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Effect of Dividend Policy on Share Price Movement: Focusing on Companies Listed on the Nigerian Stock Exchange Market

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Abstract. *This study examined the relationship between dividend policy and share price movements with evidence from firms listed on the Nigerian Stock Exchange. A systemization literary approach for data analysis was panel regression analysis and Generalized Methods of Moments (GMM). Panel data covering the year 2011-2020 were obtained from the financial statements of twenty firms listed on the Nigerian stock exchange. It was discovered that dividend yield has negative relationship with share price movement. It was discovered that Dividend yield has negative and significant relationship with Share price. It was revealed thatfirms' size has positive and significant relationship with stock price volatility. The study therefore recommends that the stakeholders of quoted firms must make sure that percentage of earnings disbursed as dividends to shareholders have good influence on the value of the company's common stock at the stock market on a continuous base. It was recommended that Stake holders should ensure that the ratio of a quoted company's annual dividend compared to its share price have good influence on the value of the company's common stock at the stock market on a frequent base. Also, the stake holders of quoted firms must map out strategies of increasing their sizes in terms of asset, branch creation etc., this will increase patronage and profit of quoted firms which can have good influence on the value of the company's common stock at the stock market.*

Keywords: Dividend Policy, Share Price Movement, Nigerian Stock Exchange, Dividend Payout.

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Introduction. Every publicly traded company is required to issue its shares and set a price for each one. Such issued shares have a price that corresponds to the company's worth. The volume of change in the share value of a particular company can be viewed as the share price movement and, thus, as its volatility (Koleosho, Akintoye & Ajibade, 2022).

A rise in the share price is a positive development because it clearly denotes a capital gain and increases the wealth of stockholders. A deterioration of value is referred to as a drop, and investors typically detest this. Share prices fluctuate from time to time depending on firm-specific circumstances, general economic conditions, and various other factors like social, political, and environmental developments (Araoye, Aruwaji & Ajya, 2019). The corporate managers, or shareholders' agents (Camilleri, Grima & Grima, 2018). Shareholders have a great deal of power over firm-specific actions that will increase shareholder wealth but little control over external events that increase the value of the shares. Utilizing a dividend policy is a crucial part of this value-maximizing strategy. A firm must pay tax on any transfer of profits to shareholders (owners) in a way of dividend. It might come in the form of cash payments to shareholders or a capital gain. The existence of profit within the company and the capacity of it to generate future revenue both have influence on the dividend decision. The company's management utilizes a set of rules known as the dividend policy to determine how much of its earnings should go to shareholders and how much should go to other stakeholders (Usman, Lestari &Sofyan, 2021). Two important factors that affect dividend policy greatly influence the stock market in particular and the economy in general. These are the dividend yield and dividends per share (Murekefu&Ouma, 2013). In contrast, dividend yield only quantifies the amount of a dividend paid annually in relation to its share price (Gitman & Zutter, 2012).

The dividend policy is among the three strongest pillars of corporate decision-making, together with financing, investments, and dividends. This is due to the fact that it is seen as strategic and is expected to significantly affect the firm's other two decisions, finance and investment. In actuality, there is a fine line between financial and investing decisions (Lumby& Jones, 2011). The interrelationships between these decisions must therefore be understood by financial managers who implement them in a business setting. When deciding maybe to pay out a high or small proportion of its revenues as dividends or to retain its revenues for future investments, management is frequently faced with what Michael and Benson (2014) refer to as the Dividend Dilemma. This resulted from management's requirement to satiate the diverse interests of stakeholders (Shah & Noreen, 2016). There is general agreement on the reasons corporate managers implement or adopt the type of policy they do in both developing and established economies (Oliver & Grace, 2016).

In the United States, France, and Germany, dividend payments and share price increases are anticipated to be almost equal (Ilaboya&Aggreh, 2013). The current climate in Nigeria has been favorable for dividend payouts. According to Ajayi (2018), more than a few of the companies registered on the Nigerian Stock Exchange are growing their dividends, and many other companies are holding their payouts at the same level. This reveals the growing desire on the part of the corporation to pay out proportion of its profits to its shareholders in the form of dividends. Therefore, it is crucial for the company's decision-makers to comprehend the significance of various dividend programs. Although the law and investor expectations both favor dividend payments to shareholders, the fundamental problem with dividend payments is the ensuing effect on stock price, which has sparked different disputes among researchers on both a theoretical and empirical level.One well-known controversy involving corporate finance is the debate over dividend policy. Brealey and Myers (2005) correctly identified dividend policy as among the top ten most challenging unanswered financial management challenges. The perplexity among dividend policy scholars was first noted by Black (1976), who detailed that "the harder we look at the dividend picture, the more it seems like a puzzle, with pieces that don't fit together. The primary dilemma in dividend policy is whether the company should pay out money as a dividend to its investors or should invest it on their behalf. (Huda, 2011).

The dividend controversy hasn't been fully resolved more than 60 years after the groundbreaking works of (Gordon, 1959; Lintner, 1956; and Miller & Modigliani, 1961).

In what is now known as the Bird-in-hand theory or the dividend relevance doctrine, Lintner (1956) and Gordon (1959) thought that stockholders favor immediate dividends to future payments and that this has a favorable effect on the market value of enterprises. They believed that paying out a sizable sum as a dividend reduced risk and eventually affected stock prices. They added that a firm's dividend policy has been compared to a range of signaling methods and that the announcement of a dividend by a firm can provide a substantial justification for the stock price behavior of that company. Modigliani and Miller (1961) supported the dividend irrelevance theory in contrast to this, contended that a company's worth is decided through the riskiness of its investments and its potential for future earnings, and they came to the conclusion that a dividend decision cannot affect a company's value. This indicates that a rise in stock price is not a given when dividends are paid. Numerous studies, starting with Lintner (1959), have offered

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explanations for why companies pay dividends and how this affects a company's value, but there doesn't seem to be a universal, time-invariant answer to the dividend question (Singh &Tandon, 2019).The dividend decision has been the theme of numerous theoretical and empirical investigations, but according to Nazim-ud-Din (2012), it is still debatable. While Koleosho et al., (2022) and Loretta et al. (2016) established a substantial positive association between dividend policy and stock prices, Shah et al. (2016) find a significant negative relationship between stock price volatility and dividend policy.

