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DETERMINANTS OF DIVIDEND PAYOUT OF QUOTED MANUFACTURING FIRMS IN NIGERIA

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Abstract: This study examines the determinants of dividend payout of Quoted Manufacturing Firms in Nigeria with particular reference to earnings per share, profitability (ROE), liquidity, leverage, corporate tax and sales growth. The ninety eight (98) quoted manufacturing firms are classified into fourteen groups by the Nigerian Stock Exchange, from which a firm is selected from each of the groups to represent the entire population, thus fourteen firms are selected as sample. The regression model is used to assess the determinants of dividend payout using cross sectional time series data for the period of ten years (i.e. 2004-2013). The findings of the study shows that, earnings per share, profitability (ROE), liquidity and sales growth positively influenced Dividend payout while financial leverage and corporate tax negatively influenced it. This implies that, while dividend payout increases as earnings per share, profitability (ROE), liquidity and sales growth increase, it decreases with increase in financial leverage and corporate tax. Thus, concludes that earnings per share, profitability (ROE), liquidity and sales growth have linear relationship while that of financial leverage and corporate tax is inverse. This implies that, the higher the ratio of earnings per share, profitability (ROE), liquidity and sales growth the higher the dividend payout and the higher the ratio of financial leverage and corporate tax the lower the dividend payout. On this note recommends that, earnings per share, profitability (ROE), liquidity and sales growth should be strengthened by Nigerian manufacturing firms to maintain stable dividend payment that will encourage prospective investors and retained earnings should be seen as a panacea to increase performance of the firms among others.

Key words: Earnings, Profitability, Liquidity, Financial Leverage, Corporate tax, Sales growth.

Introduction

Corporate dividend policy has been a thing of concern to the financial managers and the firm at large. Firms are faced with dilemma of either sharing dividend to stockholders or retaining their earning with the view to ploughing it back into the business so as to foster further growth of the business. As the business grows, the earning stream of the stockholders also grows over time. The decision of the firm regarding how much earnings could be paid out as dividend and how much could be retained is the concern of dividend policy decision. Researchers have asserted that firms use dividends as mechanism for financial signalling to the outsiders regarding the stability and growth prospects of the firm. On the other hand, earnings retained are the most important internal sources of financing the growth of the firm. These two objectives are in conflict as higher retained earnings means less dividend and higher dividend rate means less retained earnings. A firm's stock price is affected among other things by the dividend pattern. Paying out more cash dividends will tend to increase the price of the stock.

However, increasing cash dividends means that less money is available for reinvestment and ploughing back fewer earnings into the business will lower the expected growth rate and invariably depress the price of the stock. The firm must therefore be very careful in deciding the allocation of earnings to these two objectives. The optimal policy is the one that strikes a balance between current dividends and future growth thereby maximizing the price of the firm's stock. In practice, every firm follows some kind of dividend policy, which retains a portion of the net earning in such a manner that it will not constitute a threat to dividend payment.

Theoretically, corporate dividend polices are known to be a function of many factors. Van Horne (1977) and Weston and Brigham (1981) assert that these relevant factors include: legal considerations, liquidity position, repayment of debt, restrictions on debt contracts, re-investment opportunities, profitability of operations and stability of earnings. Other factors include access to the capital market, cost of raising new funds, need for ownership control, national income policies as well as the tax positions of the stockholders. The interplay of

these factors remains a critical issue in distribution of corporate after tax earnings between retained earnings and dividends. Uzoaga and Alozienwa (1974) in their study highlight the pattern of dividend policy pursued by Nigerian firms and found little evidence to support the classical determinants of dividend policies in Nigeria. Inanga (1978) and Soyode (1975) insist that the problem arising from the change in dividend policy could be attributable to the share pricing policy of the capital issue commission (CIC) which seem to have ignored the classical factors that should govern the pricing of equity share issues: an action which has led companies to abandon all classical forces that determine dividend policy.

