

DIVIDEND POLICY AND FINANCIAL PERFORMANCE OF LISTED OIL AND GAS COMPANIES IN NIGERIA

¹NEWSTYLE, Doutimiareye, ²ISELE, Lilian Ebikemefa & ³TEKEREBO, Izonebi Joyce

¹Department of Accountancy,
International Institute of Tourism and Hospitality,
Yenagoa, Bayelsa State, Nigeria
newstyle.dou@iithyenagoa.edu.ng

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^{2&3}Isaac Jasper Boro College of Education, Sagbama, Bayelsa State, Nigeria,
lilylite2002@yahoo.com; joyceteks@gmail.com

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Abstract

This study investigated the effect of dividend policy on financial performance of listed oil and Gas Companies in Nigeria. The study sought to ascertain the effect of dividend payout on return on investment, determine the effect of dividend yield on return on investment and ascertain the effect of dividend per share on return on investment of listed Oil and Gas Companies in Nigeria. The study employed an ex-post facto research design. The population of the study was ten (10) listed oil and gas companies in the Nigerian Exchange Group were sampled to five (5) using purposive sampling technique. The data used in this study were sourced from annual reports and statement of accounts of the selected firms between 2014 and 2023. The method of data analysis was descriptive statistic, unit root, Husman Test and multiple regression of Panel Least Square (PLS) with the help of E-view 12. The study Findings showed that there is an insignificant effect of dividend payout on return on investment, there is an insignificant effect of dividend yield on return on investment, there is an insignificant effect of dividend per share on return on investment of listed oil and gas companies in Nigeria. Based on the findings, the study concludes that there is an insignificant effect of dividend policy on financial performance of listed oil and companies in Nigeria under the period of study between 2014 and 2023. It was suggested amongst others that the management of oil and gas companies should make it a priority to decrease the amount of dividends paid out to their customers' stocks in order to prevent decline in their overall financial performance. This is necessary due to the fact that there is a negative effect of dividends paid out per share on return on investment.

Keywords: *Dividend Payout, Dividend Yield and Dividend Per Share*

Introduction

Companies listed in Nigerian Exchange Group pay little or no dividend policy due to high growth opportunities, investment opportunities, low profits and huge debt financing. Oil and gas companies are faced by pipeline vandalization thus lead to inadequate maintenance of oil tank installation which leads to obsolescent, wear and tear thus requiring replacement. In the global world there is huge competition thus firms in oil and gas sector are suffering from losses due high production cost. Oil and gas companies are also suffering from foreign exchange losses caused by depreciation of Nigerian shillings and low revenues due to imports of petroleum product. According Gladys and Gachunga (2015), many companies are undergoing financial hardship and even bankruptcy due to wrong capital budgeting decisions being made Capital budgeting requires huge capital outlay, long term implication and high risk. Companies are facing from high taxes when they decide to pay dividend than opting to retain the funds for investment thus lead to capital gains. High dividend payout is leading to lower retention of funds, low growth opportunity and lower liquidity. This problem is affecting investors, management and public. Another problem of dividend policy is the long standing debate in the world of finance as to whether dividend policy affects the value of a

company or not. The pioneer arguments are that of Litner (1956) who proposed the Bird in hand theory. He argued that investors are risk averse and will prefer to pay higher premiums for companies that pay dividends hence companies that pay dividends will have a higher value in terms of share price than those that do not pay dividends. An opposing view propounded by Miller and Modigliani (1961) who argued that payment of dividend is not relevant. According to this argument the investors in need of cash can always sale their stock for cash, hence, dividend payments does not matter and investors are not willing to pay higher premiums for companies that pay dividends. A lot of theories have been developed in this area but they all fall under either Litner's Bird in hand theory or Miller and Modigliani's dividend irrelevance theory.

Due to these problems, several studies have been done to show the relationship between dividend policy and financial performance. Koleosho et al. (2024) examined the effect of dividend policy on share price volatility of selected companies listed on the Nigerian Exchange. The study found that the dividend policy had significant relationship with share price volatility (SPV). Emeka and Ogochukwu (2021) findings generally indicated that dividend payout, dividend per share & dividend yield have exerted significant and positive impact on firms share price. Ijeoma and John (2021) result revealed that there is a positive relationship between investment decision dependent variable and dividend policy Also, the type of dividend policy adopted by the independent variable. Burhannudin and Khuzaini (2021) findings provided empirical evidence that dividend policy decisions have a significant effect on sharia share prices. Negative result includes; Terungwa and Benedicta (2021) examined effect of dividend policy on the value of listed consumer goods companies in Nigeria for the period of 2012 to 2019. The results show that dividend payout ratio has insignificant positive relationship with market price per share and retention ratio. Also dividend payout ratio has an insignificant relationship with market price per share. Mustapha et al. (2021) result showed that there is no positive significant relationship between dividend payout ratio, dividend yield and share price of listed industrial goods companies in the Nigeria. Kheirandish and Khyareh (2022) findings showed a significant relationship between cash dividends per share and future earnings growth. Chinnaiah (2020) results of the study indicated that, dividend payout is positively related to firm value but not statistically significant. Ahmad et al (2021) results of the study show that in textile companies, a negative relationship occurs between dividend payout policy and their profitability.

