeria
2. investigate the effect of Return on Asset (ROA) on Dividend Payout Ratio (DPR) of listed Deposit Money Banks in Nigeria
3. determine the effect of Return on Equity (ROE) on the Dividend Payout Ratio (DPR) of listed Deposit Money Banks in Nigeria

### **Hypotheses of the study**

Based on the above objectives, the following hypotheses are formulated in a null form;

Ho1: Return on Capital Employed (ROCE) has no significant impact on Dividend Payout Ratio (DPR) of listed Deposit Money Banks in Nigeria.

Ho2: Return on Asset (ROA) has no significant impact on Dividend Payout Ratio (DPR) of listed Deposit Money Banks in Nigeria.





Ho3: Return on Equity (ROE) has no significant impact on Dividend Payout Ratio (DPR) of listed Deposit Money Banks in Nigeria.

## 2. LITERATURE REVIEW

Various literatures have been reviewed, for instance Amankwah and Agyemang (2020) examined the impact of relationship between dividends policy and financial performance of listed banking and non-banking industries in Ghana. The research used secondary data obtained from the audited financial statements. To achieve this objective, data from 10 listed banks and non-banks were analyzed for the period of seven years (2012-2018). E-views version 9 was used to estimate the regression results. The study revealed that dividend payout had no effect on the financial performance of listed banks and non-banking firms in Ghana. Thus amount of dividends paid does not affect the financial performance of firms but should pay dividends when they are financially strong. Also, findings of the study confirmed that dividend policy is a major factor that influence the financial performance of listed banks and non-banking firms. It was observed that dividend policy was highly significant predictor in explaining the firms' performance (ROE). Other factors such as firm size, leverage and growth had insignificant impact on the return of equity of listed firms (banks and non-banking).

Nuridin and Kasim (2017) focused on the investigation of moderating corporate governance and financial performance in relation to dividend policy and its impact on the firm value in Indonesia Stock Exchange. This study used a survey with an explanatory approach method Moderated Regression Analysis (MRA) and 2 SLS with panel data. The method of estimation uses the Generalized Least Squares (GLS). This study uses secondary data manufacturing companies listed in Indonesia Stock Exchange, for the period of observation from 2006 until 2015. This study resulted in five empirical findings. First, a significant effect on the financial performance of dividend policy, second, corporate governance generally cannot moderate the relationship of financial performance and development policy dividends. Third, the financial performance of a significant effect on firm value, Fourth, corporate governance generally cannot moderate the relationship the firm value and the company's financial performance. Fifth, the dividend policy has no significant effect on firm value. Sixth, dividend policy cannot mediate the relationship financial performance with the firm value.

Rahayu and Wardana (2021) determined the effect of financial performance and dividend policy on Cumulative Abnormal Return for company shares in Jakarta Islamic Index. The population was all company stocks listed on The Jakarta Islamic





Index from 2009 to 2018. The samples were selected by purposive sampling with the criteria the companies were consistently included in JII (not delisted and relisted) during the 2009-2018 period and those that met the criteria were five companies. Financial performance was proxied by Earning per Share, Price Earnings Ratio, Current Ratio, and Return on Equity. Meanwhile, dividend policy was proxied by the Dividend Payout Ratio. This research type was quantitative by using the panel data regression method. The results showed that Earning per Share effect on Cumulative Abnormal Return, while the Price Earnings Ratio, Current Ratio, Return On Equity and Dividend Payout Ratio variables had no effect on Cumulative Abnormal Return.

Tekin and Polat (2021) investigates the dividend policies of firms in the United Kingdom to understand whether firms in different markets use dividends as a signaling or disciplining device. The sample consists of 1247 firms from the highly regulated Main Market (MAIN) and relatively unregulated Alternative Investment Market (AIM) for the period 2002-2017. We find that firms in AIM pay lower dividends than their MAIN counterparts. However, during turbulence, AIM firms decrease dividends lower than MAIN firms. In line with the signaling hypothesis, AIM firms with increased profitability are more likely to increase dividends. These results suggest that AIM firms depend more on the signaling feature of the dividends, whereas MAIN firms use dividends as a disciplining device to limit managerial discretion. Specifically, we find that AIM firms facing bigger agency problems pay lower dividends compared to other AIM firms, in line with the outcome view of agency theory.