The literature does not make the effect very clear. The literature only makes one thing abundantly clear: there are two competing ideas, known as the dividend relevance and irrelevance theories (Ajayi 2010). A review of recent research on Nigeria's dividend policy (Koleosho et al., 2022; Alajekwu & Ezeabasili, 2020; Okafor, Mgbame, and Chijoke-Mgbame, 2011; Adaramola & Oyerinde, 2014; Uwuigbe, Jafaru & Ajayi, 2012; to name a few) likewise revealed a lack of agreement. Other stakeholders, like corporate executives and the government, are interested in the share price of an investor's shares (Camilleri, S.J., Grima, L. & Grima, S., 2018).

The impact of a company's dividend policy on the price of its shares is significant, and not just for the executives who must decide what the policy should be, but also to investors making portfolio plans and to economists trying to comprehend and evaluate how the capital markets work. The anticipated favorable returns are the primary driver of stock and other financial asset investments (Garba, 2014). The returns on investments, which come in the form of dividends (cash or bonus shares) and capital gains, are always a worry for shareholders (Mohammed, 2013). Increases in asset prices over time result in capital gains that eventually become tangible. The economy benefits from both dividend income and revenue from capital gains, in addition to shareholders. However, over time, beneficial capital growth in global stock markets has demonstrated that stock prices are more vulnerable to both upward and downward price swings in equal measure, posing a risk (Olaoye & Owoniya, 2017).

The Nigerian stock market's volatility has weakened investor confidence and caused stock prices to fluctuate, which has resulted in investor losses as a result. Given their impact on stock market stability and investor strategies, stock price volatility and trend fluctuations are always of interest to the capital market (Singh &Tandon, 2019). When compared to developed markets in Europe and America, the Nigerian Stock Exchange, which is a developing market, frequently exhibits characteristics of an immature market and has lax rules. As a result of significant market risk and undiversified volatility which over time may have an impact on the company's share valuation, shareholders in this sort of market focus on their dividend yields. This suggests that both businesses and investors care about stock prices. Despite years of theoretical and empirical investigation, the dividend policy argument never ends. Among these is the link between dividend policy and variations in stock price (Shojik, 2014).

Study on the impact of dividend policy changes on share price movements has yielded conflicting findings in various nations. A significant positive relationship between stock price and dividend payment has been found by studies employing data from the US, Japan, and Singapore stock markets, for instance (Kennedy, 2015; Lhain, 2017). However, other studies, like those by Jakata and Nyamugure (2014), have found a negative relationship. Umwari (2015) discovered that the dividend policy, asset growth and leverage have an impact on the share price volatility in South Africa. In Nigeria, Wodung (2014) discovered that dividend yield and dividend payout ratio have a significant negative impact on stock price volatility in his study on the effect of dividend policy on stock price volatility.The connection between dividend policy and stock price volatility, however, is still unclear because academics have continued to discuss whether dividend policy affects stock price volatility (Koleosho, et al., 2022; Prolifet& Bacon, 2012). These contradictory research outcomes suggest that additional study is needed to determine the effect of dividend policy initiatives on share price volatility. Even though these investigations were able to justify their research findings, a number of research flaws have been found.

This study tries to prove a connection between dividend policy and stock price changes in the context of the NSE. The research's assumption is based on the empirical frameworks employed by other studies (such as Baskin, 1989; Koleosho et al., 2022), yet it differs in terms of the market type, companies, and time range of the study.This study is pertinent to its readers because little research has been carried out on the characteristics of Nigerian listed firms' dividend policies and share price volatility. By examining the causal linkages between dividend policy and changes in the market price of stocks with more varied and recent data, this study attempts to add to the body of knowledge.

The broad objective of this study is to examine how dividend policies affect share price changes, with a focus on companies listed on the Nigeria Stock Exchange. The specific goals are to: (i) Examine the extent at which the Nigerian share price movement ratio of listed companies depend on the dividend payment ratio? (ii) Examine the extent at which the dividend yield impact the Nigerian listed companies' price-to-movement ratio? (iii) Examine the extent at which firm size affect the Nigerian listed companies' price movement ratio? To direct this investigation, the following research questions have been developed (i) How does the Nigerian share price movement ratio of listed companies depend on the dividend payment ratio? (ii) How does the dividend yield impact the Nigerian listed companies' price-to-movement ratio? (iii) How does firm size affect the Nigerian listed companies' price movement ratio? The hypothesis for this study is presented in a null form which states that the Nigerian quoted companies' share price movement ratio and dividend payout have no meaningful correlation, the Nigerian quoted firms' price movement ratio and dividend yield have no discernible relationship, Firm size and the price movement ratio of listed enterprises in Nigeria are not significantly correlated.

This study stands out due to the advantages it offers to a wide range of information users from various strata. First, knowledgeable information about the key factors influencing changes in the price of an investor's financial assets is given to current and potential investors. Additionally, the study gave shareholders knowledge about the theory and application of dividend policy, as well as how it affects the movements of listed companies' stock prices, which is helpful in evaluating how effectively management makes decisions. Therefore, it is the shareholders' responsibility to ensure that management decisions are always made with the goal of maximizing profits for the shareholders. The study gave the fund managers information they could use to manage their portfolios more effectively and foresee how the dividend policy would affect it. For corporate managers, the findings of this investigation could serve as the basis for the creation of a dividend policy by senior management, particularly finance managers of listed businesses, whose primary goal in a Nigerian setting is to maximize shareholder wealth. Therefore, the study could aid in making wise investment choices that would boost shareholder wealth. The results of this study can also be used to satisfy public policymakers who desire capital market expansion. It is a resource for upcoming researchers who might desire to develop the subject. Researchers and academics from educational and research institutes will also have access to this study and utilize it as a resource for other studies in the field.

