IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 19, Issue 10. Ver. IX. (October. 2017), PP 30-43
www.iosrjournals.org

Dividend Payout Ratio and Share Price: Evidence from Quoted Manufacturing Companies in Nigeria

NWAOBIA Appolos Nwabuisi, ALU Chituru Nkechinyere Aseoluwa,
OLURIN Oluwatoyosi Tolulope
Department of Accounting Babcock University
Department of Accounting Babcock University
Department of Accounting Babcock University
Corresponding Author: NWAOBIA Appolos Nwabuisi

Abstract*: In the business world today, investors have different expectations when it comes to dividend payment. While some prefer low payout ratio, others prefer high payout ratio and as a result, determining an optimum payout ratio that meets the investors' expectations becomes a difficult task. The payout ratio derives a lot from the dividend policy of organizations and the dividend policy of an organization is believed to have an effect on the prices/values of its shares. This study aimed at evaluating the payout ratios of companies and the extent of their effects/relationship on the share price of Nigerian quoted manufacturing companies using five (5) of such companies for a ten years period, making a fifty (50) firm-year-observation. Ex-post facto design was adopted in the study and the data estimated using Ordinary Least Square method. The findings show that Payout Ratio (POR) has a positive insignificant effect on the share price (SHP) of quoted manufacturing companies while Earnings per Share (EPS) and Price Earnings ratio (PER) have a positive significant effect on the share price (SHP). However, considering the main model, EPS and PER still exert a positive significant influence on SHP while POR inversely influenced SHP. Hence, the overall/ combined influence of the independent variable (POR) and the control variables (EPS and PER) on the dependent variable (SHP) is positively and statistically significant which is in consonance with the a-priori expectation. Therefore, companies should be conscious of their dividend policy as investors are influenced by such; the company should take cognizance of the stakeholders varying interests while taking dividend decisions, however, maintaining a stable, regular policy will enhance their share price. Investors should not just base their investment decisions on a particular factor (POR, PER or EPS) as there are other factors that can influence a company's share price. They should as well, diversify their investment.*

Keywords: *Dividend, Payout Ratio, Price Earnings Ratio, Earnings per Share, Share Price*

Date of Submission: 23-10-2017 Date of acceptance: 02-11-2017

I. Introduction

In the business world today, investors emphasize more on what they stand to benefit in form of dividend payment i.e payout ratio of a firm which is a reward (financial) given to shareholders of a company as a result of their investments in such company. Dividend is a source of income to investors and their measurement of a company's performance as well (Arslan & Zaman, 2014). Tariq, Kharal, Abrar, Ahkam, & Khan, (2014) posit that dividend is said to play a signaling mechanism for investors to evaluate the future prospects of the firm thereby, reducing the problem of information asymmetry. Payout ratio is the ratio of ordinary dividends to retained earnings. The payout ratio derives a lot from the dividend policy which an organization adopts in order to favor its shareholders. Dividend policy, in the context of this study, means the payout policy that managers follow in deciding the size and pattern of cash distribution to shareholders over time (Amarjit, Nahum & Rajendra 2010). Simply put, it is a set of rules that guide the management of a company as to what proportion of income/earning is to be distributed to shareholders in form of dividend and the proportion to be retained for future re-investment. In essence, dividend policy entails decisions as to whether to pay dividend now or retain it (plough earnings back) for future purposes (capital gain). Dividend policy of an organization is believed to have an effect on the prices/values of its shares. There has been an ongoing argument on this which has led to several researches with varying results.

Prior empirical research generally focused on firms listed in developed stock markets, suggests that the announcement of dividend increases, either in cash or stock, is associated with significantly positive stock market excess returns (Nickolaos, Lenos & Nikos (2001). To them, in the case of cash dividend, evidence is attributed to information-signaling and agency cost effects; in the case of stock dividends it is attributed to information-signaling and "optimal" trading price-range effects. On this note, Nishat & Irfan (2005) affirmed

that, few studies have attempted to analyse the long run behaviour of the market and related issues (Nishat, 1991, 1992 1995, 1999, 2001; Nishat & Bilgrami, 1994) but no work has been done as at the period of their study, to explore the role of dividend yield and payout ratio in affecting the share prices.

Hence, based on research findings, Alfred (2007) asserts that an increase in dividend is usually accompanied by an increase in the stock price, while dividend cut generally leads to a decline in the stock price and as a result, companies in practice, place much emphasis on last year's dividend when dealing with the current year's dividend. He further contend that when dividends seem to be more stable than earnings, companies are likely to seek after long-term payout ratio and dividends are changed in line with expected future net cash flows. This change in dividend policy may convey certain information to the stock exchange market such that an increase in dividends may be interpreted as good news, a cut as bad news and a complete skip off of dividends as a very bad news. Based on this information however, the investors may be positively or negatively influenced.

To this end, Akinsulire (2005) suggests that a stable dividend policy is expected to lead to higher share price as a result of the greater confidence which investors have about the company's future prospects. Thus, it must be emphasized that this dividend policy should have an objective of maximizing the returns on investment of investors (shareholders) as they (investors) expect the increase with nostalgia. However, the optimal dividend policy is the one that maximizes the company's stock price and lead to of shareholders' wealth maximization thereby, ensuring rapid economic growth (Mageshwari 1992 in Azhagaiah & Sabari 2008).

Moreover, it is paramount to note that despite the fact that dividend and retained profits move in opposite directions, they still work together because, it is not possible to formulate one without the other being effected (Akinsulire 2014). By implication, the higher the dividend payment, the lower the retained earnings and this makes it difficult for the financial manager to strike a balance between the two as investors may have conflicting expectations in relation to their earnings (dividend). This therefore, calls for management attention on the views and expectations of the shareholders and other capital providers when formulating dividend policies or taking dividend decisions.

This is because, it has been observed that investors (shareholders) have different expectations when it comes to dividend payment. While some prefer low payout ratio (so as to enjoy capital gain) others prefer high payout ratio (in order to enjoy increased earnings now). As a result, determining an optimum payout ratio that meets the expectations becomes a difficult task. In the words of Amidu (2007), since the management of firms deal with competing interests of various shareholders, the dividend policy adopted may have either positive or negative effects on the share prices of the company. As such, they may not be able to forecast with certainty, the extent of the effect of the policy on their firms share prices. However, Enekwe, Nweze, & Agu (2015) observed that no model or theory has been developed to show how a particular dividend payout policy affects share price. Hence, the relationship between dividend and the value of shares is not clear cut (Akinsulire 2014) as dividend policy has remained a controversial issue for the investors, the company itself, practitioners and researchers alike. By implication, this study will on one hand, enable the investors to compare alternative investment opportunities in the stock market so as to invest their resources in a more viable investment i.e better choice of investments for investors based on their varying needs. And on the other hand, enable the managers of various companies to strike a balance between various factors involved in dividend payout/retention policy determination, so as to ascertain the optimum payout ratio at any given price level since the stakeholders have varying needs, especially in relation to dividend payment.