Due to this controversial nature of dividend policy about the problems and mix findings, the Nigerian government had initiated a series of policies and programs which were aimed at restoring the oil and gas sector to its pride of place in the economy. However various efforts at promoting investment and export diversification in the oil and gas sector have not yielded appreciable dividend. This has resulted to a series of problems such as inadequate storage facilities, a low level commitment of top management, ineffective marketing planning, levels of insecurity in the country, poor infrastructural system, dormant research facilities, education and modernization and inconsistent government policies among others. These to a large extent had played a significant role in destabilizing the oil and gas sector in the country, thereby resulting in low levels of operation, which in turn lowers the levels of profitability and invariably affecting the dividend policies of the oil and gas companies. It is against this background that the study sought to investigate the effect of dividend policy on financial performance of listed oil and gas companies in Nigeria.

Conceptual Framework

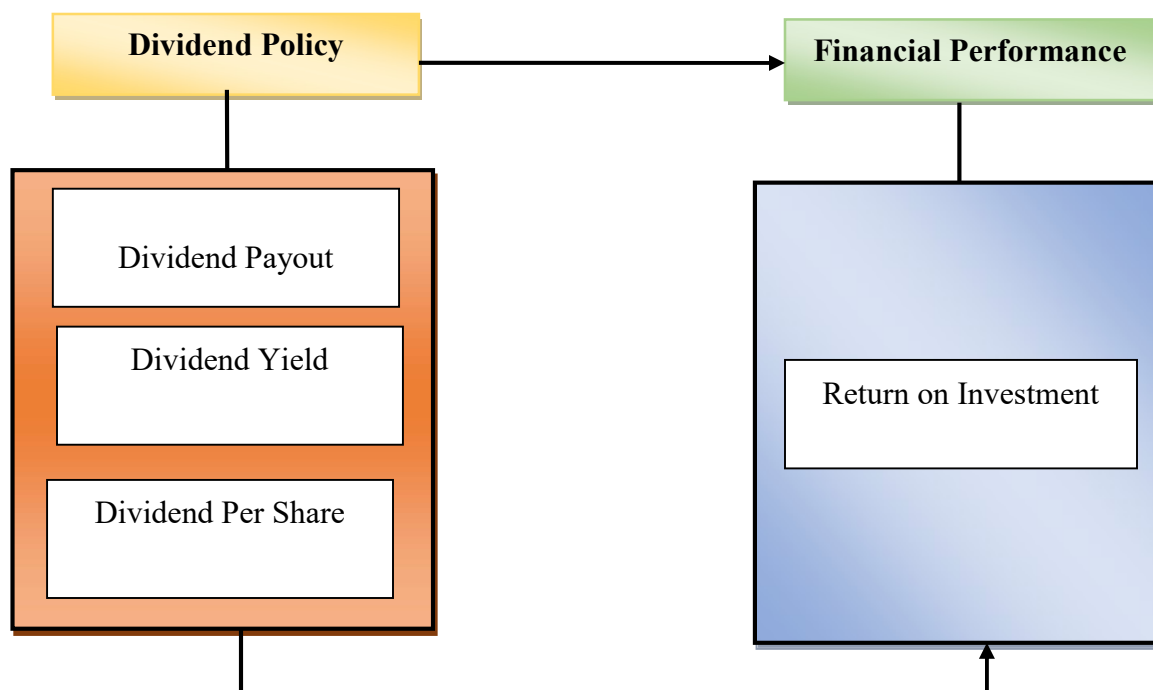


Figure 1 Conceptual framework showing the dimensions and measures of dividend policy and financial performance

Sources: Mustapha and Abdullahi (2023), Ukpong and Ukpe (2023), Terungwa and Benedicta (2021), Ajao and Robinson (2022), Pradip (2020) and Israel et al (2019).

Aim and Objectives of the Study

The aim of this study was to investigate the effect of dividend policy on financial performance of listed oil and Gas Companies in Nigeria. The Specific objective was to;

1. determine the effect of dividend payout on return on investment of listed oil and gas companies in Nigeria,
2. determine the effect of dividend yield on return on investment of listed oil and gas companies in Nigeria,
3. determine the effect of dividend per share on return on investment of listed oil and gas companies in Nigeria,

Research Questions

The following research questions were addressed in the study;

1. What is the extent to which dividend payout affects return on investment of listed oil and gas companies in Nigeria?
2. How does dividend yield affect return on investment of listed oil and gas companies in Nigeria?
3. What is the effect of dividend per share on return on investment of listed oil and gas companies in Nigeria?

Hypotheses

The following hypotheses were tested in order to answer the stated questions.

H₀₁: Dividend payout has no significant effect on return on investment of listed oil and gas companies in Nigeria

- H₀₂:** The effect of dividend yield on return on investment of listed oil and gas companies in Nigeria is not significant,
- H₀₃:** There is no significant effect of dividend per share on return on investment of listed oil and gas companies in Nigeria.