Oyejide (1976) however in his study finds a statistical significant relationship between current year dividends and past year net profit. Adelegan (2003) points out that factors such as after tax earnings, economic policy changes, firm growth potentials and long term debts influence the dividend policy of quoted firms in Nigeria.
This study therefore, looks at the determinants of dividend payout of quoted manufacturing firms in Nigeria.
Management of Nigerian companies are therefore left in a dilemma about whether to pay a large, small or zero percentage of their earnings as dividends or to retain them for future investments. This has come about as a result of the need for management to satisfy the various needs of shareholders. For instance, shareholders who need money now for profitable investment opportunities would like to receive high dividends now. On the other hand, shareholders who would like to invest in the future will prefer dividends to be retained by the company and be reinvested. Usually only firms that are profitable will pay dividends. Some firms in Nigeria have very high dividend payout ratio (DPR). Some firms placed heavy emphasis on dividend payment to the extent that they pay out dividend even though they reported a loss for that year. This is due to the reluctance of firms to cut or omit dividends due to research findings which have shown that investors, in both developed and emerging markets, react negatively to a dividend decrease.

LITERATURE REVIEW

Theoretical framework

Payment of dividend to investors is so important that the issue regarding dividend to shareholders need not to be overemphasized. However, Arumona, (2008) has shown that firms do not follow a consistent trend in the payment of dividend which implies that the importance attached to dividend payment differs from firm to firm. Though many studies have been conducted by financial economists but, the issue of dividend policy determinants still remains unresolved. Berkly and Myers (2005) list dividends issue as one of the top ten important unresolved issues in the field of advanced corporate finance. Black and Scholes (1976) have it that dividends are the primary puzzle in the economics of finance. Miller and Modigliani (1961) view dividend payment as irrelevant and maintain that given the investment decision of a firm, dividend payout ratio does not affect shareholders' wealth. They argue that the value of the firm depends on the firm's earnings or its investment policy. The split of earnings between dividend and retained earnings has no effect on the firm's value. They maintain that the theory of dividend irrelevance would still hold if the firm raised external funds to finance investment opportunities with positive net present value by issuing debt instead of shares. The implication of the theory is that given two firms that have the same set of available investment opportunities, their values would be the same even if one paid all its earnings as dividend and the other paid no dividends provided that the two firms belong to the same risk class (Olowe, 1998; Osuala, 2005). Other authors such as Gordon (1962), Walter (1963), Black (1976), Jenson and Meckling (1976), Miller and Rock (1985), John and Williams (1985) and a host of other researchers stress on the relevance of dividend payment. A dividend payment resolves uncertainty in the minds of investors. The regular payment of dividend, therefore, creates confidence in the minds of the shareholders. Dividends payment may offer tangible evidence of the firm's ability to generate cash (Bhattacharya, 1979) and investors will be willing to pay higher price for their stock than a non dividend payment firm (Van Horne, 2000).

The study focuses on corporate earnings, profitability, liquidity, leverage, corporate tax and growth as independent variables. The dependent variable is dividend payout proxied by dividend per share (DPS) to measure the determinants. The study covered 14 quoted manufacturing firms based on the classification of the Nigerian Stock Exchange. In each of the 14 classifications, stratified random sampling technique is used to select one firm thereby given a sound representation of the population. The period of the study is 10 years (2002-2011) as the period that Nigerian corporate firms declared high dividend in spite of low earnings to encourage potential investors.

Pandy (1979) defines dividend as that portion of a company's net earnings which the directors recommend to be distributed to shareholders in proportion to their share holdings in the company. It is usually expressed as a percentage of nominal value of the company's ordinary share capital or as a fixed amount per share. Dividends are usually paid out of the current year's profit and sometimes out of general reserves. They are normally paid in cash, and this form of dividend payment is known as cash dividend. Another option available to a company for the distribution of earnings is by stock dividend (bonus issue) which is supplementary to cash dividend. When cash dividend is paid to shareholders, it has an adverse effect on the liquidity position and the reserves of the firm as it tends to reduce both of them (cash and reserves). Unlike cash lend, stock dividend does not affect the total net work of the firm, as it is a capitalization of owners' equity portion.