1. Literature Review

Dividends policy

The dividend policy affects monetary choices about present cash dividend payments or potential dividend hikes in the future. Decisions about dividend issue are subjective to the firm's long-term earning potential and are mostly dependent on the unallocated earnings (spare cash) of the business. In the presence of cash surplus that is not need by the firm, management is expected to distribute some or all of the earnings as cash dividends or to repurchase the company's stock through a share buyback program (Vijitha & Nimalathasan, 2014; Raza, Ramakrishnan, Gillani& Ahmad, 2018).Dividends are limited to an absolute minimum under this strategy, and businesses who adhere to it don't react to short-term changes in earnings. The payout ratio for the particular company can vary substantially due to these occasional swings in earnings. Despite this, the dividend per share is kept constant and is only changed if the company's projection of long-term profitability changes (Omoye &Eriki, 2014).

Policy for Pure Residual Dividends

This policy considers fundamental analysis and contrasts a company's return on equity with the rate of return an investor may receive if they invested the dividend in a different category of company. The capital budget is carefully considered. The only money left over to pay dividends will be the residual money after the best capital budget has been utilized and the suitable quantity of funds has been distributed to internal investments (Ozlen, 2014).

Dividend Pay-Out Ratio

The percentage of earnings that are dispersed as dividends to shareholders is shown by the dividend pay-out ratio, which is frequently stated as a percentage of the company's earnings. The payout ratio can also be stated in terms of the percentage of cash flow distributed as dividends. Given that the company plans to distribute more than half of its income in dividends and that reduced retained earnings are implied, payout

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ratios between 55% and 75% are seen as high. A higher payout ratio is ideal from the perspective of a dividend investor.

Causes of share price changes

Profit is the main incentive for investors to participate in the stock market. This can be achieved by selling shares for a higher price than it was originally purchased for. Stock prices fluctuate in line with both positive and downward trends in the market, but why do they act in this way? The many variables that influence their travels are discussed below and can be grouped into two groups: behavioral and economic considerations.

The Dividend Relevance Theory

The dividend relevance school contends that when there is uncertainty, investors prefer dividend payments provided at the time. Two of this school's most outspoken advocates are Gordon (1962) and Walter (1963). The dividend policy of the corporation or firm should be based on the available investment opportunities, per Walter's model. These are the recommendations put out by this proponent:

The business must make investments and have no payouts if it is to succeed.

The corporation should have 100% payouts and no investment in retained earnings if r=ke.

If r = ke, neither paying dividends nor making investments are important to the business.

The relevance of dividend policy and its effect on the firm's value are demonstrated by Walter's model by creating the following algebraic function: P = (r) (E minus D) / Ke

DPS and PPS are equivalent.

E = earnings per share, ke = cost of equity, and r = rate of return on the firm's assets

Gordon added two more suppositions while Walter and they continued along a well-traveled road. The retention ratio (b) and return rate are used to decide the company's growth rate (r).

In addition to being constant, the cost of capital, or ke, is also greater than the growth rate, or ke>g.P = E (1-b) (1-b) Ke-Br is the formula used to calculate the share's market price. P is the same as the market price of the share (MPS), earnings per share (EPS), and retention rate.KE stands for the cost of equity, br for the company's growth rate, and r for the rate of return on the company's investments (g). In the model, cost of capital, the payout ratio, rate of return and share price are therefore all connected.

Principle of Dividend Irrelevance

According to the irrelevance school, which was backed by Modigliani And Miller In 1961, Investors Do Not explicitly express a choice between current income and capital gains. In their opinion, dividend policy is pointless and unrelated to market value. All investors desire high rates of return, whether they come in form of dividends or through the reinvestment of the company's retained earnings.

According to M-M, investment patterns and, consequently, the firm's earnings hold an influence on the share price or the firm's worth; they do not, however, have any effect on the allocation of retained earnings between new investments and dividends. These presumptions include the absence of all transaction costs, all taxes, flawless information flow, and assurance of future financial success. This theory has been vigorously contested by researchers including Miller, Rock, John, and Williams (1985). A brief discussion of some additional theories and assumptions surrounding dividend policy and how it influences share prices is provided below:

2. Methodology

Research Design

The framework for solving any problem is provided by the research design. Additionally, the results of the hypothesis test can be utilized to generalize the research's findings. An ex-post facto research design was used for this investigation. It used historical data to draw conclusions about the future. The technique has been employed since the goal of the study is to generalize the information about the factors that influence dividend payout discovered in the studied publicly traded companies. This approach is deemed suitable since it will be used to determine whether and how much an impact between two or more quantitative factors exists. The study area, variables' measurement and definition, data sources, estimation methods, model specifications, and expectations are all presented in this chapter. Because it offers a great approach to

finalize results and prove or disprove hypotheses using accessible statistical and econometric tools like correlations and regressions, etc., this method is suited for the study. The STATA application program is used to conduct the statistical analysis for this investigation.

Study Area

This study focuses on corporate firms in Nigeria. The attention is mainly on firms paying dividends regularly and listed on the NSE.

Table 1. Variables Measurement and Definition

S/N	Variable	Data source	Measurement	Supporting scholars
1	Market Share price	NSE Fact book	Avg Share price	Various e .g Koleosho et al. (2022), Nazir et al. (2010)
2	EPS	Annual accounts	Total earnings after tax dividend by number of shares	Various e. g Garba (2014a)
3	DPS	Annual accounts	Amount paid per unit share	Various e.g. Priya and Nimalathasan (2013)
4	DYD	Authors computation	Dividend per share dividend by share price	Various e.g. Okafor et al (2011)
5	F	Annual accounts	Natural Log of total assets	Various e. g. Al Karim et al (2013)

Dependent Variable: Market Share Price; **Independent Variables**: EPS, DPS, DYD and F; **Control Variable**: The firms' size the control variable in this research.

Sources: This study relies on secondary sources. Because of the varied nature of the variables used, data were obtained from the annual financial accounts of the firms, NSE website, Cash-craft website, CBN publications and author's computation.

Estimation techniques

The estimation strategy begins with the examination of the stationary properties of the variables in our models. This is necessary in order to ensure none of the variables is integrated of order two or even more, and also ensure estimates obtained are not spurious. The study tests the various hypotheses by a combination of various techniques highlighted below:

1. Descriptive statistics

2. Panel Data regression (Common Effect and Generalized Methods of Moments)

3. Granger Causality methods

Models Specification

The models for panel data can be arranged as: pooled regression, fixed effects, random effects and random parameters (Greene, 2007). In view of theoretical perspective, this study has employed pooled OLS model, fixed effects model, random effects

Panel Regression Models

The analytical framework adopted for the study is the panel data regression. The attractiveness of panel data regression over cross section or time series data is that since panel data relate to individual firms over time, there is likely to be heterogeneity problems. The technique of panel data estimation will take such heterogeneity into account by allowing for subject-specific variables.