Review of Related Literature

Conceptual Review

a. Dividend Policy: The concept of dividend policy has been viewed by a number of authors and scholars. Dividend policy is seen as one of the three major decisions that financial managers are faced with. Qayyum et al. (2011) defined dividend as the distribution of the business recent profit to its owners and also a reward for investors but also a signal of company's performance. Lumapow and Tumiwa (2017) defined dividend as the determination of the portion of the profit to be given to the shareholders. The determinants of dividend policy are the firm's specific factors. One major factor is the net earnings of profit of a going concern. Where a firm makes consistent profits, it is expected of such firm to give back to its financiers in form of dividend payment. The converse is also true. Hamid et al. (2017) defined dividend as the distribution of incomes between the shareholders in relation to their ownership of shares. Dividend is always paid to shareholders after tax income.

b. Dividend payout: The dividend payout is one of the financial ratios that measure the proportion of the current period earnings (profit) that is paid or distributed by the company to its shareholders in form of dividends (Akinleye & Ademiloye, 2018). The dividend payout is the proportion of the total amount of dividends given to shareholders to the company's earnings. It is the amount of earnings that is delivered to shareholders as dividends (Fitri et al., 2016). According to Rehman (2016), dividend payout ratio is often known as a measure of dividend policy, and the most fundamental question is whether or not the dividend should be paid. The study is of the opinion that corporate finance theory is yet to answer this basic question. That is why dividend policy is considered to be a dark area in corporate finance theory. Omaliko and Okpala (2020) refer to dividend payout as a decision regarding the magnitude of the dividend payment paid by the firms, the percentage of earnings paid to the stockholders in the form of dividends.

c. Dividend Yield: Ideweke and Murad (2019) defined dividend yield related to the price-earnings ratio (P/E Ratio) as the ratio for assigning a value for a firm that measures its current share price relative to its per-share earnings. Dividend yield is a financial statistic that compares the amount of cash dividends distributed to shareholders to the market value per share. The yearly dividend payments to shareholders represented as a percent of the stock's current price is known as dividend yield (Zainudin et al., 2018). The dividend yield is used by investors to show how their investment in stock is generating either cash flows in the form of dividends or increases in asset value by stock appreciation (Nissim & Ziv, 2011).

d. Dividend Per Share: The concept of dividend per share is one financial ratio to measure the amount of current dividend attributable to unit of ordinary shares in issue in a company. This is an amount of dividend a stockholder receives for each share of stock held. It can be calculated by taking the total amount of dividends paid and dividing it by the total shares outstanding. In this regard, dividend per share shows the actual returns that will be received or was received by the ordinary shareholders on a unit of shares (Akinleye & Ademiloye, 2018). Ogbuagu (2020), dividend per share (DPS) is the sum of declared dividends issued by a company for every ordinary share outstanding. The figure is calculated

by dividing the total dividends paid out by a business, including interim dividends, over a period of time by the number of outstanding ordinary shares issued.

f. Financial Performance

The term financial performance refers to a way for evaluating the accomplishments of a company over a certain time period. This evaluation takes into account the company's market share growth, return on equity, and liquidity. According to ICAN (2021), a company's financial performance is comprised of the revenue earned and the expenses spent by the company during a certain time period. According to Arumona et al (2020), turnover is a sign for businesses' progress that serves as a manner of analyzing firms' success for a given period of time. According to Verma (2019), financial performance is a means through which organizations' goals may be attained for a certain time period. Financial performance is defined as the ability of a firm to minimize its cost of operations, efficiently use its assets and maximizes the value of shareholders (Olaoye, & Olaniyan, 2022). It shows the effectiveness and efficiency of management in the use of corporate resources. It is further defined as the attempt by a firm to meet established goals or effective productivity. Also, it is a measure of the firm's earnings and appreciation in its value which is disclosed in the market value of shares (Olaoye & Olaniyan, 2022).

g. Returns on Investment: This is a performance measure used to evaluate the effectiveness of an investment or to compare the effectiveness of a variety of investments (Dare & Sola, 2016). The financial indicator return on investment (ROI) is directly traceable to measure the amount of return on a particular investment relative to investment costs (Olatunji & Tajudeen, 2014). To calculate returns, the distribution (or return) of an investment is divided by investment costs (Akintoye & Abdulraheem, 2020). The result is expressed as a percentage or ratio. The research study evaluated by Yung-Chieh (2019) disclosed that return on investment (ROI) is the relationship between net profit and investment costs due to an investment of some resources. A high return on investment (ROI) means that the investment gains are distributed to its costs (Orajaka, 2017). The measure return on investment (ROI) is used to evaluate the effectiveness of an investment or to compare the effectiveness of several different investments. Economically, it is a way to associate profits to invested capital. Return on investment is a performance measure that companies use to identify the effectiveness of an investment or a variety of investments (Chang et al, 2019; Iyoha & Umoru, 2017; Kanhuna & Waweru, 2015).