Therefore, it is necessary to evaluate the payout ratios of companies and the extent of their effects/relationship on the share price of Nigerian quoted manufacturing companies. Specifically, this study tends to:

i. Investigate the effect of earnings per share on share price of Nigerian quoted manufacturing companies.
ii. Determine the extent of the relationship that exists between price earnings ratio and share price of Nigerian quoted manufacturing companies.

1.2 Research Questions

This study was guided by the following research questions:

1. How does the payout ratio of quoted manufacturing companies affect their share price?
2. What is the effect of earnings per share on share price of quoted manufacturing companies
3. To what extent does price earnings ratio relate to a company's share price?

1.3 Research Hypotheses

The hypotheses of this study are stated in a null forms as follows:

1. Payout ratio does not significantly affect the share price of quoted manufacturing companies in Nigeria.
2. Earnings per share does not have any significant effect on the share price of quoted manufacturing companies in Nigeria.
3. Price earnings ratio of quoted manufacturing companies does not significantly relate to their share prices.

The remainder of this paper is structured as follows: section 2 presents the literature review; section 3 discusses the methodology; section 4 shows the data analysis, test of hypotheses, findings and discussion; and section 5 concludes the study.

II. Literature Review

2.1 The Conceptual Framework

Dividend Policy

Dividends refer to payments made by a company from its profits (after tax) to its shareholders periodically as a reward for their investments. These payments are made based on the dividend policy which a company adopts. In other words, the policy of a firm determines its payout ratio (in the form of dividends) as well as its retention ratio (in form of retained earnings) which will be ploughed back by the company (as a source of finance) and given back to its shareholders in form of capital gains.

In the words of Akinsulire (2014), dividend payout ratio is the ratio of ordinary dividends to retained earnings. It indicates the extent of the net profits distributed to shareholders as dividends and a high payout ratio simply indicates a liberal distribution of profits while a low payout ratio reflects a conservative distribution policy (Alfred 2007). However, from the share valuation model, Simon (2009) asserts that the value of a share depends very much on the amount of dividend distributed to shareholders such that the higher the dividend payout ratio, the more attractive the share is to the shareholders.

Dividend policy refers to the decisions regarding the magnitude of the dividend payout, the percentage of earnings paid to the stockholders in the form of dividends **(**www.referenceforbusiness.com). It is based on the answers to several important questions such as how much dividend should a company distribute to shareholders? What will the impact of the dividend policy be on the company's share price? What will happen if the amount of dividend changes from year to year? (Simon ibid). By implication, dividend policy of a firm is very important as it tells a firm when and how to make the payment and the extent of the payment to be made.

2.1.1 Types of Dividend Policy/ Payout Strategies

It has been observed that dividend policies of firms vary over time, across countries, especially between developed, developing and emerging capital markets. Glen et al. (1995) in Amidu (2007) found that dividend policies in emerging markets differed from those in developed markets. Their reports showed that dividend payout ratios in developing countries were only about two thirds of that of developed countries. The study of Ramcharran (2001) in Amidu (ibid) also documented low dividend yields for emerging markets. These studies show that dividend policies vary from country to country and from firm to firm. Alfred (2007) however discussed some of the dividend payout strategies as follows:

Constant Payout Ratio: This implies the payment of a fixed percentage of the net earnings of the company to its shareholders every financial year ending. If earnings vary, the amount of dividend also varies from year to year, meaning that the company follows a regular practice of retained earnings.

Constant Naira Dividend Rate Policy: This policy advocates the payment of dividend at a constant rate, even when earnings vary from year to year. This may sometimes be practicable only when the company's earnings variation is not wide. However, the possibility of this policy can be achieved by a company through the maintenance of 'Dividend Equalization Reserve' where the company invests fund equal to such reserves in some current investments in order to manage the liquidity of the necessary fund in times of need.

Multiple Dividend Increase Policy: This policy allows very frequent and very small dividend increases to give the illusion of movement and growth. This policy believes strongly that the market rewards increases consistently.

Regular Dividend plus Extra Dividend Policy: In this case, companies consciously divide their announced dividends into two i.e. regular dividends and an extra dividend. The regular dividend is declared at the announced level while the extra dividend payment will be made as circumstances permit.

Uniform Cash Dividend plus Bonus Shares Policy: Here, a minimum rate of dividend per share is paid in cash and bonus shares are issued out of accumulated reserves. This bonus issue is not made annually, but depends on the amount kept in the reserve over a period of 3 to 5 years.

Zero Dividends Payout: This is a policy where a company decides not to pay any dividend at all.

Passive Residual Dividend: This is a policy of paying out the remaining profit of a company after all the profitable investment projects have been undertaken. This means that the company pays out dividends only after considering the capital projects that will yield higher rates of return.

Extra Dividend Policy: this suggests that firms who do not have regular flow of earnings can follow a pattern of low regular dividends (to ensure that shareholders receive something every year) and extra dividends in periods of improved profit performance.

2.1.2 Forms of Dividend Payout

Companies pay out dividends to their shareholders in different ways/forms; notable among them are as discussed by Akinsulire (2005) and Alfred (2007) to be:

a. **Cash dividend:** This is where the company pays dividends in to its shareholders. When this is done, the cash account and the reserves account of the company will be reduced. In most cases, the market price of the share drops by the amount of the dividend paid.

b. Stock dividend/scrip dividend/bonus shares: Sometimes when a firm lacks the liquidity to pay cash dividend, bonus shares or stock dividends are issued in addition to and not in lieu of cash dividends. The declaration of bonus shares will increase the paid up share capital (number of ordinary shares) and reduce the reserves and surplus of the company while the total net worth/ net income) remain unchanged.

c. Stock/Share Split: This involves splitting the denomination of ordinary shares unto smaller units and issuing additional shares to the shareholders so that the nominal values of their shares do not fall. It is a method to increase the number of outstanding shares through a proportional reduction in the par value of the shares. Stock split will make the market price of the shares to fall. It should be noted that the firm's dividend will not be reduced proportionally.

d. Share Repurchase (Treasury Stock): This involves a company buying back its own shares from investors. Companies use this avenue to return surplus cash to shareholder. It should be noted that treasury stocks carry no shareholders privilege i.e they receive no dividend and carry no voting right, but if resold, the privileges are restored.

e. Non-pecuniary benefits: These take the form of discounts on a company's goods and services and/or the offer is complementary goods and services. This form is however, mostly used in advanced countries.

