



# **MEDIATING EFFECT OF FIRM VALUE ON THE RELATIONSHIP BETWEEN DIVIDEND PAYOUT AND GROWTH OPPORTUNITIES OF LISTED CONSUMER GOODS COMPANIES IN NIGERIA**

**Latifat Abdulsalam Abdulfatah<sup>1</sup>, Adabenege Onipe Yahya<sup>2</sup>,  
Samuel Eniola Agbi<sup>3</sup>, & Lateef Olumide Mustapha<sup>4</sup>**

<sup>1,2,3&4</sup>Department of Accounting, Faculty of Management Sciences,  
Nigerian Defence Academy, Kaduna, Nigeria

*Email of the corresponding author: [laabdulsalam@nda.edu.ng](mailto:laabdulsalam@nda.edu.ng)*

## **ABSTRACT**

The dynamism of corporate structure and vast expectations of stakeholders has made the study of dividend payout and growth opportunities remain ever relevant. This study investigated the mediating effect of firm value on the relationship between dividend payout and growth opportunities of consumer goods firms in Nigeria. A sample of 16 firms were selected from the population of the study, which consists of 20 consumer goods firms listed on the Nigerian Exchange as of 31st December 2019. The Baron and Kenny approach to mediation analysis using the structural equation model (SEM) was adopted in analyzing the data. The study found that firm value fully mediates the relationship between dividend payout and growth opportunities of consumer goods firms in Nigeria. In consonance with the finding, the study recommends that consumer goods firms should increase their dividend payout in order to increase their firm value and as well increase their growth opportunities.

**Keywords:** Consumer Goods Companies, Dividend Payout, Firm Value, Growth Opportunities, Nigerian Exchange

## **1. INTRODUCTION**

In a world that is continuously changing and dynamic, the importance of dividend payout as well as firm growth cannot be overemphasized. The continued use of dividend payout as an indication of firm performance and efficiency especially in the



developing world (Inyiama et al., 2015) has made its study to remain relevant in recent times.

A dividend is the reward of shareholders for being part owners of a firm. It is an income paid to owners from the firm's profits as recommended by the directors. Simamora (2000) as cited in Fauzi and Rukmini (2018) opines that the dividend payout ratio is the percentage of ordinary share earnings paid as the dividends. Hence, the percentage of earnings paid to investors as dividends represents the dividend payout ratio.

Growth opportunities are future prospects of expansion through profitable projects that an organization can embark on to increase earnings. According to Chang and Rhee (1990), the higher the growth opportunities, the more the need to finance expansion and hence the higher the chance to retain earnings.

Firm value consists of both financial and non-financial indicators that proffer information on the extent to which firms attain objectives and results. Corporate market value is influenced by the insights of investors on the ability of its managers to anticipate and respond to future developments in the firm's economic environment (Emeka-Nwookeji, 2019).

The main aim of an organization is to optimize shareholders' wealth, which is usually reflected in the share price (Priya & Mohanasundari, 2016). Hence, directors are certain that continuous increase in earnings increases firm value (Fajaria & Isnalita, 2018), this, in turn, arouses the opportunity for growth of the firm. However, the sole objective of shareholders is to maximize earnings. That is, shareholders prefer higher returns in the form of dividends (Arnold, 2012). To create a balance, managers have to decide what proportion of earnings due to the shareholders and what proportion to reinvest in the business. All decisions have financial implications, as corporate organizations are faced with business decisions in which dividend payout is paramount (Omilabu et al., 2018).

The focus of dividend payout is determining what part of a firm's profit to distribute to shareholders and what part to retain (Utami, 2020). Before deciding on any proportion, managers must focus on maximizing the value of the firm (Al-Malkawi et al., 2010) and note that the survival of any firm is reliant on the unceasing investment and the use of retained earnings to finance the investment needs (Bajaj & Vijh 1990; Osaze & Anao, 1990). More so, the amount of earnings needed for



investment and its effect on share prices is key (Bishop et al., 2000). In fact, the dividend payout ratio is aimed at encouraging both dividend payments to shareholders and retention for reinvestment for optimum growth of the business.