Theoretical Review

Signaling Hypothesis Theory

This theory was propounded by Michael Spence (1973), modified by Bhattacharya (1979), Miller and Rock (1985), and John and Williams (1985) pronounced that managers as insiders choose dividend payment levels and increases, to signal private information to investors. It has been observed both in practice and theory that dividend announcement influences the market and investors' decisions, managers always strive to develop a good policy in terms of dividend due to this effect (Morrison et al., 2021). The change in dividend payment is to be interpreted as a signal to shareholders and investors about the future earnings prospects of the firm. Generally, a rise in dividend payment is viewed as a positive signal, conveying positive information about a firm's future earnings prospects resulting in an increase in share price. Conversely a reduction in dividend payment is viewed as negative signal about future earnings prospects, resulting in a decrease in share price and wealth of investors. The theorists therefore conclude that the dividend signaling hypothesis confirms that increased (decreased) cash dividends should experience positive (negative) price reactions (Morrison et al., 2021).

Dividend announcements signaling future profitability have also been established through empirical research (Baker, 2002). Most share price changes took place immediately following the announcement of a dividend, especially positive or negative dividend changes, through findings of empirical studies conducted by Aharony and Swary (1980), Asquith and Mullins (1983), and Kalay and Lowenstein (1985) as noted in Baker, et al., (2002). However, consistency in findings in respect of dividend signaling models, have not been achieved over the years.

Studies conducted by DeAngelo and DeAngelo (2006) did not support the hypothesized association between dividend policies and future earnings. According to Frankfurter and Wood (2002), advocates of the signaling theories believe that corporate dividend policy is a cheaper medium of conveying private information to the markets than any other media forms. Frankfurter and Wood (2002) stated that the use of dividends as signals imply that alternative methods of signaling are not perfect substitutes. Bhattacharya (1979) asserted that dividend plan affects favorably the financial performance of a company. According to John and William (1985), and Miller and Rock (1985) opined that information action with a business and beyond the house shareholders may create a signaling role for dividends. They show that dividend payments communicate private information in a disclosing manner completely. However, Modigliani and Miller (1961) argued in several ways, they noticed a firm's top management has everything about the firms and strategy of the business and could easily forecast future earnings of the business enterprise. Because of this, information asymmetry leading shareholders to convert every move by the business enterprise as an indicator to future cash flow. Thus, dividends turn into an indication to a firm's future performance. Miller and Rock (1985) discussed that dividends indeed have a signaling role but there are dissipative costs that are participating, and they basically are the firm's investment decisions. According to Easterbrook (1984), dividend increase may be an ambiguous signal unless industry can distinguish between growing businesses and disinvesting firms. Therefore, investor's reactions to changes in dividend insurance policy do not at all mean that potential buyers choose dividend to retained earnings.

Reason for anchoring on Signaling Hypothesis Theory

The theory is related to this study because, signaling hypothesis theory revealed that information asymmetry between managers and outside shareholders allows managers to use dividends as a tool to signal private information about a firm's market performance to outsiders. Signalling theory posited that dividend policy would be considered as a mechanism to transfer information about a company's future expectation to the investor. According to the theory, cash dividend announcements convey valuable information, which shareholders do not have about management's assessment of a firm's future profitability thus reducing information asymmetry. Such information can be made use of by investors in assessing the firm's share price and making investment decisions. Therefore, investors can use this information to estimate the share value of a company.

Empirical Review

Table 1: Summary of Prior Related Studies

S/N	Researchers	Area of Study	Methodology	Findings	Individual Research Gap
1	Koleosho et al (2024)	The effect of dividend policy on share price volatility of selected companies listed on the Nigerian Exchange	The study adopted ex-post facto research design and EGARCH for volatility measure. Descriptive and inferential statistics were adopted in analyzing the result of the data collected over the sampled period	The study found that the dividend policy had significant relationship with share price volatility (SPV), Specifically, Dividend Payout Ratio (DPR) has significant effect on SPV, dividend yield (DY), dividend per share (DPS) and financial leverage (LEV) had a negative and no significant effect on SPV.	The Prior study was conducted in without specific sector while this current study is conducted with specific focus to oil and gas companies in Nigeria
2	Adegbie et al (2024)	Examined the impact of dividend policy on the market performance of listed insurance firms in Nigeria	The study used an expost facto research design approach and employed pooled ordinary least squares to analyze data gathered for 10 selected firms from 2008 to 2020	The pooled regression result showed that dividend payout (DVP) had a negative but insignificant impact on market price per share (MSP), while dividend yield (DVY) and dividend per share (DPS) had a positive and significant impact on MSP. Furthermore, the results showed that return on assets had a negative but insignificant impact on the market price per share (MSP).	The Prior study was conducted in listed insurance firms in Nigeria while this current study is conducted in listed oil and gas companies in Nigeria
3	Abubakar (2024)	Examined the impact of dividend policy on firms' value with investment opportunity as moderator of listed Non-financial companies	Descriptive statistics, correlation, and Feasible Generalized Least Squares (FGLS) analysis were used.	It was found that DP, DPR, and DY are statistically significant to influence TQ. While MPS was only influenced by DP and DY. It was also found that IO did not moderate the relationship between dividend policy and firm value.	The Prior study was conducted in listed Non-financial companies while this current study is conducted with specific focus to oil and gas companies in Nigeria
	Lamyaa et al (2023)	Examined the relationship	The panel data regression	The results of the econometric analysis	The Prior study was conducted in