METHODOLOGY

The study employs correlation research design using cross-sectional panel data of ten years (2004-2013) to explore the effect of independent variables on the dependent variable, and the nature of the relationship that exist among the variables. The population of the study is made up of 98 manufacturing firms classified into 14 sectors by NSE from which sample were drawn. They are; Automobile and Tyre 3, Breweries 7, Building Materials 7, Chemical and paints 6, Computer and office Equipment 3, Conglomerates 7, Emerging markets 9,Engineering Technology 3, Food, Beverages and Tobacco 12, Footwear 2, Health Care 11, Industrial and domestic product 12, Packaging 9, Textile7. The total number of companies under all the classifications is 98 from which sample was drawn.

Thus, the population of the study is the 98 quoted manufacturing firms in the Nigerian stock exchange. These manufacturing firms were classified into 14 groups, in which case stratified random sampling technique was used to select a firm from each of the groups. Therefore, 14 manufacturing firms were selected as sample to represent the entire population of the study.
The study utilizes the secondary data from annual reports of the sampled manufacturing firms and the Nigeria Stock Exchange Market Fact Book for analysis.
The multiple regression model is used with the aid of statistical package for social sciences (SPSS) to determine and analyze the impact of corporate earnings, profitability, liquidity, leverage, corporate tax and growth as independent variables on dividend per share (DPS) as dependent variable.

Thus, the models for the regression are:
DPS=f(eps, pft, lq, lvg, ctx & gth)
Mathematically,
$DPR= b_0+ \beta_{1eps} + \beta_{2pft} + \beta_{3lq} + \beta_{4lvg} + \beta_{5ctx} + \beta_{2gth} + \mu$
Where,

Independent Variables
β_1 = EPS
β_2 = Profitability
β_3 = Liquidity
β_4= Financial Leverage
β_5 = Corporate Tax
β_6 = Sales Growth
μ= Error Term
dpr_{t-1}=Previous Dividend per Share

Hence,
b_0= Intercept or Regression Constant
β_1= Regression Coefficient for x1
β_2= Regression Coefficient for x2
β_3= Regression Coefficient for x3
β_4= Regression Coefficient for x4
β_5= Regression Coefficient for x5
β_6= Regression Coefficient for x6

Ratios
Dividend Payout (DPS) Dividend to No. of Ordinary shares issued
Corporate Earnings (EPS) = Earnings to No. of Ordinary shares issued
Profitability (ROE) = PAT to Total Equity
Liquidity (LQ) = Current assets to Current liabilities
Financial Leverage (Levrg)= Debt to Equity Ratio
Corporate Tax (C.Tx.) =Tax to Total Sales
Sales Growth (Grwth) = Change in Total Sales to Preceding Sales

Summary of Regression Results and other Statistics of Interlinked Technologies Plc

DPS	A	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**0.618**	**0.031**	**0.669**	**1.126**	**0.164**	**-16.623**	**-0.085**
P. value	**0.907**	**0.712**	**0.590**	**0.498**	**0.692**	**0.876**	**0.974**
R	**0.635**						
r^2	**0.403**						

Source: SPSS Version 15
The regression line for Interlinked Technologies Plc (DPS= $0.618+0.031_{eps}+0.669_{roe}+1.126_{lq}+0.164_{levrg}-16.623_{ctx-0.085grwth}$) indicates that dividend payout will increase by 0.031% for every 1% increase in earnings per share (EPS), increase by 0.669% for every 1% increase in return on equity (ROE), increase by 1.126% for every 1% increase in liquidity, increase by 0.164% for every 1% increase in leverage, decrease by 16.623% for every 1% increase in corporate tax and decrease by -0.085% for every 1% increase in sales growth. The significant values or P-values of 0.712, 0.590, 0.498, 0.692, 0.876 & 0.974 in all the respective variables are greater than the t-value of 0.05. We, therefore, accept Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of interlinked technologies plc is insignificant. The correlation coefficient (r) of 0.635 shows a moderate relationship and the coefficient of determination (r^2) of 0.403 indicates that about 40% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of Lennards Nig. Plc