Several studies have been conducted on dividend payout and growth opportunities in extant literature both in the developed and emerging economies (Fajaria *et al.*, 2018; Hellström & Inagambaev, 2012; Khan & Ahmad, 2017; Khan et al., 2020; Kumar, 2020; Utami, 2020). However, there exists a dearth of this research in Nigeria. Moreover, the majority of these studies considered the direct relationship between dividend payout and growth opportunities, and their results were mixed and inconclusive. Some studies found a direct positive relationship between dividend payout (Khan et al., 2020; Kumar, 2020; Yusuf, 2019) while some others revealed an indirect relationship (Gaver & Gaver, 1993; Jones & Sharma, 2001; Subramaniam et al., 2014). Due to inconsistencies in the results in the extant literature, this research decided to look at the relationship from a different perspective by introducing a mediator. A mediator variable is one that reconciles the relationship between an independent variable and a dependent variable. For the purpose of this study, the firm value was used to mediate the relationship between dividend payout and growth opportunities of consumer goods firms in Nigeria.

Additionally, due to high inflation rates, poor economic indices, global economic meltdown, dwindling exchange rates which accumulates into business risks that can hinder the efficient performance of firms, consumer goods firm in Nigeria needs to make decisions that would increase the firm value which would thereby increase its growth to remain competitive.

Further, the consumer goods firms are specialized in the production of essential commodities, the scarcity of which may cause an increase in inflation rates create problems for the consumers and negatively affect the economy. It is in this light that the researcher decided to conduct this study by introducing a mediating variable to examine the relationship between dividend payout and growth opportunities, in a bid to breach the gap in extant literature to ensure the continued existence of consumer goods firms in Nigeria.

The main objective of this study is to investigate the mediating effect of firm value on the relationship between dividend payout and growth opportunities of listed consumer goods companies in Nigeria. The specific objectives are to:



1. Analyze the effect of dividend payout on growth opportunities of consumer goods firms in Nigeria
2. Investigate the effect of dividend payout on the firm value of consumer goods firms in Nigeria
3. Examine the mediating effect of firm value on the relationship between dividend payout and growth opportunities of consumer goods firms in Nigeria.

In consonance with these objectives, the researcher intends to answer the following questions;

1. Does dividend payout significantly affect the growth opportunities of consumer goods firms in Nigeria?
2. Does dividend payout significantly affect the firm value of consumer goods firms in Nigeria?
3. Does the mediating effect of firm value significantly affect the relationship between dividend payout and growth opportunities of consumer goods firms in Nigeria?

In a bid to answer the above questions, which will lead to the attainment of the objective of the study, the following hypotheses were formulated in the null form with an intent to document evidence of the mediating effect of firm value on the relationship between dividend payout and growth opportunities of consumer goods firm in Nigeria.

**H<sub>01</sub>:** dividend payout has no significant effect on growth opportunities of consumer goods firms in Nigeria.

**H<sub>02</sub>:** Dividend payout has no significant effect on firm value of consumer goods firm in Nigeria.

**H<sub>03</sub>:** mediating effect of firm value has no significant effect on the relationship between dividend payout and growth opportunities of consumer goods firms in Nigeria.

The study selected a sample of 16 firms out of a population of 20 consumer goods firms listed on the Nigerian exchange over a period of 10 years, 2010 to 2019. More



so, this work will be significant to listed consumer goods firms in Nigeria. In that, it will aid the management of such firms to formulate and execute dividend payout policies that would not only increase firm value but also cause an increase in the growth of the firm. This research would assist the Nigerian Stock Exchange and other policymakers to enact laws that would foster the growth of consumer goods firms in Nigeria. In addition, this work would fill the gap in literature since it has introduced a new dimension to the enormous work done in extant literature by introducing a mediating variable.