4		between dividend policy and financial performance in Morocco stock market	method was used to analyze the relationship of share price with dividend per share	conducted indicate that the dividends distributed and the profits are found to be significantly positive for the financial performance of Moroccan companies.	Morocco stock market while this current study is conducted in west Africa, Nigeria
5	Mohammad (2023)	Determined the role of investment in influencing the relationship between company performance and dividend policy of manufacturing companies registered in Indonesia	The research used OLS, fixed effect and random effect moderation regression analysis tests. Next, the Chow test, Lagrange multiplier (LM) test and Hausman test	The results show that company performance has a positive influence on dividend policy. This influence is weakened when the company carries out investment activities which result in lower dividend distributions	The Prior study was conducted in manufacturing companies registered in Indonesia while this current study is conducted in west Africa, Nigeria
6	Riri and Nanda (2023)	studied the influence of Lagged Dividend, Profit Growth, and Company Growth on Dividend Policy in banking industry sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period	The study used the PLS (Partial Least Square) analysis method with software, namely the SmartPLS 2.0 application	The results that have been obtained in the form of the variable Lagged Dividend (X1) have a positive and also significant influence on Dividend Policy, Profit Growth (X2) has a negative and also significant influence on Dividend Policy, Company Growth has a positive and also significant influence on Dividend Policy.	The Prior study was conducted in banking industry sector companies listed on the Indonesia Stock Exchange (IDX) while this current study is conducted in west Africa, Nigeria
7	Chijuka and Hussein (2023)	examined the influence of consumer goods internal determinants on dividend policy in Nigerian from 2017 to 2021	The study used panel data regression model with pairwise testing for data analysis	The findings of the research revealed that the ratio of dividend payout is unaffected by the current ratio, the debt-to-equity ratio, or growth. Dividend policy is influenced positively by Collagenization and Return on Equity.	The Prior study was conducted without any specifics sector while this current study is conducted in west Africa, Nigeria
7	Mustapha and Abdullahi (2023)	Examined the effect of dividend policy on financial performance of listed deposit money banks in	The data were collected from seven listed money deposit banks for a period of seven	The result indicates that dividend per share significantly and positively influenced the financial performance of listed	The Prior study was conducted in listed deposit money banks in Nigeria while this current study

		Nigeria	years from 2015 to 2021	deposit money banks in Nigeria. It also showed that firm size is negative and significantly related with firm financial performances.	is conducted in west Africa, Nigeria
8	Gharbi and Jarboui (2023)	Investigated the moderating effect of dividend policy on the relationship between corporate social responsibility and financial performance: Evidence from French Context	The direct and moderating effects were tested by using multiple regression techniques.	The authors have demonstrated that Corporate Social Responsibility positively impacts a firm's financial performance proxy with Tobin's Q (TQ), suggesting that investment in social activities helps firms achieve better financial results.	The Prior study was conducted Evidence from French Context while this current study is conducted in west Africa, Nigeria
9	Ukpong and Ukpe (2023)	Examined the effect of dividend policy on firm performance in Nigeria for the period 2015 to 2019	Panel regression data was used for data analysis. Descriptive and correlational statistics was used to summarize the data and logistic regression was used to test the hypotheses	The findings shows that ROA has positive relationship with form of dividend payment, but negative relationships with earnings per share (EPS) and timing of dividend payment(TDP).	The Prior study was conducted listed consumer and service firms on the Nigerian stock exchange while this current study is conducted in west Africa, Nigeria

Source: Researcher Compilation (2024)

Gap in Empirical Review

Prior research has studied the relationship between dividend policy and financial performance. Based on the empirical studies reviewed in term of concepts, years, scope, methodology adopted, variable employed, findings, conclusion and recommendations. The following gap were identified; (1) to the best of our knowledge, only Kolawole et al (2018) conducted a study on the effect of dividend policy on the performance of listed oil and gas firms in Nigeria, (2) to the best of our knowledge, none of the prior studies has employed return on investment as proxy for financial performance in conducting a research on listed oil and gas companies in Nigeria, (3) to the best of our knowledge none of the previous studies used the time frame of 2013 to 2022 on the listed oil and gas companies in Nigeria, (4) None of the previous studies conducted a study using 5 listed oil and gas companies out of the ten listed oil and gas companies in Nigeria. Therefore, this study is designed to bridge this knowledge gap that existed in the literature of dividend policy and financial performance of listed oil and gas companies in Nigeria.

Methodology

The research design adopted for this study was an ex-post facto research design to investigate the relationship between liquidity management measures and financial performance of listed

oil and gas firms in Nigeria. This research make use of ex-post facto research design which is also referred to as after the fact design because, it applies where the data for the study already exists hence, it is use for secondary data study. For the purpose of this study, all the listed oil and gas companies in the Nigerian Exchange Group (NGX) was used. Therefore, the population of the study consisted of ten (10) Oil and Gas Companies listed on the floor of the Nigerian Exchange Group as at 31st December 2023. Table 3.1 presents a comprehensive list of the population members. The study used a sample size of five (5) listed Oil and Gas companies in the Nigerian Exchange Group (formally known as Nigerian Stock Exchange) from 2014-2023 using purposive sampling techniques due to availability of data collection. This study used secondary source of data. The data were obtained from the annual reports and accounts of the sampled listed oil and gas firms in Nigerian Exchange Group Fact Book. Secondary data was used due to the nature of the variables under study. Cross- sectional/time series data were extracted from the annual reports and accounts of the firms for the purpose of assessing the relationship between the variables of the study.