Common Effect Panel Regression Model

In Bruce (2016), panel regression models take the general form:

$$Y_{it} = \alpha + \beta X_{it} + \mu it \quad (1)$$

Where,

Y is the dependent variable and X represents the independent variables, α and β are the coefficients, i is for the ith firm, i=1,..20 (listed above), t stands for time period, i=1,..,T (2009-2018) and μ is the error term.

Following Okafor et al (2011) and De Wet and Mpinda (2013), the study adapted the general model above:

Stock Price = f(EPS,DPS, DYD)

The above model is modified to give the following specification:

$$MPS\ it = \beta 0 + \beta 1\ DPS_{it} + \beta 2\ DYD_{it} + \beta 3\ EPS_{it} + \beta 4\ logF_{it} + \mu \quad (2)$$

β0 is the constant ,β1,β2, β3 and β4 are the coefficients of the independent variables and μ is the stochastic error term.

Generalized Methods of Moments model

Literatures on dividend policy and stock price volatility mostly employed static Pooled Ordinary Least Square (POLS), fixed and random effects models (e.g. Hussainey et al. 2011, Shah and Noreen, 2016; Camilleri et al. 2018). However, theoretical debates on dividend policies and stock price volatility dove-tails towards dynamic empiricism. Additionally, endogeneity, unobserved heterogeneity, and correlation between repressors and lagged dependent variable make dynamic fixed or random effects not suitable for the estimation. Pooled Mean Group, Mean Group, Dynamic OLS, and Full-modified OLS models are also not suitable or stock price volatility and dividend policy data, which have relatively large cross-sectional characteristics, compare to number of time frequencies; thus, a dynamic panel bias may still exist in these techniques.

Due to the mentioned limitations, the study instead employs the use of both two-step "differenced" and "system" GMM models to test relationship between stock volatility and dividend policy for the collected samples. We also apply lagged variable of DYD, DPS and EPS, to test the relevancy of past dividend policy. The models for differenced GMM and difference GMM with lagged of DYD, DPS and EPS are as follows:

Differenced GMM

$$\Delta MPS_{i,t} = \alpha_i + \beta_i \Delta MPS_{i,t-1} + \gamma_{i,t}\ \Delta DYD_{i,t-1} + \delta_{i,t}\ \Delta DPS_{i,t-1} + \varphi_{i,t}\ \Delta EPS_{i,t-1} + \theta_{i,t}\ \Delta X_{i,t} + \Delta\omega_i + \Delta\mu_t + \Delta\varepsilon_{i,} \quad (3)$$

Difference GMM with lags

$$\Delta MPS\ i, = \alpha i + \beta i \Delta MPS_{i,-1} + \beta i,t\ \Delta DYD_{i,t-1} + \gamma i,tL.\ \Delta DYD_{i,-1} + \delta i,t \Delta DPS_{i,t-1} + \vartheta i,tL.\ \Delta DPS_{i,-1} + \varphi_{i,t} \Delta EPS_{i,t-1} + \Pi L.i,t \Delta EPS_{i,t-1} + \theta i,t \Delta X_{i,t} + \Delta\omega_i + \Delta\mu_t + \Delta\varepsilon_{i,t} \quad (4)$$

Where

MPSi, = Stock's price of firm i in year t

$DYD i$, = Dividend yield of firm i in year t

$L.DYD i$, = Lag of Dividend yield of firm i in year t

$DPS i$, = Dividend payout ratio of firm i in year t

$L.DPS i$, = Lag of Dividend payout ratio of firm i in year t

$\varphi i, \Delta EPS i,t-1$= Earnings Per Share of firm i in year t

$\Pi L.i, \Delta EPS i,t-1$= lag of Earnings Per Share of firm i in year t

Xi, = Vector of control variables of firm i in year t

ωi= Cross-sectional or firm-specific effect

μt= Period-specific effect

εi, = Error term

The above models combine in a system with the regression in first differences and with the regression in levels, where variables in differences are instrumented with the lags of their own levels, while variables in levels are instrumented with the lags of their own differences (Bond et al. 2001). As a result, the first differenced moment conditions in a difference GMM model are augmented by level moment conditions in a system GMM model for more efficiency in estimation (Blundell and Bond, 1998).

Apriori expectations

Based on the reviewed theories and empirical studies, the following relationships are expected

Table 2. Expected relationship of the variables

Variables	Expected relationship
EPS	Positive
DPS	Positive/Negative
DYD	Positive/Negative
F	Positive/Negative

Source: Compiled by the authors.

3. Results

Presentation of Results

The results of the analysis on the effect of Dividend Policies on Market Share Price among sampled Nigerian companies are presented in this section. The section is divided into two major parts namely; descriptive and empirical analysis.

The descriptive analysis section observed the mean, standard deviation, minimum and maximum of the variables used; they are also used to display the summary of the selected variables for this study. Under the empirical analysis, the degree of association between the variables are observed using the pairwise correlation also the determinants of Market Share Price among the selected listed companies in Nigeria are investigated using the commonly used panel regression approach, which are Pooled OLS regression, Random Effect and Fixed Effect regression.

Table 3. Descriptive Statistics for all Companies

Variable	Obs	Mean	Std. Dev.	Min	Max
EPS	200	410.89	729.09	-294.00	5426.00
DPS	200	257.00	562.98	0.00	4750.00
DYD	200	5.00	3.29	0.00	16.47
MSP	200	78.77	211.02	0.50	1555.99
F	200	196396.60	302593.40	719.57	1269778.00

Source: Author's Computation, 2020.