## **2. LITERATURE REVIEW**

### **Conceptual review**

According to Fahmi (2014), the growth opportunity ratio is a measure of a company's ability to maintain its position in the industry and general economic development. Firm Growth shows the extent of the company's ability to grow and develop one or more of the company's assets. If the management of the company can take optimum advantage of the company's assets, it will increase corporate profits. The more efficient use of corporate assets, the lower the cost required to fund the operation of more assets. The more effective use of corporate assets, the lower the chance of assets being idle. Assets not used can be sold, so the company will receive additional funds.

Gaver and Gaver (1993) as cited in (Ardestani et al., 2013) opine that growth opportunities and dividend payout compete with each other over the available business funds. Firms may reduce dividend payout to take advantage of investment opportunities. Organizations with growth opportunities tend to utilize available cash resources for investments, which may make them minimize dividend payout. On the contrary, Abbott (2001) buttresses that upsurges in investment opportunities of corporate organizations lead to a rise in dividend payout and a dividend yield of such organizations. More so, Fajaria and Isnalita (2018) added that the size of the firm might determine investors' perception of the firm. Stating that in the growth phase, when performance increases, firms earn the full confidence of investors and creditors thereby minimizing the demand for dividends. The situation may be the opposite with smaller similar firms that report lower returns. However, Fama and French (2001) confirm that newly listed firms avoid paying dividends to increase the wealth of their shareholders.



According to the theory of the firm, a major aim of an organization is wealth or value maximization (Setiyawati et al., 2017). Firm value is the entire asset worth and prospects of growth in investments of a firm. (Setiyawati et al., 2017). Dividend policy affect firm value which in turn. Increase shareholders' wealth (Baker et al., 2001). Growth opportunity triggered by firm value is a very crucial determinant of market value (Ardestani et al., 2013). Also, Lintner (1956) argued that dividend is desired because it helps to reduce the level of information asymmetry, a firm that pays dividend assures investors that the firm is performing well and Gordon (1959) saw dividend as preferred to capital gains because dividend payment reduces risks associated with investments due to certainty. The bird in hand theory sees investors' risk arising from reinvestment of profits. The implication here is that dividend payment induces a higher expected return from investors and thus increases the cost of capital.

Dividend payout ratio centers on the appropriation of earnings between shareholders and the company. It determines the number of earnings to be distributed to shareholders and the amount to be retained in the firm. Retained earnings are a significant internal source of financing the growth of the firm (Pande & Ashvini, 2016). Dividend payout might be high or low. A low payout means more retained earnings and might produce higher share prices because it accelerates earnings growth. Investors of growth companies will realize their returns mostly in form of future capital gains. The impact of dividend payout on future capital gains is however complex and uncertain because it occurs in the distant future. Therefore, the low payout may not necessarily lead to higher prices. On the other hand, a high payout means dividends that are more current and less retained earnings, which may consequently result in slow growth and perhaps lower market share price. Nevertheless, some of the shareholders especially the minority ones, their major objective is to be paid a dividend at the end of the period, while others may be concerned with growth in the form of future capital gains. Investors differ significantly in their investment decisions.

Some investors are interested in immediate returns while others are interested in the growth of capital and future income. Whatever dividend payout ratio a firm adopts may affect it positively or negatively depending on its investor's attitude. It is quite rational that some investors would prefer high-payout companies while others may prefer low-payout companies. Therefore, management has to strike a balance between the opposing interests of the firm and the shareholders. Hence, the



determination of the optimal dividend payout ratio is extremely important for the survival of the firm.