Table 2 Measurement of variables

Dimensions/Measures	Category	Abbreviation	Measurements	Authors Source
Dividend Payout	Independent Variable	DP	<u>Dividend paid</u> Earnings per share	Ajao and Robinson (2022), Terungwa and Benedicta (2021)
Dividend Yield	Independent Variable	DY	<u>Dividend per share</u> Market price per share	Ajao and Robinson (2022), Israel et al (2019)
Dividend per Share	Independent Variable	DPS	<u>Ordinary Share dividend</u> Number of Ordinary Shares	Morrison et al (2021), Emeka and Ogochukwu (2021)
Return on investment	Dependent Variable	ROI	<u>Net return on investment</u> Cost of investment	Desk Researcher (2022)

Source: Compiled by Researcher (2024)

Model Specification

In order to investigate the effect of dividend policy on financial performance of listed oil and gas companies in Nigeria from (2014 to 2023), we develop the Multiple Linear Regression analysis using (Microsoft Excel and E-View 12). In line with the study objective and operational framework developed in chapter two and operationalization and measurement of variables above, the required functional relationship to test the developed hypotheses is presented as follows:

Model: Return on Investment (ROI) Model

$$ROI = f(DP, DY, DPS) \dots\dots\dots 3$$

This can be written in Ordinary Least Square (OLS) form as:

$$ROI_{it} = a_0 + a_1DP_{it} + a_2DY_{it} + a_3DPS_{it} + U_t \dots\dots\dots 4$$

$a_1 > 0; a_2 > 0; a_3 > 0;$

- Where: ROI = return on investment, as proxy for financial Performance
- DP = dividend payout as proxy for dividend policy
- DY = dividend yield as proxy for dividend policy
- DPS = dividend per share as proxy for dividend policy
- t = time period under study

- a_0 = constant
- a_1 - a_4 = parameter or coefficient of explanatory variable
- u = error term

Method of Data Analysis

This study adopted descriptive statistics, Unit Root Test and Ordinary Least Square (OLS) multiple regression with the aid of Microsoft Excel and E-View 12. First, Microsoft Excel was employed to interpolate the raw data extracted based on the variables adopted for this study and the formula to be apply in calculating the measurement. Secondly, the data analysis was executed in three distinct stages. Firstly, a univariate (or descriptive) analysis was executed, followed by bivariate analysis and lastly, multivariate analysis.

Data Analysis and Discussion of Findings

Descriptive Statistic (Univariate Analysis)

Univariate analysis is a basic kind of analytical technique for statistical data. However, the data contains just one variable and does not have to deal with the relationship of a cause and effect. The main objective of the univariate analysis is to describe the data in order to find out the patterns in the data. This is done by looking at the mean, median, standard deviation, Skewness, Kurtosis, Jarque- Bera and Probability etc.

4.2.1 Analysis of Descriptive Statistics

3. Descriptive Statistics of Independent and Dependent Measures

	ROI	DP	DY	DPS
Mean	0.133865	0.870395	3.389498	4.170232
Median	0.088974	0.428766	1.838175	3.746630
Maximum	1.483668	6.210249	32.59927	7.845150
Minimum	-0.988300	-0.998110	-56.10380	0.000000
Std. Dev.	0.331016	1.289073	11.35236	2.050487
Skewness	1.607823	2.922915	-2.085412	-0.225812
Kurtosis	12.37764	12.54936	17.78565	2.761337
Jarque-Bera	2.753410	1.134750	1.693340	0.543591
Probability	0.321324	0.065123	0.425672	0.762010
Sum	6.693256	43.51974	169.4749	208.5116
Sum Sq. Dev.	5.369000	81.42369	6314.932	206.0204
Observations	50	50	50	50

Source: E-view Output for **Descriptive Statistics**

The descriptive results of the variables that were used are shown in Table 3. It indicates that the average value of the dividend payout (DP) is 0.8703, dividend yield (DY) was 3.389, that dividend per share (DPS) are 4.170 and return on investment (ROI) is 0.133. The minimum and maximum value of the results reveals that the dividend payout (DP) is 0.99 to 6.210, dividend yield (DY) is --56.103 to 32.599, that dividend per share (DPS) is 0.00 to 7.845, and return on investment (ROI) is -0.988 to 1.483. However, according to the skewness statistics, three out of the six variables; return on investment (ROI) and dividend payout (DP) are favorably skewed, with values of 3.777, 1.607 and 2.922 respectively while dividend yield (DY) and dividend per share (DPS) are not favorably skewed, with values -2.085, -0.222 and -3.152. According to the statistics of kurtosis, dividend payout (DP), dividend yield (DY), and return on investment (ROI) are all leptokurtic, which means that they are higher than 3 while

dividend per share (DPS) is Meptokurtic which means that they are higher than 3. The Jarque-Bera test statistic is used to ascertain the difference of the skewness and kurtosis of the series with those from the normal distribution. The null hypotheses of the Jarque-Bera test statistics disclosed that the dividend payout (DP), dividend yield (DY), dividend per share (DPS) and return on investment (ROI) are normally distributed. This implied that their corresponding probability value was greater than 5% significant level.