PS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**0.708**	**0.114**	**-3.911**	**-0.317**	**8.364**	**-2.245**	**2.328**
P. value		**0.100**	**0.297**	**0.441**	**0.636**	**0.439**	**0.602**
r	**0.927**						
r^2	**0.859**						

Source: SPSS Version 15
The regression line for Lennards Nig. Plc (DPS= $0.708+0.114_{eps}-3.911_{roe}-0.317_{lq}+8.364_{levrg}-2.245_{ctx}+2.328_{grwth}$) indicates that dividend per share will increase by 0.114% for every 1% increase in earnings per share (EPS), decrease by 3.911% for every 1% increase in return on equity (ROE), decrease by 0.317% for every 1% increase in liquidity, increase by 8.364% for every 1% increase in leverage, decrease by 2.245% for every 1% increase in corporate tax and increase by 2.328% for every 1% increase in sales growth. The significant values or P-values of 0.100, 0.297, 0.441, 0.636, 0.439 & 0.602 in all the respective variables are greater than the t-value of 0.05. The study therefore, accepts Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of Lennards Nigeria Plc is insignificant. The correlation coefficient (r) of 0.927 shows a strong relationship and the coefficient of determination (r^2) of 0.859 indicates that about 86% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of Guinness Nig. Plc

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**-8.252**	**-0.231**	**36.940**	**4.428**	**-1.171**	**-73.474**	**2.608**
P. value		**0.908**	**0.388**	**0.705**	**0.884**	**0.555**	**0.847**
r	**0.834**						
r^2	**0.695**						

Source: SPSS Version 15

The regression line for Guinness Nig. Plc (DPS= $-8.252-0.231_{eps}+36.940_{roe}+4.428_{lq}-1.171_{levrg}-73.474_{ctx}+2.608_{grwth}$) indicates that dividend per share will decrease by 0.231% for every 1% increase in earnings per share (EPS), increase by 36.940% for every 1% increase in return on equity (ROE), increase by 4.428% for every 1% increase in liquidity, decrease by 1.171% for every 1% increase in leverage, decrease by 73.474% for every 1% increase in corporate tax and increase by 2.608% for every 1% increase in sales growth. The significant values or P-values of 0.908, 0.388, 0.705, 0.884, 0.555 & 0.847 in all the respective variables are greater than the t-value of 0.05. We, therefore, accept Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of Guinness Nig. Plc is insignificant. The correlation coefficient (r) of 0.834 shows a strong relationship and the coefficient of determination (r^2) of 0.695 indicates that about 70% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of A.G. Leventis Nig. Plc

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**0.006**	**0.220**	**0.571**	**-0.009**	**0.111**	**-0.988**	**-0.016**
P. value		**0.510**	**0.376**	**0.500**	**0.500**	**0.459**	**0.803**
r	**0.967**						
r^2	**0.935**						

Source: SPSS Version 15

The regression line for A.G. Leventis Nig. Plc (DPS= $0.006+0.220_{eps}+0.571_{roe}-0.009_{lq}+0.111_{levrg}-0.988_{ctx}-0.016_{grwth}$) indicates that dividend per share will increase by 0.220% for every 1% increase in earnings per share (EPS), increase by 0.571% for every 1% increase in return on equity (ROE), decrease by 0.009% for every 1% increase in liquidity, increase by 0.111% for every 1% increase in leverage, decrease by 0.988% for every 1% increase in corporate tax and decrease by 0.016% for every 1% increase in sales growth. The significant values or P-values of 0.510, 0.376, 0.500, 0.500, 0.459 & 0.803 in all the respective variables are greater than the t-value of 0.05. We, therefore, accept Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of A.G. Leventis Nig. Plc is insignificant. The correlation coefficient (r) of 0.967 shows a strong relationship and the coefficient of determination (r^2) of 0.935 indicates that about 94% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of 7-UP Bottling Company Plc