### **Theoretical review**

Several theories explain dividend payout in extant literature majority of which centered on the three contradictory theories (Al-Malkawi et al., 2010). one of these theories postulated that dividend payments increase the value of the firm-the relevance theory, while the second believes that other factors like efficient utilization of the firm's resources apart from dividend increases the value of the firm; making dividend irrelevant to the value of the firm. The third theory on the other hand posits that a high dividend payout decreases the value of the firm and thereby postulates an optimum balance between dividend payout and retained earnings. The most common theories of dividend payout are; the bird in hand theory, dividend irrelevance theory (M & M), signaling theory, clientele effect theory, tax preference theory, and agency theory (Muriungi & Mwangi, 2020)

The theoretical underpinning of this research is the bird in hand theory that, most previous research (Akram, 2017; Farrukh et al. 2017; Hansda et al, 2020; Khan et al., 2020; Mackey & Barney, 2006; Muriungi & Mwangi, 2020; Robiyanto et al. 2020; Utami, 2020) adopted and based their theoretical evidence on bird in hand theory in a bid to determine the relationship between dividend payout and growth opportunities. This suggests that most investors prefer cash dividends to future capital gains associated with retained earnings, which in turn makes managers increase the dividend payout ratio thereby minimizing retained earnings and growth opportunities of firms. To further test this theoretical assertion, this research introduced a mediating variable (firm value) to mediate the relationship between the dependent variable- growth opportunities, and the independent variable- dividend payout of consumer goods firms in Nigeria.

Bird in hand theory (BIHT), being the oldest theory of dividend policy, asserts that frequent dividend payments increase firm value (Ali Banafa, 2014). This is most likely in uncertain and imperfect market conditions which is prevalent in emerging economies where investors may prefer "bird in hand" cash dividends as against "two in the bush" of future capital gains. Graham and Dodd as cited in Ali Banafa, 2014 claimed that a dollar rises in dividend impacted stock prices on average by four times. Developed by Gordon (1959) and Litner (1956), BIHT contends that a higher payout



ratio minimizes the required rate of returns, which leads to an increase in the value of the firm.

### **Empirical review**

Several studies in literature explored the relationship between dividend policy and growth opportunities in extant literature. Utami (2020) in his study, analyzed the influence of dividend payout ratio, return on equity, growth, and firm size on stock value with leverage as mediating variable, discovered a weak association between dividend payout and revenue growth using a sample of firms listed on the Indonesian stock exchange. The study covered a period of three (3) years, 2017 to 2019, and multiple regression analysis was utilized to analyze the data. Similarly, Khan et al. (2020) studied the impact of growth opportunities on dividend policy: evidence on the role of CEO duality in the emerging economy of Pakistan using a sample size of top hundred (100) companies registered on Pakistan's stock exchange, for a period of eight (8) years, 2012-2019. The study found a lower connection between dividend payout and growth opportunities by utilizing multiple regression techniques to analyze the data.

Further, Akmandi et al. (2020), found that a rise in the dividend payout of mining firms on the Indonesian stock exchange led to an increase in the stock price. Hansda et al (2020) studied the impact of dividend policy on firm value with special reference to the financial crisis. Based on secondary data extracted from the financial reports of 500 sampled firms listed on BSE, the study observes an inverse relationship between dividend policy and firm value after using the Generalized Methods of Moments (GMM) regression technique.

In Nigeria, Augustine et al (2019) studied the impact of dividend payout ratio on the value of the firm using a sample of breweries and beverage companies listed on the Nigerian Stock Exchange as of 2016. The research covered a period of 10 years, from 2007 to 2016. The study found an inverse relationship amid dividend payout ratio and firm value after employing regression analysis on the secondary data of a sample of listed consumer and manufacturing companies in Nigeria. Tijjani et al. (2019) in their work, on the impact of dividend policy on shareholders' value, used a selected sample of Nigerian petroleum marketing companies covering a period of ten (10) years, 2008 to 2017. They found that dividend payment is positively, and significantly associated with the share price. Additionally, Nwaorgu and Uzoegbu (2018) examined the impact of dividend policy on the value of firms by adopting a





sample of twelve (12) consumer and manufacturing firms listed on the Nigerian stock exchange for a period of 10 years, 2007-2016. The study employed random effect regression analysis to analyze the data. The results of the study support the irrelevance theory of Modigliani and Miller who posits that dividend payout does not affect firm value. Thus, the study found an inverse relationship between dividend payout and firm value.