Table 4 Output of Stationarity Test for Unit Root

Variab les	Method	Statistic	5% Prob.**	Cross- sections	Order of Integration
DP	ADF Levin, Lin & Chu t*	-3.96014	0.0000	5	Level 1(0)
DY	ADF Levin, Lin & Chu t*	-7.86944	0.0000	5	Level 1(0)
DPS	ADF Levin, Lin & Chu t*	-7.86908	0.0000	5	Level 1(0)
ROI	ADF Levin, Lin & Chu t*	-23.7239	0.0000	5	Level 1(0)

Source: E-view Output for Stationarity of Data

The table above show the unit root test for variables conducted under the condition of an included intercept but no trend, the result reveals that the value of the augmented DickeyFuller (ADF) of -3.96014, -7.86944, -7.86908 and -23.7239 were generated with a P-values of 0.000, 0.0000, 0.0000 and 0.0000 less than 0.05 respectively. The result also indicated that DP, DY, DPS, ROI and SGR passed the stationarity test at level.

Table 5 Hausman Test

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.734500	3	0.02929

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
DP	-0.019677	-0.008112	0.000852	0.0192
DY	-0.559750	-0.466090	0.006794	0.0258
DPS	0.215679	0.209576	0.000680	0.8150

Source: *Researchers Computation using E-Views, 12*

Hausman test is a test of the consistency of an estimator, in so doing, evaluating the fitness of the statistical model to the data gathered. With this test, the study identified if the Random-effect or Fixed-effect model should be adopted for further analysis. From table 4.3, the Hausman test shows that individual effects are not independent of the explanatory variable given that the probability value of 0.029 is below the 5% significant level, thereby rejecting the null hypothesis. Accordingly, the study adopts the Fixed Panel (PLS) for model one estimation.

Table 6 Regression Analysis

Dependent Variable: ROI

Method: Panel Least Squares

Date: 12/19/24 Time: 11:03

Sample: 2014 2023

Periods included: 10

Cross-sections included: 5

Total panel (unbalanced) observations: 49

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DP	-0.036077	0.078406	-0.460129	0.6485
DY	0.002784	0.036878	0.075483	0.9403
DPS	-0.018912	0.247329	-0.076467	0.9395
C	2.742331	1.323578	2.071907	0.0464

Effects Specification

Cross-section fixed (dummy variables)

Period fixed (dummy variables)

R-squared	0.720244	Mean dependent var	2.564139
Adjusted R-squared	0.580366	S.D. dependent var	1.404695
S.E. of regression	0.909949	Akaike info criterion	2.916937
Sum squared resid	26.49624	Schwarz criterion	3.573283
Log likelihood	-54.46496	Hannan-Quinn criter.	3.165954
F-statistic	5.149090	Durbin-Watson stat	2.029079
Prob(F-statistic)	0.000041		

Source: E-view Output for Regression Model

In table 6, a panel least square regression analysis was conducted to test the significant effect of Dividend Payout (DP), Dividend Yield (DY), Dividend Per Share (DPS) on Return on Investment (ROI). R-squared is coefficient of determination which explained the variation in the dependent variable due to changes in the independent variables. From the findings in the table 6, the value of R-squared were 0.580 which indicated that there was variation of 58.0% on Return on Investment (ROI) due to changes in Dividend Payout (DP), Dividend Yield (DY), Dividend Per Share (DPS) while 42.0% was explained by unknown variables that were not included in the model. The F – statistic, 5.149090 with a Prob (F-statistic) value of 0.000 showed that the model did satisfies the overall goodness-of-fit statistical test. The Durbin-Watson Statistic of 2.029079 suggests that the model does not contain serial correlation.

Test of Hypotheses**Statement of Hypotheses****Decision Rule:** Accept H_0 if $P > 0.05$. Otherwise reject **H_{01} :** Dividend payout has no significant effect on return on investment of listed oil and gas companies in Nigeria**Decision:** The result in table 6 indicated significant level between dividend payout (DP) and Return on Investment (ROI). The probability value $P=0.6485 > 0.05$ with T-Statistics value of -0.460129 revealed that the significant effect of dividend payout (DP) on Return on