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**0.318**	**0.535**	**-3.886**	**0.008**	**2.025**	**-8.058**	**0.133**
P. value		**0.120**	**0.017**	**0.957**	**0.184**	**0.325**	**0.679**
r	**0.987**						

Source: SPSS Version 15

The regression line for 7-UP Bottling Company Plc (DPS= $0.318+0.535_{eps}-3.886_{roe}+0.008_{lq}+2.025_{levrg}-8.058_{ctx}+0.133_{grwth}$) indicates that dividend per share will increase by 0.535% for every 1% increase in earnings per share (EPS), decrease by 3.886% for every 1% increase in return on equity (ROE), increase by 0.008% for every 1% increase in liquidity, increase by 2.025% for every 1% increase in leverage, decrease by 8.058% for

every 1% increase in corporate tax and increase by 0.133% for every 1% increase in sales growth. The significant values or P-values of 0.120, 0.017, 0.957, 0.184, 0.325 & 0.679 in all the respective firms are greater than the t-value of 0.05 except for ROE. Thus, we accept Null Hypothesis that the impact ofliquidity, financial leverage, corporate tax and sales growth on dividend payout of 7-UP Bottling Company Plc is insignificant. The correlation coefficient (r) of 0.987 shows a strong relationship and the coefficient of determination (r^2) of 0.974 indicates that about 97% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of Ashaka Cement Plc

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**-0.623**	**0.116**	**2.969**	**0.106**	**-1.373**	**0.315**	**4.314**
P. value		**0.933**	**0.706**	**0.604**	**0.655**	**0.853**	**0.362**
r	**0.933**						
r^2	**0.871**						

Source: SPSS Version 15

The regression line for Ashaka Cement Plc (DPS= $-0.623+0.116_{eps}+2.969_{roe}+0.106_{lq}-1.373_{levrg}+0.315_{ctx}+4.314_{grwth}$) indicates that dividend per share will increase by 0.116% for every 1% increase in earnings per share (EPS), increase by 2.969% for every 1% increase in return on equity (ROE), increase by 0.106% for every 1% increase in liquidity, decrease by 1.373% for every 1% increase in leverage, increase by 0.315% for every 1% increase in corporate tax and increase by 4.314% for every 1% increase in sales growth. The significant values or P-values of 0.933, 0.706, 0.604, 0.655, 0.853 & 0.362 in all the respective variables are greater than the t-value of 0.05. We, therefore, accept Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of Ashaka Cement Plc is insignificant. The correlation coefficient (r) of 0.933 shows a strong relationship and the coefficient of determination (r^2) of 0.871 indicates that about 87% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of Dunlop Nig. Plc

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**0.185**	**-0.020**	**0.199**	**-0.054**	**-0.047**	**7.444**	**-0.150**
P. value		**0.890**	**0.577**	**0.328**	**0.372**	**0.278**	**0.675**
r	**0.847**						
r^2	**0.717**						

Source: SPSS Version 15

The regression line for Dunlop Nig. Plc (DPS= $0.185-0.020_{eps}+0.199_{roe}-0.054_{lq}-0.047_{levrg}+7.444_{ctx}-0.150_{grwth}$) indicates that dividend per share will decrease by 0.020% for every 1% increase in earnings per share (EPS), increase by 0.199% for every 1% increase in return on equity (ROE), decrease by 0.054% for every 1% increase in liquidity, decrease by 0.047% for every 1% increase in leverage, increase by 7.444% for every 1% increase in corporate tax and decrease by 0.150% for every 1% increase in sales growth. The significant values or P-values of 0.890, 0.577, 0.328, 0.372, 0.278 & 0.675 in all the respective variables are greater than the t-value of 0.05. We, therefore, accept Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of Dunlop Nig. Plc is insignificant. The correlation coefficient (r) of 0.847 shows a strong relationship and the coefficient of determination (r^2) of 0.717 indicates that about 72% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of NCR Nig. Plc