Fajaria and Isnalita (2018), studied the effect of profitability, liquidity, leverage, and firm growth of firm value with dividend policy as moderating variable. The paper covered a period of four (4) years, 2013 to 2016, using secondary data mined from the annual reports of 112 sampled firms listed on the Indonesian Stock Exchange, the study found that firm value can be increased by high growth opportunities. Furthermore, Farrukh et al. (2017) in their paper, the impact of dividend policy on shareholders' wealth and firm performance in Pakistan, found a strong positive significant relationship between dividend policy and firm value. Moreover, the work of Akram, 2017, revealed a positively strong relationship between dividend payout and firm value by using the residual income approach and testing Ohlson's (1995) valuation model.

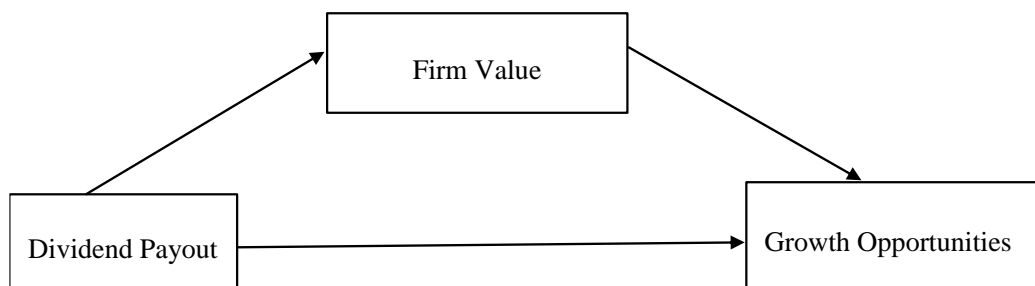
Further, Setiyawati et al. (2017) researched the influence of dividend policy, debt policy, independent commissioner, and institutional ownership on the firm value with growth opportunities as moderator variables. The study covered a period of four (4) years, 2012-2015 while the population of the study consists of all manufacturing firms listed on the Indonesian stock exchange with a sample size of twenty-eight (28) companies. Using multiple regression analysis to analyze the data, the study found a strong association between dividend payout and firm value. Kajola et al. (2015) who employed pooled ordinary least squares in analyzing secondary data in their study found a positive relation between dividend payout and firm performance.

More so, Subramaniam et al. (2014) researched growth opportunities and dividend policy: some evidence on the role of ethnicity in an emerging economy and discovered that growth opportunity is associated with fewer dividend payouts in Malaysian firms by extracting secondary data from the annual reports of 300 sampled public listed firms and using Ordinary Least Square regression to analyze the data. Additionally, Ardestani et al. (2013) examined dividend payout policy, investment opportunity set, and corporate financing in the industrial sector of Malaysia. Using secondary data extracted from a sample of 62 firms listed on the main board of Bursa



Malaysia, the study employed multiple regression analysis to analyze the data and the results revealed a strong influence of investment opportunity on the dividend payout of industrial firms in Malaysia.

The conceptual framework of the study is shown in Figure 1



**Figure 1.** Source: Authors conceptualization (2022).

### 3. METHODOLOGY

To conduct this research, secondary data were extracted from the annual reports of 16 consumer goods firms listed on the Nigerian exchange for the period of 10 years, 2010 to 2019, which is sample selected from a population of 20 firms. The selection of the sample size was based on the availability of data to adequately predict the causal effects among the variables.

To determine the mediating effect of firm value on the relationship between dividend payout and growth opportunities, the Baron and Kenny (1986) structural equation model (SEM) regression approach was adopted, while considering the current evaluation and modifications recommended by Zhao et al., (2010). As posited by Baron and Kenny (1986), modeling for mediation effect can be done in three stages: first, regressing the dependent variable on the independent variables; second, regressing the mediator on the independent variables and lastly, regressing the dependent variable on both the independent variables and mediator. They opined that the independent variable in the first two models is expected to show a statistical significance, while the third model is expected to show a statistical significance of the mediator variable and the insignificance of the independent variable. However,