Table 4. Correlation Matrix for all companies

	MSP	EPS	DPS	DYD	F
MSP	1.0000				
EPS	0.8763	1.0000			
	(0.0000)				
DPS	0.9221	0.9254	1.0000		
	(0.0000)	0.0000			
DYD	-0.1981	-0.0738	-0.0798	1.0000	
	(0.0049)	(0.2987)	(0.2611)		
F	0.5127	0.4251	0.4829	-0.0237	1.0000
	(0.0000)	(0.0000)	(0.0000)	(0.7393)	

Source: Author's Computation, 2020.

Table 5. GMM Regression (Without Lags)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.617	0.612	3.965	00.021
DPS	0.378	0.518	3.115	0.001***
DYD	-2.198	0.699	-0.841	0.003***
EPS	1.487	0.349	2.218	0.012**
Size(F)	3.148	0.336	3.987	0.001***
R-Squared	0.547321	Mean Dependent var		1.624314
Adjusted R-Squared	0.498571	S.D Dependent var		1.415832
S.E. Regression	1.212532	Sum squared residual		519.4531
Durbin-Watson	1.221005	j-statistic		348.0000
Anova (p-value)	0.000			

Source: Compiled by the authors.

Table 6. Regression Analysis Using GMM estimation (With Lags)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.118	0.643	4.358	0.021
DPS	0.484	0.487	3.417	0.001***
Lag(DPS)	0.341	0.247	2.584	0.0001**
DYD	-3.345	0.701	0.845	0.003***
Lag(DYD)	-0.315	0.684	0.742	0.002**
EPS	1.623	0.523	3.241	0.01**
Lag(EPS)	1.341	0.415	3.252	0.001***
Size(F)	3.233	0.324	4.621	0.001***

Table 6 (cont.). Regression Analysis Using GMM estimation (With Lags)

R-Squared	0.63847	Mean Dependent var	1.645218
Adjusted R-Squared	0.46721	S.D Dependent var	1.502470
S.E. Regression	1.201524	Sum squared residual	514.1489
Durbin-Watson	1.204346	j-statistic	354.000
Anova (p-value)	0.000		

Empirical Analysis of findings

-The correlation coefficient shows that Dividend per share has weak relationship with Share price movement both in GMM regression without lag (0.378) and with lag (0.484).

This is in line with the conclusion of Lintner (1956), Black and Scholes (1974) that there is no significant relationship between dividends and stock prices.

Gregorian et.al (2015) found positive relationships between dividend per share and stock price volatility in mobile companies of Europe, Asia and America. This means that the relationship between dividend per share and stock price in Europe, Asia and America in 2015 is a worthwhile relationship. This is however different from the results of Hashemijoo et al. (2012) who reported a negative relationship between dividend per share and share prices in the Malaysian market.

The correlation coefficient shows that Dividend yield has negative relationship with Share price movement in GMM regression without lag (-2.198) and with lag (-3.345). This is in line with the conclusion of Elton and Gruber (2011), firms with low dividend yield indicates that it had been retaining more of its earnings and income rather than paying the shareholders. The reverse is the case in Kordijk (2014) which concluded that dividend yield have a significant positive relationship with share price volatility in Netherlands. This means that the relationship between dividends yields and share price in Netherlands as at 2014is a worthwhile relationship. The correlation coefficient shows that Firm size has positive and significant relationship with stock price volatility both in GMM regression without lag (3.148) and with lag (3.233).

Re-statement of hypotheses

Hypothesis 1

Ho: bβ

Ho: There is no significant relationship between the dividend payout and price movement ratio of shares of quoted firms in Nigeria.

Decision

t0.05 at (10 – 2) 8 degrees of freedom was statistically significant because analysis of variance P – value < 0.05; p - value = 0.000. Therefore, H_0 is rejected and H_1 is accepted. There is significant relationship between the dividend payout and price movement ratio of shares of quoted firms in Nigeria.

Hypotheses 2

Ho: bβ

Ho: There is no significant effect between the dividend yield and price movement ratio of quoted firms in Nigeria.

Decision

t0.05 at (10 – 2) 8 degrees of freedom was statistically significant because analysis of variance P – value < 0.05; p - value = 0.000. Therefore, H_0 is rejected and H_1 is accepted. There is significant effect between the dividend yield and price movement ratio of quoted firms in Nigeria.

Hypotheses 3

Ho: bβ

Ho: There is no significant effect between the firm size and price movement ratio of quoted firms in Nigeria.

Decision

t0.05 at (10 – 2) 8 degrees of freedom was statistically significant because analysis of variance P – value < 0.05; p - value = 0.000. Therefore, H_0 is rejected and H_1 is accepted. There is significant effect between the firm size and price movement ratio of quoted firms in Nigeria.

Discussions of findings

The correlation coefficient shows that: Dividend per share has weak relationship with Share price movement, dividend yield has negative relationship with Share price movement, and Firm size has positive and significant relationship with stock price volatility.

Hypotheses testing at 5% level of significant shows that: There is significant relationship between the dividend payout and price movement ratio of shares of quoted firms in Nigeria, there is significant effect between the dividend yield and price movement ratio of quoted firms in Nigeria, there is significant effect between the firm size and price movement ratio of quoted firms in Nigeria. This means that price movement have good influence on dividend payout, dividend yield and firm size.

The coefficient of determination (R-Squared) in GMM Regression Without Lags was 54.73% and with lags was 63.84%. This means that 54.73% and 63.84% variation in the dependent variable was explained by the independent variable. 45.27% and 36.16% of the variation in the dependent variables was explained by the disturbance term or error term. Also, this means that the dependent variable was well explained by the independent variables.

The Durbin-Watson in GMM Regression without Lags was 1.2210 and with lags was 1.2043. The Durbin-Watson statistics is a number that tests for autocorrelation. Autocorrelation is a mathematical representation of the degree of similarity between lagged versions of itself over successive time intervals. In other words, it is a situation in which a time series data is influenced by its own historical values. The Durbin-Watson statistics is always between 0 and 4. The general rule states that a value of 2 means that there is no autocorrelation in the samples. Values approaching 0 indicate positive autocorrelation and values towards 4 indicate negative autocorrelation. However, the Durbin-Watson result of this model indicated that there is autocorrelation since the value of 1.2210 and 1.2043 which are lesser than 2.