2.1.3 Factors Affecting Dividend Decision/Payout Strategies

In practice, decisions as to whether to payout dividends or not, how much of the profits to pay as dividend and in what form the dividend should be paid are influenced by several factors both internal and external. However, the following factors according to Alfred (2007 and Akinsulire 2014) influence the payout strategies which a company may adopt:

1. **The industry or commercial sector within which a company operates:** companies in industries that require large amount of long-term reinvestment are usually found to have lower payout ratio in order to facilitate such re-investment. On the other hand, companies that operate in industries associated with high business risk, or that are susceptible to large cyclical swings in profits, tend to pay lower dividend to avoid the risk of having to reduce dividend payouts in the future.
2. **The nature of the company and its individual characteristics**. A matured company may choose to adopt a high payout ratio due to its minimal re-investment requirements. Alternatively, a company with high level of bank borrowings may, in response to an increase in interest rates choose to reduce dividend payout level so as to meet its interest commitments.
3. **Liquidity Considerations:** A company will not be able to pay dividends if cash is not available to do so. The fact that profits are made does not guarantee the availability of cash for dividend payment as such profits may have been re-invested and in which case, they will be represented by fixed assets and inventory (not cash).
4. **Shareholder Income Tax Constraints:** Where the majority of shareholders are in the high income bracket, they may prefer to receive their returns in form of capital gains (eg bonus shares) because of lower tax rate on capital gains. However, where the majority of the shareholders are in low income bracket, they may prefer to receive their returns as current dividends because their dividend income tax is low.
5. **Legal Constraints:** Company law allows the payment of dividend only out of distributable profits calculated on conventional accounting principles. It is forbidden to distribute dividend out of capital.
6. **Government Regulation:** The government, through some guidelines restricts the amount of dividend payable to shareholders by restricting divided payment to a certain percentage of the profits after taxation. However, from 1988, dividend payment has been deregulated.
7. **Share Valuation:** It has become part of the stock market that investors favour a company if its dividends are basically stable overtime. A gentle upward movement is to be desired but violent fluctuations in either direction are not. These factors often lead many companies to adopt a very cautious dividend policy.
8. **Internal Re-investment Opportunities:** If external finance is not available or available only by incurring significant transaction costs, then the payment of dividends may mean foregoing worthwhile investment opportunities. Therefore, dividend payment may have to be restricted to provide financing for such investments.
9. **Loan Redemption:** If loans/preference share capitals are due for redemption, this will require funds and might cause a reduction in the level of dividend payout.

10. **The Risk Factor:** Whereas the company wishing to obtain capitalization is not a blue ship. It may have to offer higher dividend rates in order to encourage investors to undertake the risk involved. Wide variations in dividends should however be avoided.
11. **Level of Inflation:** Investors are sometimes believed to expect dividends to increase at least in line with the level of inflation. However, in a world of increasing inflation, current flow of dividend is better than that of the future when the purchasing power of the flow will be low.
12. **Control:** If a high level of dividends is paid, a company might be forced to issue new share capital so as to raise finance. This can have an effect of reducing the control of the company by existing shareholders. If control is considered as a significant factor, dividend payouts are liable to be relatively low.
13. **Dividend Policy of Similar Companies:** Companies tend to follow or consider the dividend policies of similar companies when setting their own dividend policy for fear of losing their potential investors.
14. **Liquidity Preference of the Dominant Shareholders:** Most companies as quoted on the Nigerian Stock Exchange have significant foreign equity participation. The parent companies usually prefer high dividends payout but if the exchange rate of the Naira is not favorable to the repatriation of dividend, they may prefer capital gains. As a result, these foreign shareholders usually affect the company's dividend policy.
15. **Statutory Requirement:** In this case, some companies are allowed to transfer a certain percentage of their profit before or after tax to statutory reserves.

2.1.3 Dividend Payment According to Companies and Allied Matters Act 2004

The Companies and Allied Matters Act Cap C20 LFN (2004) Sections 379, stipulates that:

1. A company may, in general meeting, declare dividends in respect of any year or other period only on the recommendation of the directors;
2. The company may from time to time pay the members such interim dividends as appear to the directors to be justified by the profits of the company;
3. The general meeting shall have power to decrease the amount of dividend recommended by the directors, but, shall have no power to increase the recommended amount;
4. Where the recommendation of the directors of a company with respect to the declaration of a dividend is varied in accordance with subsection (3) of this section, a statement to that effect shall be included in the relevant annual report;
5. Subject to the provisions of this Act, dividends shall be payable to the shareholders only out of the distributable profits of the company.

   By the provisions of Section 380, subject to the company being able to pay its debts as they fall due, the company may pay dividends out of the following profits:

a. Profits arising from the use of the company's property although it is a wasting asset;
b. Revenue reserves;
c. Realized profits from a fixed asset sold, but where more than one asset is sold, the net realized profit on the assets sold.

Section 381 states that a company shall not declare or pay dividend if there are reasonable grounds for believing that the company is or would be after the payment, unable to pay its liabilities as they become due.

This implies that, the declaration and payment of dividends by any particular company is based on the recommendations of the directors and approval of the members. However, the dividend payment should not affect the company's health.

2.2 Theoretical Framework

A number of theories exist on the effect of dividend policy on share price of companies. Such theories are grouped into two: the irrelevancy and the relevancy/supremacy theories.

2. 2.1. Dividend Irrelevancy Theory

This theory propounded by Miller and Modigliani (1961) argued that payment of dividends and the amount paid are not relevant to or do not affect or determine the prices of shares. They argued that in tax-free world, shareholders are indifferent between dividends and capital gains, and the value of a company is determined solely by the earning power of its assets and investments (Akinsulire 2014). Simply put, they believe that the dividend policy of a firm does not determine the value of the firm rather, the earning ability of the firm and its investment policy, which are mostly considered for stock valuation. This theory is based on certain assumptions, stated as follows:

a. Perfect capital market exist where investors act rationally and have access to perfect and costless information;
b. No floatation costs on securities issued by a company and no transaction cost on securities sold by the shareholder;

c. A world of no taxation, or if there is taxation, the same tax rate is applicable to capital gain and dividend income;
d. There is perfect certainty by every investor as to future investments and profits of the company;
e. Risks of uncertainty does not exist;
f. The company will maintain a fixed investment policy.

These assumptions may however, not be applicable in real life situation (in practice) as there are several imperfections in the capital market. For instance, companies do incur floatation cost in their bid to raise additional capital whereas investors incur transaction cost whenever they are selling or buying shares; companies pay brokerage fees or underwriting cost when issuing new shares; investors pay income tax on the dividend income they receive; dividends are subject to 10% withholding tax while capital gains are (in some countries) exempted from taxes; furthermore the insiders have more access to information than the outsiders, thus the market does not fully reflect all available information (Amidu 2007).

2.2.2 Dividend Relevancy Theory

This theory, propounded by Williams (1938), Gordon (1959) and Walter (1963) posits that dividend payments are relevant and will affect share prices of companies/firm value. This assertion is based on the fundamental theory of share price (Akinsulire 2005; 2014) which assumes that:

a. The market value of a company's shares depends on the size of dividend paid, the growth rate in dividends and the shareholders' required rate of return;
b. The growth rate in dividends depends on how money is re-invested in the company and so, on the rate of earnings retained;
c. Shareholders will want their company to pursue a retention policy that maximizes the value of their shares.

Hence, the underlying assumptions of the theory include: firms finance all investments through retained earnings and maintain constant Internal Rate of Return (IRR) and Weighted Average Cost of Capital (WACC); all earnings are either distributed as dividends or immediately reinvested internally; the firm has a very long or infinite life and corporate tax does not exist. These assumptions, although not perfectly true, are more practicable in real life situation than those of the irrelevancy theory. However, there are many points in support of the dividend relevancy theory as being more realistic than the other but; they are not discussed in this paper. Therefore, this study is anchored on the dividend relevancy theory.