Zhao et al., (2010) in recent times established that a strong association amid the independent variable and dependent variable is not important and can be misleading. This is due to the fact it represents the total effect of the sum of direct and indirect effects, including the mediator, and that mediation may also be established by the existence of an indirect effect. On this basis, the model of the research is developed as follows:

$$GO = \alpha + \beta_1 VP_{it} + \varepsilon \dots \dots \dots (1)$$

$$FV = \alpha + \beta_1 DVP_{it} + \varepsilon \dots \dots \dots (2)$$

$$GO = \alpha + \beta_1 DVP_{it} + \beta_2 FV + \varepsilon \dots \dots \dots (3)$$

Where: GO = Growth opportunities, FV = Firm value, DVP = Dividend payout,  $\alpha$  = constant,  $\beta$  = beta,  $i$  = company script,  $t$  = script, and  $\varepsilon$  = error term.

For this research, dividend payout is the independent variable and it is proxy by dividend per share divided by profit after tax, measured in percentage (Mamaro & Tjano, 2019). While, dependent variable; growth opportunities is proxy by current year revenue less previous year revenue divided by previous year revenue; measured in percentage (Khan et al., 2020). The mediating variable- firm value is measured by Tobin's Q, which is market capitalization plus total liabilities less cash flow, all divided by total assets. (Fajaria & Isnalita, 2018).

#### **4. RESULTS AND DISCUSSION**

##### **Descriptive statistics**

Table 1 presents the descriptive statistics, which is a representation of the calculated mean, standard deviation, and minimum and maximum degrees of the data.

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

<b>Variable</b>	<b>Obs</b>	<b>Mean</b>	<b>Std Dev.</b>	<b>Min</b>	<b>Max</b>
GO	160	4.2097	16.0301	-168.6613	75.5719
DVP	160	44.7232	55.4598	-155.3718	97.0336
FV	160	2.2301	1.7278	0.3096	9.2873

Source: STATA 13



From the descriptive statistics, it can be deduced that on the maximum, consumer goods firms have a 75.57% growth opportunity with a 4.20% opportunity for growth on the average and a minimum of -168.66% within the period under review. This suggests that, while some consumer goods firms maintained and grew steadily during the period of the study, the growth of some other firms in the same sector keeps nose-diving. On average, the dividend payout ratio of consumer goods firms stood at 44.7% within the purview of the research. While Minimum dividend payout during the period was negative, indicating that some consumer goods firms despite realizing losses declared and paid dividends to shareholders within the period. Firm value on the other hand, in the period under review, increased steadily to a maximum of 9.3% with a minimum of 0.31% with an average of 2.2%. This implies that consumer goods firms in Nigeria experienced increased growth during the period of the study.

### **Correlation matrix**

The correlation matrix of the data is presented in Table 2. The correlation coefficient result reveals the relationship between the dependent variable and the independent variable and the association among the independent variables throughout the study.

**Table 2**  
**Correlation Matrix**

	<b>GO</b>	<b>DVP</b>	<b>FV</b>
<b>GO</b>	1.0000		
<b>DVP</b>	0.1242	1.0000	
<b>FV</b>	0.3033	0.2978	1.0000

Source: STATA 13

In the Table 2, it can be seen that there exists a minimal relationship between the dependent variable and the independent variable and among the independent variables of the study. It can also be deduced from the table that there is a positive insignificant relationship between growth opportunities and dividend payout ratios (0.12). Further, the relationship between growth opportunities and firm value is positive and insignificant. This result signifies the absence of multicollinearity among the variables under study and implies a slight and harmless association amidst the variables of the study. Going by this, an increase in dividend payout and firm value will cause a slight increase in the growth opportunities of consumer goods firms in Nigeria.