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**0.474**	**0.151**	**0.497**	**-0.227**	**0.179**	**-8.347**	**0.100**
P. value		**0.136**	**0.210**	**0.333**	**0.574**	**0.054**	**0.866**
r	**0.991**						
r^2	**0.982**						

Source: SPSS Version 15

The regression line for NCR Nig. Plc (DPS= $0.474+0.151_{eps}+0.497_{roe}-0.227_{lq}+0.179_{levrg}-8.347_{ctx}+0.100_{grwth}$) indicates that dividend per share will decrease by 0.151% for every 1% increase in earnings per share (EPS), increase by 0.497% for every 1% increase in return on equity (ROE), decrease by 0.227% for every 1% increase in liquidity, increase by 0.179% for every 1% increase in leverage, decrease by 8.347% for every 1% increase in corporate tax and increase by 0.100% for every 1% increase in sales growth. The significant values or P-values of 0.136, 0.210, 0.333, 0.574, 0.054 & 0.866 in all the respective variables are greater than the t-value of 0.05. We, therefore, accept Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of NCR Nig. Plc is insignificant. The correlation coefficient (r) of 0.991 shows a strong relationship and the coefficient of determination (r^2) of 0.982 indicates that about 98% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of Vitafoam Nig. Plc

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**0.289**	**0.087**	**-0.106**	**-0.103**	**-0.020**	**4.712**	**-0.050**
P. value		**0.675**	**0.640**	**0.677**	**0.877**	**0.164**	**0.778**
r	**0.919**						
r^2	**0.844**						

Source: SPSS Version 15

The regression line for Vitafoam Nig. Plc (DPS= $0.289+0.087_{eps}-0.106_{roe}-0.103_{lq}-0.020_{levrg}+4.712_{ctx}-0.050_{grwth}$) indicates that dividend per share will increase by 0.087% for every 1% increase in earnings per share (EPS), decrease by 0.106% for every 1% increase in return on equity (ROE), decrease by 0.103% for every 1% increase in liquidity, decrease by 0.020% for every 1% increase in leverage, increase by 4.712% for every 1% increase in corporate tax and decrease by 0.050% for every 1% increase in sales growth. The significant values or P-values of 0.675, 0.640, 0.677, 0.877, 0.164 & 0.778 in all the respective variables are greater than the t-value of 0.05. We, therefore, accept Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of Vitafoam Nig. Plc is insignificant. The correlation coefficient (r) of 0.919 shows a strong relationship and the coefficient of determination (r^2) of 0.844 indicates that about 84% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of Adswitch Plc

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**86.256**	**-2.935**	**91.868**	**-20.686**	**-98.683**	**95.883**	**3.933**
P. value		**0.082**	**0.068**	**0.047**	**0.046**	**0.041**	**0.060**
r	**0.963**						
r^2	**0.927**						

Source: SPSS Version 15

The regression line for Adswitch Plc (DPS= $86.256-2.935_{eps}+91.868_{roe}-20.686_{lq}-98.683_{levrg}+95.883_{ctx}+3.933_{grwth}$) indicates that dividend per share will decrease by 2.935% for every 1% increase in earnings per share (EPS), increase by 91.868% for every 1% increase in return on equity (ROE), decrease by 20.686% for every 1% increase in liquidity, decrease by 98.883% for every 1% increase in leverage, increase by 95.883% for every 1% increase in corporate tax and increase by 3.933% for every 1% increase in sales growth. The significant values

or P-values of 0.082, 0.068, 0.047, 0.046, 0.041 & 0.060 indicate that at 10% all the respective variables are significant, but at 5% EPS, ROE & Sales Growth are not significant. In this case, the result is mixed. The correlation coefficient (r) of 0.963 shows a strong relationship and the coefficient of determination (r^2) of 0.927 indicates that about 93% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of Ekocorp Plc