As regard the Serial Correlation Test, the Wooldridge Test performed in the correlation matrix table above was to ascertain the presence of serial correlation. The null hypothesis of Wooldridge test states that there is no serial correlation. If the probability value is significant then the null hypothesis is rejected, if stated otherwise, then the null hypothesis is accepted.

Conclusion

The study's findings support the notion that investors, policymakers, portfolio managers, and researchers with an interest in the capital market should consider the relationship between dividend policy and share price volatility when making decisions from the standpoint of investment risk. The conclusion is based on the study's findings, which showed that: - Share price movement and dividend per share have a weak but substantial association.

Firm size has a positive and substantial link with stock price volatility, while dividend yield has a negative and large relationship with share price movement.

Therefore, in order to improve dividend policy decisions, managers should have the necessary knowledge to make judgments about share price movement. Future research should concentrate on increasing the sample size by examining more NSE sectors that were not included in this study. Furthermore, by detecting or creating a relationship between share price volatility and dividend policy from a global viewpoint, this research field can be combined with other emerging markets besides Nigeria.

Recommendations

Therefore, the study makes the following recommendations:

i. The stakeholders of listed companies in Nigeria should manage their businesses so that the ratio of profits to outstanding shares of common stock will positively affect the value of the company's common stock on the stock market.

ii. The shareholders of publicly traded companies must ensure that the percentage of earnings distributed as dividends to shareholders consistently has a positive impact on the price of the company's common stock on the stock market.

iii. Shareholders should make sure that a quoted business's yearly dividend to share price ratio has a positive impact on the value of the common stock of the firm at the stock market on a regular basis.

iv. The shareholders of publicly traded companies must develop plans to expand their holdings in terms of assets, branch openings, etc. This will boost clientele and profits for publicly traded companies, which can positively impact the price of the company's common stock on the stock market.

Creation of new knowledge

In a variety of ways, this study adds something fresh to the constantly evolving body of corporate finance literature. Most earlier research on how dividend payments affect share prices has been substantially biased in favor of nations with established capital markets. Therefore, this study updates and expands earlier research on the dividend effect associated to industry. The results of this analysis are useful for corporate managers and investment analysts interested in businesses listed on the Nigerian stock market since they show how much fundamental information from corporate announcements is reflected in the shares. The conclusions of this thesis are crucial for the authorities of the Nigerian securities market in helping them make educated decisions about Nigeria's dividend policies.

Regulators can create more effective policies for investor protection by knowing the elements that influence the dividend policy of Nigerian listed businesses.

Author Contributions

Conceptualisation: Kadiri Kayode I.; **data Curation:** Olorunmade Gbenga; **formal analysis:** Kadiri Kayode I; **investigation:** Olorunmade Gbenga; **methodology**: Raji Lukmon Ayobami; **project administration:** Kadiri Kayode I.; **conclusion:** Raji Lukmon Ayobami; **supervision:** Olorunmade Gbenga; **validation:** Kadiri Kayode I; **visualisation:** Olorunmade Gbenga; **writing (original draft):** Kadiri Kayode I; **writing (review & editing):** Raji Lukmon Ayobami.

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APPENDIX

(A): Variables and their values

Table 1. High priced stocks

Company	Year	Level	EPS	DPS	DYD	Firm Size	MSP
Zenith	2009	High	82	45	3.30882	341593862	13.6
Zenith	2010	High	119	85	5.66289	471261378.9	15.01
Zenith	2011	High	154	95	7.79967	382409303.9	12.18
Zenith	2012	High	82	160	8.20934	611917656.7	19.49
Zenith	2013	High	301	175	6.38676	860263929.7	27.4
Zenith	2014	High	316	175	9.50555	578009450.6	18.41
Zenith	2015	High	336	180	12.8112	441120737.7	14.05
Zenith	2016	High	412	202	13.6949	463098283.3	14.75
Zenith	2017	High	566	270	10.5305	805006100.7	25.64
Zenith	2018	High	615	280	12.1475	723689181.8	23.05
GTBank	2009	High	127	100	6.45161	289133103.5	15.5
GTBank	2010	High	163	100	5.63063	414113224.5	17.76
GTBank	2011	High	169	100	7.01754	419394303.9	14.25
GTBank	2012	High	306	110	4.78261	676917122.2	23
GTBank	2013	High	317	180	6.66173	795230462.6	27.02
GTBank	2014	High	347	175	6.94996	741077092.9	25.18
GTBank	2015	High	351	177	9.73597	535058838.3	18.18
GTBank	2016	High	467	200	8.09717	726950126.8	24.7
GTBank	2017	High	603	270	6.62577	1199320553	40.75
GTBank	2018	High	6.54	275	7.98258	1013904124	34.45
Nig Brew	2009	High	369	130	2.45191	400967058.7	53.02
Nig Brew	2010	High	401	115	1.49157	583073544.9	77.1
Nig Brew	2011	High	503	125	1.32387	714057122.3	94.42
Nig Brew	2012	High	503	300	2.04082	1111717552	147
Nig Brew	2013	High	570	300	1.78678	1269778074	167.9
Nig Brew	2014	High	562	575	3.47852	1250115043	165.3
Nig Brew	2015	High	482	470	3.45588	1078357721	136
Nig Brew	2016	High	358	460	3.10832	1173427640	147.99
Nig Brew	2017	High	413	358	2.65382	1069635710	134.9
Nig Brew	2018	High	243	373	4.69773	634954022.9	79.4

Table 2. High priced stocks

Company	Year	Level	EPS	DPS	DYD	Firm Size	MSP
Flour Mill	2009	High	223	50	1.38889	61501440.02	36
Flour Mill	2010	High	967	200	2.89855	117877760.1	69
Flour Mill	2011	High	452	200	3.05577	122994332.4	65.45
Flour Mill	2012	High	330	160	2.46154	151760498.4	65
Flour Mill	2013	High	291	200	2.29885	207554570.3	87
Flour Mill	2014	High	193	210	5.35714	92382040.87	39.2
Flour Mill	2015	High	345	210	10.0962	54584441.6	20.8
Flour Mill	2016	High	557	100	5.40833	48522441.45	18.49