**Table 3**  
**SEM Result**

Structural	Coefficient	Z	P >  z
FV < -			
DVP	0.00928	3.95	0.000
_cons	1.8152	10.86	0.000
GO < -			
FV	2.7108	3.71	0.000
DVP	0.01073	0.47	0.638
_cons	-2.3161	-1.14	0.256

Source: STATA 13

Table 3 presents the structural equation model result. The result indicates that the mediating variable- firm value significantly influenced dividend payout in the period of study with a coefficient of (0.0093) and p-value (0.000). Meaning that an increase in dividend payout will cause a significant increase in the value of consumer goods firms in Nigeria. Additionally, the results show that growth opportunities have a significantly positive relationship with firm value with a coefficient of (1.815) and p-value (0.000). This implies that a 1% increase in firm value will cause a 1% increase in the growth of consumer goods firms in Nigeria. This result is in line with the assertion of Baron and Kenny (1986) which stipulates a positive relationship between the mediating variable and both the dependent and independent variables of the study.

Furthermore, from the table, it can be seen that after the introduction of the mediating variable using structural equation modeling (SEM) in line with Baron and Kenny's (1986) approach, the dependent variable; growth opportunities is significantly influenced by the mediator- firm value, the consequence of which led to an insignificant relationship between dividend payout and growth opportunities. This confirms the third assertion of the Baron and Kenny (1986) postulations and implies that the mediating variable significantly and fully mediated the relationship between dividend payout and growth opportunities of consumer goods firms in Nigeria.



**Table 4**  
**Test of hypothesis.**

Estimates	Sobel
z- value	2.701
p-value	0.007

Source: STATA 13

### **Baron and Kenny approach to testing mediation**

Step 1 – FV: DVP (x -> m) with B= 0.009 and p = 0.000

Step 2 – GP: FV (m -> y) with B = 2.711 and p = 0.000

Step 3 – GO: DVP (x->y with B = 0.11 and 0.638

RIT = (Indirect effect / Total effect)

$$(0.025 / 0.036) = 0.707$$

RID = (Indirect effect / Direct effect)

$$(0.025 / 0.011) = 2.343$$

Table 4 presents the test of the hypothesis of the study. The Sobel report of z-value (2.701) with a p-value (0.007) signifies that firm value significantly mediated the relationship between dividend payout and growth opportunities of consumer goods firms in Nigeria.

Further, step one of the results of the Baron and Kenny approach to testing mediation has a p-value (0.000) with a coefficient of (0.009), indicating that dividend payout positively and significantly influenced the firm value of consumer goods firm in Nigeria. Thus, the null hypothesis, which, stated that dividend payout does not significantly influence the firm value of consumer goods firms in Nigeria, is hereby rejected.

Furthermore, step two of the Baron and Kenny approach to testing mediation has a p-value (0.000) with a coefficient of (2.711) implying a significant and positive relationship between growth opportunities and firm value. In addition, step three of the approach presented a p-value (0.638) with a coefficient of (0.11) suggesting that after mediation, the direct relationship between dividend payout and growth



opportunities of consumer goods became insignificant. Thereby confirming that firm value as a mediator, mediated the relationship between dividend payout and growth opportunities of consumer goods firms in Nigeria. Hence, the null hypothesis, which states that firm value does not mediate the relationship between dividend payout and growth opportunities of consumer goods firms in Nigeria, is hereby rejected. Conclusively, going by the indirect effect and Total effect (0.025 / 0.036), which is equal to (0.707), it is established that the mediator fully mediated the relationship between the dependent and the independent variable of the study. That is, firm value fully mediated the relationship between dividend payout and growth opportunities of consumer goods firms in Nigeria.

## **5. CONCLUSION AND RECOMMENDATION**

### **Conclusion**

From the findings of this study, it can be concluded that the mediating variable- firm value adequately and fully mediated the relationship between the dividend payout- the independent variable and growth opportunities- the dependent variable of the study. This is to say that an increase in the dividend payout of consumer goods firms in Nigeria, will lead to an increase in its value and hence an increase in growth.

### **Recommendation**

Based on this conclusion, it is recommended that consumer goods firms in Nigeria should continue to increase dividend payout to witness a rise in firm value, which would cause an increase in its growth opportunities.

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