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**-0.235**	**-0.625**	**7.487**	**0.042**	**-4.767**	**-0.706**	**4.056**
P. value	**0.063**	**0.377**	**0.078**	**0.087**	**0.026**	**0.057**	**0.016**
r	**0.965**						
r^2	**0.931**						

Source: SPSS Version 15

The regression line for Ekocorp Plc (DPS= $-0.235-0.625_{eps}+7.487_{roe}+0.042_{lq}-4.767_{levrg}-0.706_{ctx}+4.056_{grwth}$) indicates that dividend per share will decrease by 0.625% for every 1% increase in earnings per share (EPS), increase by 7.487% for every 1% increase in return on equity (ROE), increase by 0.042% for every 1% increase in liquidity, decrease by 4.767% for every 1% increase in leverage, decrease by 0.706% for every 1% increase in corporate tax and increase by 4.056% for every 1% increase in sales growth. The significant values or P-values of 0.063, 0.377, 0.078, 0.087, 0.026 & 0.016 in all the respective variables are greater than the t-value of 0.05 except for corporate tax and sales growth. We, therefore, accept Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of Ekocorp Plc is insignificant. The correlation coefficient (r) of 0.965 shows a strong relationship and the coefficient of determination (r^2) of 0.931 indicates that about 93% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of Avon Crowncaps & Containers Nig. Plc

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**-0.017**	**0.130**	**0.509**	**0.001**	**-0.003**	**-0.165**	**0.086**
P. value	**0.932**	**0.757**	**0.772**	**0.994**	**0.976**	**0.548**	**0.612**
r	**0.913**						
r^2	**0.833**						

Source: SPSS Version 15

The regression line for Avon Crowncaps & Containers Nig. Plc (DPS= $-0.017+0.130_{eps}+0.509_{roe}+0.001_{lq}-0.003_{levrg}-0.165_{ctx}+0.086_{grwth}$) indicates that dividend per share will increase by 0.130% for every 1% increase in earnings per share (EPS), increase by 0.509% for every 1% increase in return on equity (ROE), increase by 0.001% for every 1% increase in liquidity, decrease by 0.003% for every 1% increase in leverage, decrease by 0.165% for every 1% increase in corporate tax and increase by 0.086% for every 1% increase in sales growth. The significant values or P-values of 0.757, 0.772, 0.994, 0.976, 0.548 & 0.612 in all the respective variables are greater than the t-value of 0.05. We, therefore, accept Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of Avon Crowncaps & Containers Nig. Plc is insignificant. The correlation coefficient (r) of 0.913 shows a strong relationship and the coefficient of determination (r^2) of 0.833 indicates that about 83% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of Berger Paints Nig. Plc

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**0.038**	**0.376**	**0.067**	**0.053**	**-0.001**	**-1.106**	**0.001**
P. value		**0.055**	**0.905**	**0.163**	**0.995**	**0.374**	**0.996**
r	**0.992**						
r^2	**0.983**						

Source: SPSS Version 15

The regression line for Berger Paints Nig. Plc (DPS= $0.038+0.376_{eps}+0.067_{roe}+0.053_{lq}-0.001_{levrg}-1.106_{ctx}+0.001_{grwth}$) indicates that dividend per share will increase by 0.376% for every 1% increase in earnings per share (EPS), increase by 0.067% for every 1% increase in return on equity (ROE), increase by 0.053% for every 1% increase in liquidity, decrease by 0.001% for every 1% increase in leverage, decrease by 1.106% for every 1% increase in corporate tax and increase by 0.001% for every 1% increase in sales growth. The significant values or P-values of 0.055, 0.905, 0.163, 0.995, 0.374 & 0.996 in all the respective variables are greater than the t-value of 0.05. We, therefore, accept Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of Berger Paints Nig. Plc is insignificant. The correlation coefficient (r) of 0.992 shows a strong relationship and the coefficient of determination (r^2) of 0.983 indicates that about 98% of variation in dividend payout can be explained by corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

