

DIVIDEND PAYOUTS OF NIGERIAN FIRMS: WHAT FACTORS ARE SIGNIFICANT?

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ABSTRACT

Dividend policy, in part, affects investment decisions of potential investors. The study aims at examining the effective factors in determining the dividend payout policies of firms in Nigeria. The study used ninety-five (95) firms quoted in the Nigerian Stock Exchange. The ordinary least squares method of data analysis was used in the study and data were obtained from audited annual financial statements of the selected firms, result estimation was done using E-Views statistical package. The findings of the study show the following for Nigerian firms: a positive significant relationship exists between firm size and dividend payout; also a positive significant relationship exists between leverage and dividend payout; firm profitability is also positively and significantly associated with dividend payouts; the relationship between liquidity and dividend payouts is not significant; a non-significant positive relationship exists between institutional ownership and dividend payouts; an insignificant negative relationship exists between industry type and dividend payouts. The study recommends that: firms should seek to base their dividend policies on variables that reflect performance, risk, financial health; potential investors should always look beyond dividend figures when making investment decisions, and there should be regulations on dividend payout policies.

Keywords: dividends payouts, firm size, institutional ownership, industry type, leverage