Investment (ROI) is statistically negative and insignificant at 0.05 alpha level. Thus the null hypothesis one is accepted which implied that dividend payout has no significant effect on return on investment of listed oil and gas companies in Nigeria. This result is consistent with the work of the following prior studies; Maria (2021) result of the data analysis showed that dividend per share had insignificant effect on return on Asset. Morrison et al (2021) result of the multiple regression analysis conducted revealed that dividend pay-out ratio negatively and insignificantly influenced market share price. Ahmad et al (2021) result showed that there is a negative relationship between dividend payout policy and profitability. Terungwa and Benedicta (2021) result showed that dividend payout ratio has insignificant positive relationship with market price per share. Mustapha et al (2021) result showed that there is no positive significant relationship between dividend payout ratio and financial performance in term of share price of listed industrial goods companies in the Nigeria. However, others disagreed with the study findings and they include; Kheirandish and Khyareh (2022) result showed that there is a significant relationship interaction term between the dividend payout ratio and the investment growth assumption. Koleosho et al (2024) study found that the dividend payout had significant relationship with financial performance. Emeka and Ogochukwu (2021) findings generally indicated that dividend payout had significant and positive impact on firms financial performance. Chinnaiah (2020) result of the study indicated that, dividend payout is positively related to firm value but not statistically significant. Suresh and Pooja (2020) regression result revealed a positive and significant relationship between dividend pay-out policy (DPO) and firm performance (ROA). Israel et al (2019) study revealed that there is a positive and significant relationship between dividend payout ratio and financial performance

H0₂: The effect of dividend yield on return on investment of listed oil and gas companies in Nigeria is not significant.

Decision: Decision: The result in table 6 indicated significant level between dividend yield (DY) and Return on Investment (ROI). The probability value $P = 0.9403 > 0.05$ with T-Statistics value of 0.075483 revealed that the significant effect of dividend yield (DY) on Return on Investment (ROI) is statistically positive and insignificant at 0.05 alpha level. Thus the null hypothesis two is accepted which implied that the effect of dividend yield on return on investment of listed oil and gas companies in Nigeria is not significant. This result is consistent with the work of the following prior studies; Maria (2021) result showed that dividend payout ratio had insignificant effect on return on Asset. Israel et al (2019) result revealed that there is a negative and insignificant relationship between dividend yield and financial performance. Alfred et al (2019) result showed that dividend yield has an insignificant negative effect on financial performance. Enekwe et al (2015) suggested that dividend yield does not have a significant positive effect on the market prices of shares of quoted firms in Nigeria using the empirical results arising from the panel least squares. However, others disagreed with the study findings and they include; Emeka and Ogochukwu (2021) findings generally indicated that dividend yield have exerted significant and positive impact on firms share price. Koleosho et al (2024) study found that the dividend yield had significant relationship with financial performance.. Hussainey et al (2011) found positive relation between dividend yield and stock price using ordinary least square. The study concludes that dividend yield exert significant effect on firms stock prices.

H0₃: There is no significant effect of dividend per share on return on investment of listed oil and gas companies in Nigeria.

Decision: Decision: The result in table 6 indicated significant level between dividend per share (DPS) and Return on Investment (ROI). The probability value $P= 0.9395 > 0.05$ with T-Statistics value of -0.076467 revealed that the significant effect of dividend per share (DPS) on Return on Investment (ROI) is statistically negative and insignificant at 0.05 alpha level. Thus the null hypothesis three is accepted which implied that there is no significant effect of dividend per share on return on investment of listed oil and gas companies in Nigeria. This result is consistent with the work of the following prior studies; Olaoye and Olaniyan (2022) findings revealed that return on asset, required cash reserved have positive and statistically significant relationships with dividend per share. Koleosho et al (2024) study found that the dividend per share had significant relationship with financial performance. Emeka and Ogochukwu (2021) findings generally indicated that dividend per share had significant and positive impact on firms financial performance. Morrison et al (2021) result of the multiple regression analysis conducted revealed that dividend per share had significant positive effect on financial performance. Kheirandish and Khyareh (2022) finding showed a significant relationship between cash dividends per share and future earnings growth. However, others disagreed with the study findings and they include; Olaoye and Olaniyan (2022) findings revealed that dividend per share has a negative and statistically insignificant effect on financial performance. Akinleye and Ademiloye (2018) result revealed that dividend per share exert an insignificant positive impact on firm's performance measured in terms of return of capital employed.

Conclusion(s)

This study provided empirical evidence that investigated effect of dividend policy on financial performance of listed oil and companies in Nigeria. Based on data obtained from the listed oil and gas companies in Nigeria, data analysis, discussion of findings above, we concluded that;

1. Dividend payout has no significant effect on return on investment of listed oil and gas companies in Nigeria,
2. The effect of dividend yield on return on investment of listed oil and gas companies in Nigeria is not significant,
3. There is no significant effect of dividend per share on return on investment of listed oil and gas companies in Nigeria,

Therefore, this study generally concluded that there is no significant effect of dividend policy on financial performance of listed oil and companies in Nigeria under the period of study between 2014 and 2023.

Recommendation(s)

Based on the summary of findings and conclusions above, the following recommendations were made:

1. The management of oil and gas companies should make it a priority to decrease the amount of dividends paid out to their customers' stocks in order to prevent decline in their overall financial performance. This is necessary due to the fact that there is a negative effect of dividends paid out per share on return on investment.
2. Management of oil and gas companies should decrease their level of dividend yield. This will affect the way investors perceive their companies and will make investors unwilling to pay higher premiums for their companies hence creating negative earnings for their shareholders in terms of higher return on investment.
3. Since dividend per share is not affected by financial performance, investigations should be made to ascertain other factors that affect dividend per share.

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