Jepkemoi, et al. (2019) studied the influence of financial performance on dividend payout in the context of commercial banks listed at the Nairobi Securities Exchange (NSE) in Kenya. The study was anchored on the liquidity preference, pecking order, and life cycle theories. The study reported a significant influence of the combined factors: profitability; liquidity; and capital structure on dividend payout of the commercial banks listed at the NSE. The study provided that profitability was indeed a significant influence of dividend payout. The study also revealed that liquidity was not a significant influence of dividend payout of the commercial banks listed at the NSE. The study finally revealed that capital structure had no statistically significant influence on dividend payout.

Labhane and Mahakud (2016) examined the determinants of the dividend policy of Indian firms during the period 1994– 2013. A regression model was used to analyze the panel data for companies that were continuously paying dividend. The empirical results from the panel regression analysis propose that financial leverage, investment





opportunity, firm size, business risk, company life cycle, profitability level, liquidity and tax are the main determinants of the dividend policy for Indian companies. Their findings were robust across the period. The results are consistent with signaling and firm life cycle theories of the dividend policy, the pecking order theory and transaction cost.

Zaman (2018) examined the effect of cash ratio, debt to equity ratio, and return on the asset to dividend payout ratio on manufacturing companies listed on Indonesia Stock Exchange with observation period 2010-2014. The sampling technique used is purposive sampling so that the number of samples is 27 companies. The analysis technique used in this research is multiple linear regression and hypothesis test using t-statistic to test partial regression coefficient and f-statistic to test the feasibility of research model with a level of significance 5%. Besides, there is also a classic assumption test that includes normality test, multicollinearity test, heteroscedasticity test and autocorrelation test. The result of the analysis shows that the variables of cash ratio and return on asset have positive and significant influence, while the variable of debt to equity ratio has a negative and significant effect to dividend payout ratio.

Rumus et al. (2020) investigate the effect of macroeconomic variables such as gross domestic product (GDP) and interest rate of Bank Indonesia toward dividend policy through return on assets (ROA). The population in this study is the Property and Real Estate Company Sector listed on Indonesian Stock Exchange (IDX) which amounted to 48 companies. While the sampling is done by using purposive sampling approach so that the sample in this research is determined 10 Company. Data analysis techniques use multiple linear regressions. The result of this study shows that GDP growth rate has a positive effect on firm performance. Interest rate of Bank Indonesia has no significant effect on firm performance. GDP growth rate has a positive effect on dividend policy. Furthermore, interest rate of BI has no significant effect on dividend policy. In addition, firm performance has a positive effect on the dividend policy.

Yuniati et al., (2020) examined and analyze the effect of corporate governance and financial performance on dividend policies. The dependent variable is dividend policy and the independent variable is the size of the board of commissioners, independent board of commissioners, managerial ownership, liquidity and profitability. The population of this research is 14 Manufacturing companies listed on the Indonesia Stock Exchange in the period 2015 – 2018. With a total sample size of 56 and this sampling technique uses a purposive sampling method. Testing the





hypothesis of this study using multiple linear regression test. The results of this study indicate that the size of the board of commissioners, the board of independent commissioners and profitability affect the dividend policy, managerial ownership and liquidity do not affect the dividend policy.

Sugiasuti et al. (2018) described the relationship between profitability and leverage toward dividend policy and firm value. This study was conducted toward 15 banking firms registered in Indonesia Stock Exchange with data analysis using Partial Least Square. Result of this study showed that profitability has significant effect toward dividend policy; however, on the other hand, profitability has insignificant and negative effect toward firm value. Concerning leverage, this study showed that leverage in banking firms has significant effect toward dividend policy but it shows insignificant and negative effect toward firm value.

### 3. METHODOLOGY

This study adopted Ex-post facto research design. Ex-post factor research design involves the use of already existing documented evidence to examine how an independent variable of the study affects a dependent variable and which allowed the use of secondary data. The population of this study is the entire sixteen (16) listed Deposit Money Banks in Nigeria as at 31st December 2021 and the adjusted population is fourteen (14) listed Deposit Money Banks in Nigeria as at 2021. The 14 sample was arrived after two banks were filtered out on the basis of listing on the floor of the Nigerian stock exchange. Data were sourced from the annual reports and accounts of the sample banks and the data was analyzed using multiple regression technique with the help of STATA.