Table 2 (cont.). High priced stocks

Flour Mill	2017	High	303	100	3.44828	76103342.45	29
Flour Mill	2018	High	483	100	4.76191	86108307.73	21
Nestle	2009	High	1481	1255	5.24008	158200976.6	239.5
Nestle	2010	High	1908	1255	3.40524	243444542.7	368.55
Nestle	2011	High	2121	1255	2.81605	353255188.2	445.66
Nestle	2012	High	2667	2000	2.85714	554859376.4	700
Nestle	2013	High	2808	2550	2.125	951187502.4	1200
Nestle	2014	High	2805	2750	2.71806	801969963	1011.8
Nestle	2015	High	2995	2900	3.37209	681684376.7	860
Nestle	2016	High	1000	1000	1.23457	642051564.1	810
Nestle	2017	High	4255	2500	1.60669	1233365202	1556
Nestle	2018	High	5426	4750	3.27586	1149351565	1450
J Berger	2009	High	274	240	9.30593	30948001.1	25.79
J Berger	2010	High	233	200	4	60000000	50
J Berger	2011	High	407	240	7.59494	37920000.46	31.6
J Berger	2012	High	683	250	7.21501	41580001.83	34.65
J Berger	2013	High	672	270	3.73496	86748000	72.29
J Berger	2014	High	613	270	4.45104	80071200	60.66
J Berger	2015	High	133	150	3.57143	55440000	42
J Berger	2016	High	228	0	0	50925600	38.58
J Berger	2017	High	361	100	3.57143	36960000	28
J Berger	2018	High	530	200	9.52381	27720000	21

Table 3. High priced stocks

Company	Year	Level	EPS	DPS	DYD	Firm Size	MSP
Guiness	2009	High	918	1280	10.03922	188053003.7	127.5
Guiness	2010	High	931	750	3.935768	281061803.3	190.56
Guiness	2011	High	1216	825	3.3	368731379.8	250
Guiness	2012	High	995	800	2.909091	405604517.7	275
Guiness	2013	High	793	1600	6.779665	355389612.4	236
Guiness	2014	High	636	320	1.903063	253215098.8	168.15
Guiness	2015	High	518	320	2.657806	181309035.6	120.4
Guiness	2016	High	134	320	3.853101	125064081.5	83.05
Guiness	2017	High	128	50	0.531915	141553489.7	94
Guiness	2018	High	330	184	2.520548	159897959	73
Okomu	2009	High	115	30	1.318681	10850726.25	22.75
Okomu	2010	High	342	100	6.578947	7249715.91	15.2
Okomu	2011	High	823	200	8.658009	11017660.68	23.1
Okomu	2012	High	1800	700	16.47059	20270587.5	42.5
Okomu	2013	High	291	100	2.272727	41972040	44
Okomu	2014	High	163	25	0.986193	24181618.5	25.35
Okomu	2015	High	276	10	0.330033	28903473	30.3
Okomu	2016	High	515	150	3.73413	38318564.7	40.17
Okomu	2017	High	959	300	4.431969	64570167.9	67.69
Okomu	2018	High	891	300	4.109589	69635430	73
Mobil	2009	High	946	700	7.08502	29689010.76	98.8
Mobil	2010	High	1293	960	6.808511	42369943.19	141
Mobil	2011	High	1249	500	3.733851	40239427.29	133.91
Mobil	2012	High	856	500	4.576659	39395032.26	109.25
Mobil	2013	High	965	600	5.059022	42766597.95	118.6
Mobil	2014	High	1773	660	4.177215	56974051.24	158
Mobil	2015	High	1351	720	4.5	57695241.76	160
Mobil	2016	High	2261	800	2.867384	100606077.8	279
Mobil	2017	High	2085	800	4.110997	70171837.79	194.6
Mobil	2018	High	2587	825	5.268199	56469217.87	156.6

Table 4. High priced stocks/low price stocks

Company	Year	Level	EPS	DPS	DYD	Firm Size	MSP
Dangote Sugar	2009	High	110	100	6.622516	181200004.6	15.1
Dangote Sugar	2010	High	94	60	3.75	192000000	16
Dangote Sugar	2011	High	59	30	6.382979	56399997.71	4.7
Dangote Sugar	2012	High	90	50	8.333333	72000000	6

Table 4 (cont.). High priced stocks/low price stocks

Dangote Sugar	2013	High	90	60	5.128205	140400000	11.7
Dangote Sugar	2014	High	97	40	6.299213	76200000	6.35
Dangote Sugar	2015	High	96	50	8.291874	72360000	6.03
Dangote Sugar	2016	High	120	60	9.819967	73320000	6.11
Dangote Sugar	2017	High	331	125	6.25	240000000	20
Dangote Sugar	2018	High	185	110	8.270677	159600000	13.3
C & I leasing	2009	Low	18	12	4.615385	4204225.85	2.6
C & I leasing	2010	Low	9	2	1.30719	2474025.25	1.53
C & I leasing	2011	Low	-11	0	0	1018716.29	0.63
C & I leasing	2012	Low	16.04	2	4	808505	0.5
C & I leasing	2013	Low	11	4	8	808505	0.5
C & I leasing	2014	Low	19.15	8	16	808505	0.5
C & I leasing	2015	Low	8.61	4	8	808505	0.5
C & I leasing	2016	Low	54.17	0	0	808505	0.5
C & I leasing	2017	Low	65.85	0	0	2085942.9	1.29
C & I leasing	2018	Low	81.42	7.5	4.213483	719568.56	1.78
Fidson	2009	Low	29	22	12.35955	2669999.96	1.78
Fidson	2010	Low	31	10	3.267974	4589999.91	3.06
Fidson	2011	Low	21	10	12.65823	1185000.03	0.79
Fidson	2012	Low	14	12	11.32076	1589999.91	1.06
Fidson	2013	Low	10	10	3.584229	4185000	2.79
Fidson	2014	Low	42	15	3.846154	5850000	3.9
Fidson	2015	Low	50	5	2	3750000	2.5
Fidson	2016	Low	21	5	3.90625	1920000	1.28
Fidson	2017	Low	71	20	5.405405	5550000	3.7
Fidson	2018	Low	0.06	15	3.030303	7425000	4.95