Summary of Regression Results and other Statistics of United Nigeria Textiles

DPS	α	β_{1EPS}	β_{2ROE}	β_{3LQ}	β_{4LEVRG}	β_{5CTX}	β_{6GRWTH}
Coefficient	**-0.604**	**0.277**	**-1.083**	**0.037**	**1.677**	**6.921**	**0.125**
P. value		**0.027**	**0.139**	**0.120**	**0.083**	**0.164**	**0.510**
r	**0.946**						
r^2	**0.895**						

Source: SPSS Version 15

The regression line for United Nigeria Textiles (DPS= $-0.604+0.277_{eps}-1.083_{roe}+0.037_{lq}+1.677_{levrg}+6.921_{ctx}+0.125_{grwth}$) indicates that dividend per share will increase by 0.277% for every 1% increase in earnings per share (EPS), decrease by 1.083% for every 1% increase in return on equity (ROE), increase by 0.037% for every 1% increase in liquidity, increase by 1.677% for every 1% increase in leverage, increase by 6.921% for every 1% increase in corporate tax and increase by 0.125% for every 1% increase in sales growth. The significant values or P-values of 0.027, 0.139, 0.120, 0.083, 0.164 & 0.510 in all the respective variables are greater than the t-value of 0.05. We, therefore, accept Null Hypothesis and reject Alternative hypothesis that the impact of corporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth on dividend payout of United Nigeria Textiles is insignificant except for EPS. The correlation coefficient (r) of 0.946 shows a strong relationship and the coefficient of determination (r^2) of 0.895 indicates that about 90% of variation in dividend payout can be explained bycorporate earnings, profitability, liquidity, financial leverage, corporate tax and sales growth.

CONCLUSION

From the literatures reviewed and the findings of the study, it is concluded that EPS, ROE, Liquidity and Sales Growth are positively but insignificantly related to dividend payout. This indicates that dividend payout increases as these variables increase but the increase is not significant. This makes us to draw a conclusion that the dividend payout of quoted manufacturing firms in Nigeria is positively but not highly influenced by EPS, ROE, Liquidity and Sales Growth.

The study also concludes that, Financial Leverage and Corporate Tax are negatively but insignificantly related to dividend payout. Meaning that dividend payout of quoted manufacturing firms in Nigeria is negatively but not highly influenced by Financial Leverage and Corporate Tax.

Thus, the overall conclusion to draw is that, Earnings per share, Return on equity, Liquidity and Sales Growth are positively related to dividend payout while, Financial Leverage and Corporate Tax are negatively related to dividend payout. This reveals a linear relationship between Earnings per share, Return on equity, Liquidity and

Sales Growth, and dividend payout, and an inverse relationship between Financial Leverage and Corporate Tax, and dividend payout.

Recommendations

In the light of the findings of this study, the study recommends that:

1. Manufacturing firms in Nigeria should make concerted efforts in strengthening their Earnings per share, Return on equity, Liquidity and Sales Growth in order to maintain a stable dividend for their shareholders, which in turn will result in shareholder's reposition of confidence and further expansion of the business.

2. The Manufacturing firms in Nigeria should retain earnings for further investment than, given out dividend to shareholders which affects the capacity of the business to yield more performance.

3. The government should impose a tax that will not discourage further investment in the country. They should fix a reasonable tax that will not impede the after tax profit so that prospective investors will be interested in taking investment opportunity in manufacturing firms in Nigeria.

4. The manufacturing firms in Nigeria should not rely heavily on debt financing but rather concentrate on their equity financing.

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