#### Variable Definition and their Measurements

The researcher used the entire variable chosen and their method used for calculation as given below:

##### *Dependent variable*

Dividend payout ratio (DPR): Measured as the dividend per share divided by earning per share, Pandey (2012), Zou and Ruland (2016)

##### *Independent variables*

The independent variables of this study are;





Return on capital employed (ROCE): Measured as profit before interest and tax divided by the capital employed, (Huang et, al. (2015)

Return on assets (ROA): Measured as the net income divided by total assets, Liu (2014)

Return on equity (ROE): Measured as the net income divided by the shareholders equity, Anike (2015)

Control variables

Firm size (FSIZE); measured as the natural log of total assets, Baker (2019)

Firm Leverage (Flev): Measured as the total debt to total assets, Jackson (2019)

### Model specification

In order to analyze the data, the study considered a linear regression model. The model is consistent with the models of Baker (2019), Nurdin (2017), Uwuigbe, et al. (2015) among others. Thus;

$$DPR_{it} = f(\beta_1 ROCE_{it}, \beta_2 ROA_{it}, \beta_3 ROE_{it}, FSIZE_{it}, FLEV)$$

$$DPR_{it} = \alpha + \beta_1 ROCE_{it} + \beta_2 ROA_{it} + \beta_3 ROE_{it} + \beta_4 FSIZE_{it} + \beta_5 FLEV_{it} + \epsilon_{it}$$

Where:

DPR = Dividend Payout Ratio

ROCE = Return on Capital Employed

ROA = Return on Asset

ROE = Return on Equity

FSIZE= Firm Size

FLEV= Firm Leverage

i = is the number of firms

t = is the period

$\epsilon$  is the error term

## 4. RESULT AND DISCUSSIONS

### Descriptive statistics

Descriptive statistics are presented in the Table 1, showing the mean, standard deviation, minimum and maximum value for both outcome and predictor variables.





**Table 1**  
**Descriptive Statistics**

Var.	Ob	Mean	Std. De	Min	Max
DPR	140	0.1684	0.2391	-0.1156	0.7836
ROCE	140	1.2145	2.6271	-22.4943	14.9113
ROA	140	0.6102	4.7422	-40.4012	33.1348
ROE	140	0.6152	0.4473	0.0011	2.2420
FSIZE	140	0.2809	0.2820	0.0000	0.9949
FLEV	140	24.274	13.2482	0.0000	60.2634

Source: Researcher Computation, 2021

Table 1 shows the detail accounts of the descriptive statistics for the dependent and independent variables. The dependent variable of the study Dividend payout which is measured as dividend per share over earnings per share has a mean value of 0.1684 which range between minimum and maximum value of -0.012 and 0.784 respectively with the standard deviation of 0.239. The mean value of 0.1684 implies that on the average the listed deposit money banks have paid dividend per share for the period to the turn of 0.17 approximately. The standard deviation of 0.239 signifies that there is slight dispersion of data from its mean.

The Table 2 further shows that the mean and standard deviation values of return on capital employed (ROCE) are 1.2145 and 2.6271 respectively. The minimum and maximum values are -22.4943 and 14.9113 respectively. The mean value of 1.2145 indicates that on the average, the DMB's in Nigeria achieved a return on capital employed to the turn of 12% approximately while the figure for standard deviation implies that there is a wide dispersion of data from their mean because the standard deviation is higher than the mean.

The table also revealed that return on assets (ROA) has a mean and standard deviation of 0.6102 and 4.7422 respectively while the minimum and the maximum values are -40.4012 and 33.1348 respectively. The mean value of 0.6102 implies that on the average, the DMB's in Nigeria were able to achieve a return on their assets to the turn of 61% approximately. The standard deviation of 4.7422 signifies a wide dispersion of data from their mean because the mean value is less than the standard deviation.

The return on equity (ROE) revealed a mean of 0.6152 and a standard deviation of 0.4473 respectively while having 0.0011 and 2.2420 as the minimum and maximum values respectively. The mean of 0.6152 indicates that on the average, the Banks were able to generate 62% return equity for the period of the study while the standard deviation means that the data deviate from its mean from both sides by 2.2252 which implies a wide dispersion because the standard is greater than the mean value.

### Correlation coefficient of the variables of the study

Correlation analysis is used to assess the nature of relationship between the dependent and independent variables and to determine whether multicollinearity exists among the variables of the study. The Pearson correlation analysis is used in this study to assess the relationship between the proxies of financial performance and that of dividend payout.