Table 5. Low priced stocks

Company	Year	Level	EPS	DPS	DYD	Firm Size	MSP
NEM	2009	Low	17	4	7.692308	2587999.84	0.52
NEM	2010	Low	16	5	8.77193	3009886.66	0.57
NEM	2011	Low	5	5	9.259259	2851471.57	0.54
NEM	2012	Low	9	0	0	2904276.6	0.55
NEM	2013	Low	7	6	8.695652	3643547.01	0.69
NEM	2014	Low	29	6	9.230769	3432326.89	0.65
NEM	2015	Low	14	6	8.823529	3590741.98	0.68
NEM	2016	Low	34	8	7.619048	5544528.06	1.05
NEM	2017	Low	53	10	6.024096	8765634.84	1.66
NEM	2018	Low	0.39	13	4.814815	14257357.87	2.7
SCOA	2009	Low	110	15	1.702611	5721866.21	8.81
SCOA	2010	Low	33	8	0.966184	5380556.33	8.28
SCOA	2011	Low	16	10	1.811594	3585096.47	5.52
SCOA	2012	Low	11	10	1.845018	3520149.13	5.42
SCOA	2013	Low	22	15	2.819549	3457072.54	5.32
SCOA	2014	Low	28	7.5	1.605996	3033165	4.67
SCOA	2015	Low	-195	0	0	2701920	4.16
SCOA	2016	Low	-2.72	0	0	2448615	3.77
SCOA	2017	Low	-294	0	0	2110875	3.25
SCOA	2018	Low	-7	0	0	1903035	2.93
Glaxosmith	2009	Low	178	75	3.348214	21430106.29	22.4
Glaxosmith	2010	Low	257	120	4.615385	24874230.94	26
Glaxosmith	2011	Low	241	120	5.217391	22004127.37	23
Glaxosmith	2012	Low	295	130	2.882483	43147222.21	45.1
Glaxosmith	2013	Low	305	130	1.911765	65055680.92	68
Glaxosmith	2014	Low	193	75	1.5	47835059.5	50
Glaxosmith	2015	Low	96	30	0.877193	40898959.2	34.2
Glaxosmith	2016	Low	199	30	1.904762	18835047	15.75
Glaxosmith	2017	Low	41	40	1.850995	25842880.36	21.61
Glaxosmith	2018	Low	52	50	3.448276	17340202	14.5

Table 6. Low priced stocks

Company	Year	Level	EPS	DPS	DYD	Firm Size	MSP
Vitafoam	2009	Low	63	25	4.424779	4627350.08	5.65
Vitafoam	2010	Low	63	30	4.504505	5454539.88	6.66
Vitafoam	2011	Low	69	30	5.928854	4144139.95	5.06
Vitafoam	2012	Low	68	30	8.196721	2997540.07	3.66
Vitafoam	2013	Low	50	30	6.122449	4013100	4.9
Vitafoam	2014	Low	0.63	30	7.444169	3300570	4.03
Vitafoam	2015	Low	29	25	4.621072	5316948	5.41
Vitafoam	2016	Low	4	12	5	5001936	2.4
Vitafoam	2017	Low	15	15	5	6252420	3
Vitafoam	2018	Low	57	25	6.793478	3834817.6	3.68
FCMB	2009	Low	5	5	0.698324	116501733.7	7.16
FCMB	2010	Low	49	35	4.666667	122033941.5	7.5
FCMB	2011	Low	-61	0	0	68013580.61	4.18
FCMB	2012	Low	77	0	0	71400000	3.75
FCMB	2013	Low	81	30	8.130081	73072002.78	3.69
FCMB	2014	Low	112	25	10.04016	49308749.84	2.49
FCMB	2015	Low	24	10	5.91716	33466581.22	1.69
FCMB	2016	Low	72	10	9.090909	21780000	1.1
FCMB	2017	Low	48	10	6.756757	29304000	1.48
FCMB	2018	Low	75	14	7.407407	37422000	1.89
Custodian	2009	Low	37	17	5.944056	14696886.76	2.86
Custodian	2010	Low	39	17	5.666667	15302540.42	3
Custodian	2011	Low	18.94	8	3.508772	11629930.72	2.28
Custodian	2012	Low	40.3	5	3.846149	6631100.85	1.3
Custodian	2013	Low	60	16	7.692308	12234281.28	2.08
Custodian	2014	Low	70	18	4.972376	21292354.92	3.62
Custodian	2015	Low	68	20	4.878049	24115643.2	4.1
Custodian	2016	Low	87	25	6.426735	22880451.72	3.89
Custodian	2017	Low	119	42	10.79692	22880451.72	3.89
Custodian	2018	Low	116	10	1.769912	33232532.7	5.65

Table 7. Low priced stocks

Company	Year	Level	EPS	DPS	DYD	Firm Size	MSP
Access	2009	Low	-26	70	9.210526	123591554.1	7.6
Access	2010	Low	63	30	3.157895	169938389	9.5
Access	2011	Low	102	50	10.41667	85863613.01	4.8
Access	2012	Low	169	60	6.629834	207090420.5	9.05
Access	2013	Low	159	85	8.854166	219676021.5	9.6
Access	2014	Low	189	59.9	9.076362	151027264.8	6.6
Access	2015	Low	265	52.69	10.86311	140300662.4	4.85
Access	2016	Low	250	55	9.369676	169807193.5	5.87
Access	2017	Low	218	65	6.220095	302297303.5	10.45
Access	2018	Low	331	25	3.676471	196710207.1	6.8
Unilever	2009	Low	108	107	5.783784	69990980.63	18.5
Unilever	2010	Low	111	110	4.089219	101770666.3	26.9
Unilever	2011	Low	145	140	4.827586	109715591.3	29
Unilever	2012	Low	148	140	3.010752	175923264	46.5
Unilever	2013	Low	127	125	2.32342	203541338.3	53.8
Unilever	2014	Low	64	10	0.27933	135442005.8	35.8
Unilever	2015	Low	32	5	0.115607	163627562.8	43.25
Unilever	2016	Low	81	10	0.285714	132415368.8	35
Unilever	2017	Low	178	50	1.219512	235545222.1	41
Unilever	2018	Low	184	150	3.942181	218597456.1	38.05