2.3 Empirical Studies

According to Nickolaos, Lenos & Nikos (2001), prior empirical research, generally focused on firms listed in developed stock markets, suggests that the announcement of dividend increases, either in cash or stock, is associated with significantly positive stock market excess returns. In the case of cash dividends, this evidence is attributed to information-signaling and agency cost effects; in the case of stock dividends it is attributed to information-signaling and "optimal" trading price-range effects. Based on this, scholars have tried to investigate the relationship between dividend policy adopted by firms and their relative stock prices (a measure of shareholders wealth). However, Tariq, Kharal, Abrar, Ahkam, & Khan (2014) contend that, despite the availability of much literature and wide variety of models formulated, the debate is still open on this topic as scholars and practitioners alike could not develop a precise model to predict the movements of stock price in the stock markets accurately.

In Nigeria, empirical studies by Adelagun, (2000) and Mainoma (2001) in Fodio & Salisu (2004) provide substantial evidence in support of the rightists' dividend relevancy theory, but the studies relied on data extending only up to 1998.

Onodje (2009) explored the factors influencing stock prices and the predictability of such prices in the Nigerian capital market using 10 banks listed on the Nigerian Stock Exchange within one accounting period. The study utilized the unit root and co-integration (Augmented Eagle-Granger) test for the analysis. Although the model specification of his study captured prior stock price, capital gain, price earnings ratio (PER), excess demand for stocks and quantity of traded stocks as factors influencing stock price, capital gain, prior price level and Price earnings ratio could not be used to predict future levels of stock price. However, his findings revealed that PER is the least significant factor influencing stock price, suggesting that investors are speculatively irrational and that financial market deepening may not necessarily translate to economic growth. He therefore concluded that the explanatory variables (excess demand and quantity traded) could not accurately predict future values of stock price.Alayemi (2013) examined the relationship between dividend payout and market price of shares in selected (two) food and beverage companies in Nigeria using secondary data sources for a period of five (5) years (2005-2009). Multiple regression analysis was utilized in the study and the findings showed that share price is negatively correlated with profitability (earnings after tax) but positively correlated with dividend payment.

Abdullah (2014) estimated excess stock market returns for all (thirty) banks listed in Dhaka Stock Exchange for the period of five years (2007 to 2011) in an attempt to examine the kind of relationship that exists between dividend policy and stock market returns of private commercial banks in Bangladesh, and the degree to which the returns on stocks can be explained by their respective dividend policy. Panel data approach was utilized in the study and the findings show that a significant negative relationship exists between Dividend Yield and Stock Price while Retention Ratio has a negative but statistically insignificant relationship with Stock Market Prices. The findings also reveal that Return on Equity and Earnings per share have statistically significant positive impact on stock price and Profit after Tax has a significant negative impact on Stock Market Prices. However, the overall results indicate that Dividend Policy has a significant positive effect on Stock Prices.

Bali et. al. (2009) in Onodje (2009) investigated the significance of extreme positive returns in the cross sectional pricing of stocks, using portfolio-level and firm level cross sectional regression analysis. The variables controlled in the study include size, book- to- market value, momentum and liquidity among others. The results showed that a negative and significant relationship exists between the maximum daily return (over the preceding one month) and expected stock returns.

Hunjra, Ijaz, Chani, Hassan, & Mustafa (2014) investigated the effect of dividend yield, dividend payout ratio, return on equity, earning per share and profit after tax on stock prices of four non-financial sectors (Sugar, Chemical, Food and personal care, Energy) listed on Karachi stock exchange in Pakistan. The study covered a period of six years, between 2006 and 2011 and a sample of 63 companies was chosen. The panel data was analyzed using Ordinary least square regression model and the findings revealed that dividend yield has a negative relationship with stock price while dividend payout ratio is positively related with stock price. Also, earning per share and profit after tax have significant positive relationship with stock price while return on equity has an insignificant positive impact on stock prices. However, their overall model is significant.

In his study, Amidu (2007) examined whether dividend policy influences firms' performance in Ghana using data derived from the financial statements of listed firms on the Ghana Stock Exchange (GSE) during the most recent eight-year period. Ordinary Least Squares model was used to estimate the regression equation. In order to operationalize `dividend policy' in the study, he used `1' to represent the company that has a policy to pay dividend and`0' to represent the company that has a policy not to pay dividends. The results of his study showed positive relationships between return on assets, dividend policy, and growth in sales. It also revealed that bigger firms on the GSE perform less with respect to return on assets. Furthermore, the results reveal a negative associations between return on assets and dividend payout ratio, and leverage.

Ordu, Enekwe, & Anyanwaokoro (2014) studied the effect of dividend payment on the market prices of shares in Nigeria using seventeen (17) quoted firms as the sample size between 2003 and 2011. Ex-post facto research design was utilized and the model specification for the analysis of data was ordinary least squares techniques applied as panel estimation. Their results revealed that dividend payment and payout ratio have a positive and significant effect on the market prices of shares of firms quoted on the Nigeria Stock Exchange. However, dividend yield does not have a significant positive effect on the market price per shares of those firms.

Azhagaiah & Sabari (2008) analyzed the impact of dividend policy on shareholders' wealth in Organic (19) and Inorganic (9) Chemical Companies listed in Bombey Stock Exchange (BSE) in India for a ten year period (1997-2006). Their study utilized multiple regression method and stepwise regression models, taking the following variables into consideration: DPS_{it} (Dividend per Share), RE_{it} (Retained Earnings per Share), PE_{t-1} (Lagged Price Earnings Ratio) and MPS_{it-1} (Lagged Market Price i.e.MV_{it-1}) as independent variables, and MPS_{it} (Market Price Per Share) as dependent variables. The study revealed that the wealth of the shareholders is greatly influenced mainly by five variables viz., growth in sales, improvement of profit margin, capital investment decisions (both working capital and fixed capital), capital structure decisions, cost of capital (dividend on equity, interest on debt) etc. However, they concluded that dividend policy has a significant impact on shareholders' wealth in Organic Chemical Companies while the shareholders' wealth is not influenced by dividend payout as far as Inorganic Chemical Companies are concerned.

In a study of the relationship between dividend policy and the value of banks in Nigeria, Fodio & Salusi (2004) sampled 11 banks listed on the Nigerian Stock Exchange between 1998 and 2002. Ordinary Least Square Method of analysis was adopted for the study and the regression analysis reveals that a strong positive relationship exists between the value of banks and their dividend payout ratio with a 72% coefficient of correlation. Their study therefore, supports the dividend relevancy theory and concludes that a bank can successively attract divergent group of investors if it maintains a steady increase in its dividend payout ratio.