**Table 2**  
**Correlation Analysis**

	DPR	ROCE	ROA	ROE	FSIZE	FLEV
DPR	1.0000					
ROCE	0.0189	1.0000				
ROA	0.0092	0.8212*	1.0000			
ROE	0.3299**	-0.1453	0.0466	1.0000		
FSIZE	-0.2551*	0.1455	-0.0142	-0.3773**	1.0000	
FLEV	-0.4243*	0.1215	-0.0362	-0.5655***	0.5253*	1.0000

Source: Researcher Computation, 2021.

\*. Correlation is significant at 1% level (2-tailed).

\*\* Correlation is significant at 5% level (2-tailed)

\*\*\* Correlation is significant at 10% level (2-tailed)

In Table 2, DPR shows insignificant positive relationship with ROCE and ROA from the coefficient of 0.0189 and 0.0092 respectively. The positive relationship signifies that when ROCE and ROA increase by 1%, DPR of the listed Deposit Money Banks in Nigeria will also increase directly but in a slow manner. The relationship between ROE and DPR of listed DMB's in Nigeria is positive and significant at 5% level of significance level which implies that as ROE increase, DPR of the listed DMB's in Nigeria will also in the same direction.



However, the relationship amongst the variables themselves is not found to be significant to the extent that one can conclude that there is multicollinearity unless the variance inflation factor and tolerance values are comparatively beyond the established rule of thumb. Thus, the variance inflation factor (VIF) and tolerance value are advanced measures for assessing multicollinearity among the regressors. The variance inflation factor (VIF) and the tolerance values are determined with the use of STATA and were found to be concurrently smaller than ten and one respectively, (see table 3) indicating the absence of multicollinearity. This therefore, signifies the adequacy of fitting the model of the study with the five independent variables.

### **Robustness Tests conducted**

This section presents the results of robustness test conducted in order to improve the validity and reliability of all statistical inferences derivable from the findings of the study. These test include, multicollinearity test, heteroscedasticity, Hausman specification test and langragian multiplier test.

#### ***Multicollinearity test***

This is to check whether there is a correlation among the independent variables which will mislead the result of the study. Section 4.3 above present the matrix of the linear relationship among the continue independent variables. From observation, only ROCE has the coefficient of more than (0.8). The remaining correlations coefficient among the independent variables is less than 0.8. The low magnitude of the correlations amongst the exogenous variables indicates that multicollinearity even though exists does not constitutes a problem for the sample of the study. To further substantiate the absence of multicollinearity among the independent variables, collinearity diagnostics are observed and that the variance inflation factor (VIF) and tolerance values indicates absence of multicollinearity in the data. The variance inflation factor (VIF) and tolerance values for all the explanatory variables were found to be less than ten and one concurrently indicating absence of multicollinearity among the explanatory variables as presented on table 3 below.

#### ***Heteroscedasticity test***

This test is conducted to check whether the variability of error term is constant or not. The presence of heteroscedasticity signifies that the variation of the residuals or error term is not constant which would affect inferences in respect of beta coefficient, coefficient of determination (R<sup>2</sup>) and F-statistics of the study. The result of the test (P-value 0.0000) reveals that there is presence of heteroscedasticity in the data and





this shows the violation of assumption number four of classical linear regression model which state that there must be constant variance, that is the disturbances  $u_i$  appearing in the population regression function are homoscedastic. Therefore, as a result of the presence of heteroscedasticity, the researcher decided to conduct fixed and random effect.

### ***Hausman specification test***

In order to decide between fixed or random effect models output, Hausman specification test is conducted. The hausman test is designed to detect violation of the random effects modeling assumption that the explanatory variables are orthogonal to the unit effects. If there is no correlation between the independent variables and the unit effects, then the estimates of  $\beta$  in the fixed effects model should be similar to estimates of  $\beta$  in the random effects model. The hausman test statistics  $H$  is a measure of the differences between the two estimates. Under the null hypothesis of orthogonality,  $H$  is distributed chi-square with degrees of freedom equal to the number of regressors in the model. The result obtained from the hausman specification test conducted in this study is insignificant which led to the further test (lagrangian multiplier test).

### ***Lagrangian Multiplier test***

The Lagrangian Multiplier test helps one to decide between a random effects regression and OLS regression. The test is conducted after running the random effects model. The rule is that if it is significant, random effect is the preferred model otherwise OLS regression. In this study, we failed to reject the null and conclude that a random effect is not appropriate. This is evidenced by p-value 0.4321. Therefore, the researchers ran a Robust OLS regression and presented on table 3.