Arslan & Zaman (2014) investigated the Impact of Dividend Yield and Price Earnings Ratio on Stock Returns of Non-Financial Firms listed on the Karachi Stock Exchange in Pakistan for twelve (12) years period (1998 to 2009) using one hundred and eleven (111) firms as the sample and secondary data. The data were estimated by a means of Panel data analysis through the use of the fixed effect model. Their findings reveal that price earnings ratio and size have a positive, significant impact on stock prices of firms while dividend yield

ratio has a negative impact on stock prices. To them, the negative impact of dividend yield indicates that larger firms (with high growth) have more investment opportunities when compared to the smaller ones so, they pay less dividends to the stockholders. Tariq, et. al (2014) tried to solve the puzzle of relative importance of Dividends and Retained Earnings in explaining the Stock Prices using 66 non-financial firms which paid dividends throughout the sampled period (four years, 2007 to 2010) in Karachi Stock Exchange as the case study. The Data was pooled for the analysis and OLS regression technique used to draw inferences from the study. The findings showed that dividend has more influence over the stock price than retained earnings. However, there exists a positive relationship of dividends and retained earnings on stock prices

Enekwe, Nweze, & Agu (2015) studied the effect of dividend payout on performance evaluation of quoted cement companies in Nigeria for twelve (12) years period (2003 - 2014) using secondary data. The study utilized ex-post facto research design and Simple Linear Regression (SLR) technique was used to analyze the data. The findings reveal that Dividend Payout ratio (DPR) has a statistically significant effect on Return on Capital Employed (ROCE) and Return on Assets (ROA) but has no statistically significant effect on Return on Equity (ROE) of quoted cement companies in Nigeria.From the foregoing, there is a time gap in the studies and the variables considered in the most recent reviewed researches are different from the variables included in the present study which this study attempts to bridge/fill.

III. Methodology

3.1 Research Design, Sample Size and Sampling Technique

The design adopted in this study is the ex-post facto research. Quoted manufacturing companies in the Brewing, Food/Beverage and Conglomerate sectors in Nigeria constituted the population frame of the study out of which five (5) [Breweries (Guinness Nigeria Plc and Nigerian Breweries), Food/Beverage and Tobacco (Nestle Nigeria Plc and Cadbury Nigeria Plc) and Conglomerate (PZ Cussons Nigeria Plc)], were chosen as the sample size. The selection was made using the purposive/judgment sampling technique due to certain criteria such as the availability of data i.e category of companies that have the available data, useful for the research work. As a result, secondary data obtained from the audited annual reports of the companies under study for a ten years period (2006-2015) covering a 50 firm-year observations, were used for the study.

3.2 Measurement of Variables and Model Specification

The data so collected from those secondary sources were summarized and analyzed into various components using descriptive and inferential statistics with the aid of E-views version 7. The model adopted in this study is a modification of that used by Nishat & Irfirn (2005) as follows:

$SHP_{it} = \alpha_{it} + \beta_1 POR_{it} + \beta_2 EPS_{it} + \beta_3 PER_{it} + \mu_{it}$----------Main model

$SHP_{it} = \alpha_{it} + \beta EPS_{it} + \mu_{it}$

$SHP_{it} = \alpha_{it} + \beta PER_{it} + \mu_{it}$

Where SHP_{it} = Share Price (the closing market price per share for the year) of company *i* at time *t*

POR_{it} = Pay Out Ratio of company *i* at time *t*

EPR_{it} = Earnings per Share of company *i* at time *t*

PER_{it} = Price Earnings Ratio of company *i* at time *t*

α= Constant term

β = coefficients of the explanatory variables

μ = error term.

Share price: This is the closing market price or value per share as quoted on the stock exchange for the year.

Payout ratio: This shows the percentage of earnings given out to shareholders in form of dividend. It is derived by the formula: Payout Ratio=$\frac{\text{Ordinary dividend}}{\text{Profit after tax}} \times 100$ or $\frac{\text{DPS}}{\text{EPS}}$

Earnings per share: This measures the economic performance of a corporate entity; a higher EPS means better capital utilization (Alfred 2007). Therefore investors look up to the EPS of firms for better investment decisions.

EPS= $\frac{\text{PAT-Pref dividend}}{\text{Issued ordinary shares}}$

Price earnings ratio: is the proportion of per share price of a company to the per share earnings of that company over a particular period of time. A high PER is an indication that investors would have high regard for the company's prospects and the quality of its earning.

PER= $\frac{\text{Market value/share price}}{\text{Earnings per share}}$

However, the validity and reliability of the statement of hypotheses were tested using a type of parametric technique known as Analysis of Variance (ANOVA) i.e. F ratio at 5% level of significance. This technique was used because it enabled the researcher to test hypothesis about the mean difference for the five companies under study for the ten years period selected.

3.3 A priori Expectation

It is expected that dividend payout ratio will significantly affect the share price of manufacturing firms listed on the Nigerian Stock Exchange. By implication, $\beta>0$

IV. Data Analysis And Discussion Of Results

4.1 Descriptive Analysis

This section shows the pattern of occurrence and the characteristics of the data set. The description of the panel or longitudinal data is based on mean, maximum, minimum and standard deviation of the variables. The descriptive statistics of the panel data obtained are illustrated in table 1.

Table 1 Descriptive Analysis

Variables	SHP	POR	EPS	PER
Mean	196.8053	73.46326	7.900465	21.47488
Median	120.4000	66.00000	5.180000	20.50000
Maximum	1200.000	173.0000	29.05000	45.90000
Minimum	12.00000	24.60000	0.610000	0.280000
Std. Dev.	268.2962	32.62211	8.104209	9.451541
Skewness	2.374535	0.943863	1.443851	0.019546
Kurtosis	8.133018	3.652118	4.133968	3.857675
Observations	**43**	**43**	**43**	**43**

Source: Authors' Computation

Table 1 indicates some variation in the minimum and maximum values of Share Price (SHP), Payout Ratio (POR), Earnings per Share (EPS) and Price Earnings Ratio (PER) of manufacturing companies with the following maximum values respectively 1200.000, 173.0000, 29.05000 and 45.90000. Their minimum values also indicate variability as follows 12.00000, 24.60000, 0.610000 and 0.280000 respectively. This implies that for the period under study, the payout ratios of companies and the share price of Nigerian quoted manufacturing companies fluctuated. The standard deviation of the variables under consideration shows some dispersion or spread in the data series for Share Price (SHP), Payout Ratio (POR), Earnings per Share (EPS) and Price Earnings Ratio (PER) with the following values 268.2962, 32.62211, 8.104209, and 9.451541 respectively. In addition, skewness measures the asymmetry of the distribution of the panel data around the mean. Share Price (SHP), Payout Ratio (POR), Earnings per Share (EPS) and Price Earnings Ratio (PER) were all positively skewed. Furthermore, the Kurtosis measure indicates the peak or flatness of the distribution of the panel data, as shown in table 1, Share Price (SHP), Payout Ratio (POR), Earnings per Share (EPS) and Price Earnings Ratio (PER) had distributions that peaked at 8.133018, 3.652118, 4.133968 and 3.857675 respectively.

4. 2 Ordinary Least Square (OLS) Modeling

Research Hypothesis 1 (H_{01}): Payout Ratio (POR) does not significantly affect the share price (SHP) of quoted manufacturing companies.

Table 2a Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.041513	1	0.8386

Source: Authors' Computation

Table 2b Regression Analysis

	MODEL 1			
Variable	**Coefficient**	**Std Error**	**t-Stat.**	**Prob.**
C	163.8440	134.2024	1.220872	0.2291
POR	0.183607	0.977541	0.187825	0.8519
R^2	0.000879			
Adj. R^2	-0.023490			
F-Statistic	0.036078			
Prob.(F-Stat)	0.850292			
Obs	43			
Cross-sections	5			

Dependent Variable: SHP ***significance at 5%**
Authors' Computation

Table 2a shows the Hausman test result with the P- value of 0.8386 which is greater than the acceptable 0.05 level of significance. Thus, the null hypothesis that random effect is suitable for this model is accepted. This indicates that the model was estimated using random effect, consequently, random effect was used and Table 2b depicts the result of the regression estimate. The regression estimate on table 2b shows that Payout Ratio (POR) has a positive effect on share price (SHP) of quoted manufacturing companies. This is shown by the sign and size of the coefficient: $\beta_1 = +0.183607 > 0$. The coefficient suggests that an increase in Payout Ratio (POR) will cause a 0.183607 unit increase in share price (SHP). The R-square in table 2b reveals that, less than 1% variations in SHP could be attributed to Payout Ratio (POR) while the remaining 99% plus, is attributable to other explanatory factors outside this model. The p-value of the t-statistics (p= 0.8519) is greater than the acceptable 5% level of significance (p>0.05), while the model is also not statistically significant. Consequently, the positive effect that Payout Ratio (POR) has on share price (SHP) of quoted manufacturing companies is not statistically significant and can be attributed to chance. Thus, we do not reject the null hypothesis that Payout Ratio (POR) does not significantly affect the share price (SHP) of quoted manufacturing companies in Nigeria.

Research Hypothesis 2 (H_{02}): Earnings per share (EPS) does not have any significant effect on share price (SHP) of quoted manufacturing companies

Table 3a Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.345860	1	0.0208

Source: Authors' Computation

Table 3b Regression Analysis

	MODEL 1			
Variable	**Coefficient**	**Std Error**	**t-Stat.**	**Prob.**
C	-79.67235	27.42178	-2.905440	0.0057
EPS	37.37233	3.581374	10.43519	0.0000
R^2	0.885085			
Adj. R^2	0.872027			
F-Statistic	67.77850			
Prob.(F-Stat)	0.000000			
Obs	50			
Cross-sections	5			

Dependent Variable: SHP ***significance at 5%**
Authors' Computation

Table 3a indicates the Hausman test result with the P- value of 0.0208 which is less than the acceptable 0.05 level of significance. Thus, the null hypothesis that random effect is suitable for this model is rejected. The model was therefore, estimated using fixed effect, and table 3b shows the result of the regression estimate.

The result indicates that Earnings per Share (EPS) has a positive effect on share price (SHP) of quoted manufacturing companies. This is shown by the sign and size of the coefficient: $\beta_1 = +37.37233 > 0$. The coefficient suggests that an increase in Earnings per Share (EPS) will cause a 37.37233 unit increase in share price (SHP) of quoted manufacturing companies. The R-square in table 3b indicates that 88.5% variations in Share price (SHP) could be attributed to Earnings per Share (EPS) of quoted manufacturing companies while the remaining 11.5% is attributable to other explanatory factors external to this model. The p-value of the t-statistics shows 0.0000 which is less than the stipulated 5% level of significance, indicating that the model is statistically significant (p<0.05). Thus, the null hypothesis that Earnings per share (EPS) does not significantly have any effect on share price (SHP) of quoted manufacturing companies is rejected.

Research Hypothesis 3 (H_{03}): Price Earnings ratio of quoted manufacturing companies does not significantly relate to their share prices

Table 4a Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.108462	1	0.7419

Source: Authors' Computation

Table 4b Regression Analysis

	MODEL 1			
Variable	**Coefficient**	**Std Error**	**t-Stat.**	**Prob.**
C	-79.62761	112.1599	-0.709948	0.4812
PER	13.65708	2.876053	4.748549	0.0000
R^2	0.323710			
Adj. R^2	0.309621			
F-Statistic	22.97546			
Prob.(F-Stat)	0.000016			
Obs	50			
Cross-sections	5			

Dependent Variable: SHP ***significance at 5%**
Authors' Computation

Table 4a shows the Hausman test result with the P- value of 0.7419 which is greater than the acceptable 0.05 level of significance. Thus, the null hypothesis that random effect is suitable for this model is accepted. The model was therefore, estimated using random effect, and table 4b reveals the result of the regression estimate which indicates that Price Earnings ratio (PER) has a positive effect on share price (SHP) of quoted manufacturing companies. This is shown by the sign and size of the coefficient: $\beta_1 = +13.65708>0$. The coefficient suggests that an increase in Price Earnings ratio (PER) will cause a 13.65708 unit increase in share price (SHP) of quoted manufacturing companies. The R-square in table 4b indicates that 32.4% variations in Share price (SHP) could be attributed to Price Earnings ratio (PER) of quoted manufacturing companies. The p-value of the t-statistics 0.0000 is less than the acceptable 5% level of significance ($p<0.05$), while the model is statistically significant. Therefore, these suggest that Price Earnings ratio (PER) significantly relates with share price (SHP) of quoted manufacturing companies in Nigeria. Thus, the null hypothesis that Price Earnings ratio of quoted manufacturing companies does not significantly relate to their share prices is rejected.

A re-consideration of the relationship between POR and SHP using PER and EPS as control variables reveals the result shown in table 5.

Table 5a Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	13.409576	3	0.0038

Source: Authors' Computation

Table 5b Regression Analysis

	MODEL 1			
Variable	**Coefficient**	**Std Error**	**t-Stat.**	**Prob.**
C	-255.3948	43.19710	-5.912313	0.0000
EPS	35.37952	3.009611	11.75551	0.0000
PER	8.062592	1.612539	4.999937	0.0000
POR	-0.006231	0.380334	-0.016382	0.9870
R^2	0.943362			
Adj. R^2	0.932034			
F-Statistic	83.27921			
Prob.(F-Stat)	0.000000			
Obs	43			
Cross-sections	5			

Dependent Variable: SHP ***significance at 5%**
Authors' Computation

Table 5a illustrates the Hausman test result with the P- value of 0.0038 which is less than the acceptable 0.05 level of significance. Thus, the null hypothesis that random effect is suitable for this model is rejected. This depicts that the model in Table 5b was estimated using fixed effect. The result shows that Earnings per Share (EPS) and Price Earnings ratio (PER) have positive effects on share price (SHP) of quoted manufacturing companies; while Payout ratio (POR) has a negative effect on share price (SHP) of quoted manufacturing companies. This is illustrated by the sign and size of the coefficient: $\beta_1 = +35.37952 >0$; $\beta_2 = +8.062592 >0$; $\beta_3 = -0.006231<0$. The coefficients suggest that an increase in Earnings per Share (EPS), Price Earnings ratio (PER) and Payout Ratio (POR) will cause a 35.37952 unit increase, 8.062592 increase and -0.006231 unit decrease respectively, in share price (SHP) of quoted manufacturing companies.