## **Regression Results and Discussion**

This section presents the regression results of the dependent variables and the independent variables of the study. This is followed by the analysis and interpretation of the association between the variables.

The summary of the regression result obtained from the model of the study



**Table 3**  
**Regression Results**

VARIABLES	Coefficients	T-Statistics	T-Sig
Constant	0.0343	2.30	0.001
ROCE	0.2091	2.81	0.091
ROA	-0.1415	-1.59	0.523
ROE	0.4967	1.70	0.001
FSIZE	-0.0234	-0.34	0.000
FLEV	-0.1254	-3.42	0.356
R <sup>2</sup>			0.8215
F- Stat.			7.32
P-value			0.0000

Source: Authors analysis 2021

The cumulative R<sup>2</sup> (0.82) which is the multiple coefficient of determination gives the proportion of the total variation in the dependent variable explained by the independent variables jointly. Hence, it signifies that 82% of the total variation in the dividend payout of listed Deposit Money Banks in Nigeria is caused by their return on capital employed, return on assets and return on equity. This indicates that the model is fit and the regressors are properly selected, combined and used. This further implies that for any changes in the financial performance of listed Deposit Money Banks in Nigeria, their dividend payout ratio will be directly affected.

The F-Statistics are really the same thing in that, after normalization chi-squared is the limiting distribution of the F as the denominator degrees of freedom goes to infinity. Therefore, the F-Statistic of 7.32 which is significant at 1% indicates that the model is fit.

Table 3 shows that the return on capital employed (ROCE) has a t-value of 2.91 with P value of 0.091 and a coefficient value of 0.2091. This signifies that ROCE is positively and significantly impacting on dividend payout of the listed deposit money banks in Nigeria. It therefore implies that when ROCE increase by 1%, the DPR of listed deposit money banks will increase by 21% approximately. This provides an evidence of rejecting null hypothesis one of the study which states that return on capital employed has no significant impact on DPR of listed DMBs in Nigeria.

The empirical evidence obtained from the table showed a t-value of -1.59 with P value of 0.523 and a beta value of -0.1415 for the return on assets (ROA). This



signifies that a return on assets is negatively and insignificantly impacting on DPR of the listed deposit money banks in Nigeria. It therefore implies that for every one percent increase in company's return on assets, the DMBs DPR will decrease by 0.14% approximately. This provides an evidence of failing to reject null hypothesis II of the study which states that ROA has no significant impact on DPR of the listed Deposit Money Banks in Nigeria.

The table 3 also showed that return on equity (ROE) has a t-value of 1.70 with P value of 0.001 and beta value of 0.4967. This signifies that ROE is positively and significantly impacting on dividend payout of the listed deposit money banks in Nigeria. It therefore implies that for every 1% increase in ROE, the DPR of the listed Deposit Money Banks will increase by 50% approximately. This provides an evidence of failing to reject null hypothesis three of the study which states that return on equity has no significant impact on dividend payout ratio of the listed deposit money banks in Nigeria.

In addition, from the regression result in the table 3 above, FSIZE has a t-value -0.34, p-value 0.000 and beta value of -0.0234. This signifies that FSIZE is negatively and significantly impacting on DPR of the listed deposit money banks in Nigeria. It therefore implies that as the company growth in size their DPR decrease to the turn of 2%. Also, the leverage of the banks from the table above showed a t-value of -3.42, p- vale of 0.356 and beta value of -0.1254. This signifies that FLEV is negatively and insignificantly impacting on DPR of the listed deposit money banks in Nigeria. It therefore implies that for every one percent increase in company total debt, the DPR of the listed deposit money banks in Nigeria will decrease by 12%.

## 5. CONCLUSION AND RECOMMENDATION

The study concludes that ROCE, ROE and FSIZE have impact in influencing the dividend payout ratio of listed DMB's in Nigeria. It is therefore recommended that the listed DMBs should pay attention on their return on capital employed (ROCE) by enhancing it upward through minimization of cost of capital, capital adequacy and efficient utilization of the capital invested so as to boost the dividend payout ratio and the Banks' management team and board of directors should as a matter of fact increase return on their equity through increase in sales volume, cutting cost and increasing members equity by boosting reserve in order to achieve higher dividend payout ratio.





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