The adjusted R- square of the main model in table 5b, shows that 93.2% variation in share price (SHP) of quoted manufacturing companies could be attributed to the combined effect of Earnings per Share (EPS), Price Earnings ratio (PER) and Payout ratio (POR) while the remaining 6.8% is attributed to other explanatory variables outside the model. This implies that the SHP is positively and significantly affected by POR when PER and EPS serve as control variables. Furthermore, the p-value of the f-statistics (0.000000) is lower than the acceptable 5% level of significance ($p<0.05$) indicating that the model is statistically significant. Therefore, Earnings per Share (EPS) and Price Earnings Ratio (PER) have positive effect while Payout Ratio (POR) has a negative effect on share price (SHP) of quoted manufacturing companies in Nigeria. Consequently, considering the combined effect, the null hypothesis that Payout Ratio (POR) of quoted manufacturing companies does not significantly affect the share price (SHP) of quoted manufacturing companies is rejected.

Discussion of Findings

The results of this study is consistent with the findings of other researchers especially, that of Fodio and Salusi (2004) whose findings reveal that a strong positive relationship exists between the value of banks and their dividend payout ratio and Azhagaiah and Sabari (2008) who concluded that dividend policy has a significant impact on shareholders' wealth in Organic Chemical Companies while the shareholders' wealth is

not influenced by dividend payout as far as Inorganic Chemical Companies are concerned. This study is also consistent with the study of Arslan and Zaman (2014) whose findings reveal that price earnings ratio and size have a positive, significant impact on stock prices of firms. The findings are also consistent with that of Abdullah (2014) whose results reveal that Return on Equity and Earnings per share have statistically significant positive impact on stock price. The findings of Ordu, Enekwe, & Anyanwaokoro (2014) are as well consistent with the findings of this study as their results revealed that dividend payment and payout ratio have a positive and significant effect on the market prices of shares of firms quoted on the Nigerian Stock Exchange. Hunjra, Ijaz, Chani, Hassan, and Mustafa (2014) again, found that dividend payout ratio is positively related with stock price and that earning per share and profit after tax have significant positive relationship with stock price which is in line with the findings of this study. However, the findings of this study differ from the findings of Ordu, Enekwe, & Anyanwaokoro (2014) and Hunjra, Ijaz, Chani, Hassan, and Mustafa (2014) in the aspect of the the combined model where the payout ratio was found to have a negative influence on share price and the first model where the effect was insignificant.

V. Conclusion And Recommendations

Based on the research findings, dividend policies in relation to payout ratios differ from firm to firm, country to country and market to market (emerging or matured). The effects of these payout ratios on the firms' share price also differ. Some payout ratios have positive effects on the share price while some have negative effect. The investors are therefore influenced by the payout ratios of firms. However, although the payout ratios of firms affect their share prices, there are other factors that may be responsible for share price change. Therefore, companies should be conscious of the policy adopted as investors are influenced by their dividend policy decisions. However, maintaining a stable, regular policy will enhance their share price. Also, while taking dividend decisions, the company should take cognizance of their stakeholders varying interests (i.e. their views and expectations) and that of the firm itself; companies should not just declare dividend without considering the effect of such on their health, especially, financially. On the part of the investors, they should not just base their investment decisions on a particular factor (POR, PER or EPS) as there are other factors that can influence a company's share price. However, they should pay less attention to the POR because of the insignificant influence it exerts on the SHP in the first model and its negative influence on SHP in the main model but, be more conscious of the EPS as it influences SHP the most; they should as well, diversify their investment so that at least if one company is not really paying out dividend, they will be able to receive some dividends from others whose payout ratios are high depending on the investors' concern (enjoy increased earnings now or capital gains later). In a nutshell, investors should consider investing their resources in companies that have good dividend paying records.

References

[1]. Abdullah, A. M. (2014). Dividend Policy and Its Impact on Stock Price – A Study on Commercial Banks listed in Dhaka Stock Exchange. Global Disclosure of Economics and Business, 3(1). 9-17.
[2]. Akinsulire, O. (2005). Financial Management, 3rd Ed. Lagos, El-Toda Ventures.
[3]. Akinsulire, O. (2014). Financial Management, 8rd Ed. Lagos, El-Toda Ventures.
[4]. Alayemi, S. A. (2013). Relationship between Dividend Payout and Market Price of Shares
[5]. (A Case Study of Selected Companies in Food and Beverages Companies in Nigeria). Indian Journal of Commerce & Management Studies. IV (I), 116 – 121.
[6]. Alfred, D. D. (2007). Corporate Finance: Issues, Investigations, Innovation & Applications 2nd Ed. Lagos, High Rise Publications.
[7]. Annual Reports and Accounts of Companies (2006-2010): www.africanfinancials.com. Retrieved 12/11/12
[8]. Amarjit, G., Nahum, B. and Rajendra, T. (2010). Determinants of Dividend Payout Ratios: Evidence from United States; The Open Business Journal, 3 8-14; www.benthamscience.com/open/tobj/articles/v003/8TOBJ.pdf. Retrieved, 15/10/12
[9]. Amidu, M. (2007). How Does Dividend Policy affect Performance of the Firm on Ghana Stock Exchange? Investment Management and Financial Innovations Journal 4(2).http://businessperspectives.org/journals_free/imfi/2007/imfi_en_2007_02_Amidu.pdf. Retrieved, 15/10/12.
[10]. Arslan, M. & Zaman, R. (2014). Impact of Dividend Yield and Price Earnings Ratio on Stock Returns: A Study of Non-Financial listed Firms of Pakistan. Research Journal of Finance and Accounting, 5 (19), 68-74.
[11]. Azhagaiah, R. and Sabari, P. N. (2008). The Impact of Dividend Policy on Shareholders' Wealth. International Research Journal of Finance and Economics 20, 180-187.
[12]. Companies And Allied Matters Act (2004), 3rd Ed. Abuja, LawLords Publications.
[13]. Dividend Policy www.referenceforbusiness.com. Retrieved, July 26, 2010
[14]. Enekwe, C. I., Nweze, A. U. and Agu, C. I. (2015). The Effect of Dividend Payout on Performance Evaluation: Evidence of Quoted Cement Companies in Nigeria. European Journal of Accounting, Auditing and Finance Research 3(11), 40-59
[15]. Fodio, I. M. and Salisu, M. (2004). The Relationship between dividend Policy and the Value of Banks in Nigeria. Nigerian Journal of Accounting Research 1(2), 64-74.
[16]. Gordon, M. J. (1959). Dividends, Earnings, and Stock Prices. The Review of Economics and Statistics. 41, 99-105. http://dx.doi.org/10.2307/1927792
[17]. Hunjra, A. I., Ijaz, M. S, Chani, M. I., Hassan, S. and Mustafa, U. (2014). Impact of Dividend Policy, Earning per Share, Return on Equity, Profit after Tax on Stock Prices. International Journal of Economics and Empirical Research. 2(3), 109-115.
[18]. Miller, M. and Modigliani, F. (1961). Dividend Policy, Growth and the Valuation of Shares. Journal of Business. 34(6), 411-433. http://dx.doi.org/10.1086/294442

[19]. Nickolaos, T., Lenos, T., and Nikos, V. (2001). Shareholder Wealth Effects of Dividend Policy Changes in an Emerging Stock Market: The Case of Cyprus. Multinational Finance Journal 5(2), 87-112.
[20]. Nishat, M. and Irfan, C. M. (2005). Dividend Policy and Stock Price Volatility in Pakistan
[21]. Onodje, M. A. (2009). Determination of Stock Price in the Nigerian Capital Market: A Revisit of the Efficient Market Debate. Journal of Banking 3(1), 75-93. The Chartered Institute of Bankers of Nigeria.
[22]. Ordu, M. M., Enekwe, C. I., and Anyanwaokoro, M. (2014). Effect of Dividend Payment on the Market Price of Shares: A Study of Quoted Firms in Nigeria. IOSR Journal of Economics and Finance (IOSR-JEF). 5 (4), 49-62.
[23]. Simon, S. P. (2009). Dividend Policy; T/Dialogue; www.hkiaat.org/images/uploads/articles/dividend.pdf. Retrieved 15/10/12.
[24]. Walter, J. E. (1963). Dividend Policy: It's Influence on the Value of the Enterprise. The Journal of Finance 18 (2), 280–291. DOI: 10.1111/j.1540-6261.1963.tb00724.
[25]. Williams, J. B. (1938). The Theory of Investment Value. Harvard University Press, Cambridge, MA.
[26]. Tariq, A., Kharal, M., Abrar, M., Ahkam, A and Khan, M. S. (2014). Solving the Puzzle of Relative Importance of Dividends and Retained Earnings in Stock Valuation: A Case of Karachi Stock Exchange. Theoretical Economics Letters, 4, 681-690. http://dx.doi.org/10.4236/tel.2014.48086 Paper II

Appendix
Data for Regression Analyses

Table 1: Nestle Nigeria PLC

Variable	2010 ₦	2009 ₦	2008 ₦	2007 ₦	2006 ₦	Mean
SHP	368.55	239.50	191.44	276.72	235.00	262.24
POR	66%	85%	67%	102%	93%	82.6
EPS	19.08	14.81	12.61	8.79	10.71	15.34
PER	19.3	16.2	15.2	31.5	21.9	20.82

Source: Adapted from the annual reports of the company via www.africanfinancials.com

Table 2: PZ Cussons Nigeria PLC

Variable	2010 ₦	2009 ₦	2008 ₦	2007 ₦	2006 ₦	Mean ₦
SHP	31.74	21.21	27.99	26.85	20.96	25.75
POR	39%	37%	41%	46%	46%	41.8
EPS	1.68	1.52	1.24	1.38	1.27	1.42
PER	18.89	13.95	22.57	19.46	16.50	18.27

Source: Adapted from the annual reports of the company via www.africanfinancials.com

Table 3: Guinness Nigeria PLC

Variable	2010 ₦	2009 ₦	2008 ₦	2007 ₦	2006 ₦	Mean ₦
SHP	158.51	129.00	124.00	126.55	108.90	129.32
POR	81%	139%	56%	44%	48%	73.60
EPS	9.31	9.18	8.04	7.84	6.31	8.14
PER	17.03	14.05	15.42	16.14	17.26	15.98

Source: Adapted from the annual reports of the company via www.africanfinancials.com

Overall Data

Companies	Years	EPS	PER	POR	SHP
PZ	2006	1.270000	16.50000	46.00000	20.96000
	2007	1.380000	19.46000	46.00000	26.85000
	2008	1.240000	22.57000	41.00000	27.99000
	2009	1.520000	13.50000	37.00000	21.21000
	2010	1.680000	18.89000	39.00000	31.74000
	2011	1.640000	17.07000	52.00000	28.00000
	2012	0.610000	45.90000	70.00000	28.00000
	2013	1.230000	30.08000	46.00000	37.00000
	2014	1.160000	20.50000	53.00000	23.80000
	2015	1.020000	25.20000	60.00000	25.70000
GUINNESS NIGERIA PLC	2006	6.310000	17.26000	48.00000	108.9000
	2007	7.840000	16.14000	44.00000	126.5500
	2008	8.040000	15.42000	56.00000	124.0000
	2009	9.180000	14.05000	139.0000	12.00000
	2010	9.310000	17.03000	81.00000	158.5100
	2011	12.16000	20.60000	67.80000	250.0000
	2012	9.950000	27.60000	100.5000	275.0000
	2013	7.930000	29.80000	100.8000	236.0000

	2014	7.930000	26.40000	110.0000	168.1500
	2015	5.180000	23.20000	61.80000	120.4000
NESTLE NIGERIA PLC	2006	10.71000	21.90000	93.00000	235.0000
	2007	8.700000	31.50000	102.0000	276.7200
	2008	12.61000	15.20000	67.00000	191.4400
	2009	14.81000	16.20000	85.00000	239.5000
	2010	19.08000	19.30000	66.00000	368.5500
	2011	20.81000	21.40000	49.60000	445.6600
	2012	26.67000	26.20000	47.00000	700.0000
	2013	28.08000	42.70000	71.00000	1200.000
	2014	28.05000	36.06000	121.0000	1011.000
	2015	29.05000	28.70000	91.82000	860.0000
NIGERIAN BREWERIES PLC	2006	1.440000	25.86000	83.00000	37.25000
	2007	2.500000	19.60000	63.60000	49.00000
	2008	3.400000	12.01000	142.0000	40.85000
	2009	3.690000	14.40000	48.70000	53.02000
	2010	4.010000	19.20000	88.00000	77.10000
	2011	5.080000	18.60000	24.60000	94.42000
	2012	5.030000	29.20000	59.60000	147.0000
	2013	5.700000	29.50000	52.60000	167.9000
	2014	5.620000	29.40000	102.0000	165.3000
	2015	4.820000	28.20000	97.50000	136.0000
CUDBURY NIGERIA PLC	2006	-4.280000	-0.080000	NA	32.46000
	2007	-0.660000	-0.560000	NA	36.85000
	2008	-2.440000	-0.100000	NA	23.80000
	2009	-0.840000	-0.120000	NA	10.40000
	2010	3.800000	0.670000	NA	25.62000
	2011	1.170000	0.100000	NA	11.40000
	2012	1.100000	0.260000	NA	29.00000
	2013	1.920000	0.310000	26.00000	59.01000
	2014	0.750000	0.530000	173.0000	40.00000
	2015	0.610000	0.280000	106.0000	17.15000

NWAOBIA Appolos Nwabuisi. "Dividend Payout Ratio and Share Price: Evidence from Quoted Manufacturing Companies in Nigeria." IOSR Journal of Business and Management (IOSR-JBM), vol. 19, no. 10, 2017, pp. 30–43.