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**REACTION OF SHARE PRICES TO DIVIDEND POLICY
OF NON-FINANCIAL FIRMS IN NIGERIA:
A PANEL DATA APPROACH**

Keywords: dividend payout ratio, dividend yield, market reaction, share price, firm performance, capital market.

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Abstract: The study analyzed how share prices react to dividend policies of non-financial firms in Nigeria. Data were collected from a sample of 31 non-financial firms using an *ex post facto* research design from 2013 to 2019, resulting in 217 firm-specific observations. Descriptive statistics, diagnostic tests, and inferential statistics were used as statistical tools of analysis. Results revealed that dividend per share positively and significantly affects share prices of sampled firms. This finding affirms Gordon's bird in hand theory that share prices are affected by dividend. Dividend payout ratio, dividend yield, firm, size and firm age do not have significant effect on share prices of sampled firms. Consequently, the study recommends that firms should ensure that a good dividend policy is implemented and that dividend per share policies are maintained, as this has been empirically demonstrated to influence share prices.

■■■ INTRODUCTION

Every financial manager makes decisions that have impact on a company's worth. According to Omilabua, Alao and Situ (2018), these financial decisions, which may have various implications (positive or otherwise) on the finances of the organization, are broadly classified into three: Investment decisions (that has to do with where to invest the business scarce resources to be able to make good returns on investment); Financing decisions (which has to do with where to raise funds for investment purposes, including the right debt-equity mix to be employed in order to maximize shareholders' value) and dividend decisions (which entails the decisions on how much profit should be paid as dividends to the shareholders and the amount to be retained in the business for expansion and growth). Accordingly, the ultimate goal of the manager while making such decisions is always to maximize the firm value (Giang & Tuan, 2016). Little wonder Burhan and Rahmanti (2012) cited in Aifuwa (2020) affirms that a firm's ability to build value requires generating sufficient profit while also meeting the needs of a diverse set of stakeholders. Thus, Omilabua, Alao and Situ (2018) posit that dividend policy indicates established benchmarks and guidelines which underpins management's decision regarding distributing Profit after Tax (PAT) to ordinary shareholders. Nangih (2021) argued that investors' returns are measured from the perspective of what the shareholders earn e.g. earnings per share, dividend per share, earnings yield, price-earnings ratio, book value per share, market share price per share and dividend yield. He noted that they are indicators of what shareholders earn on their investments in the firm. Dividend policy

therefore has to do with taking decision involving paying cash dividends currently or paying an increasing dividend at a later date by the firm. According to Islam (2018), a company's dividend policy determines how much it will pay out to shareholders, keeping in mind that the share valuation model emphasizes that the amount of dividend issued to shareholders has a significant impact on the value of a share.

Many stakeholders, particularly investors (existing and potential), have interests in stock returns or share price information. Little wonder Ashara, Eme-ka-Nwokeji and Ozua (2020) noted that corporate investors want a high return from investment and are thus attracted by firms with management teams whose dividend policies support the increase in firm value with an acceptable risk. With share price information, an existing investor will be able to forecast or estimate his earnings while potential investor is provided with more information that will enhance their investment decisions. As a result, prospective investors can use dividend policy as a source of information before committing to an investment (Margono & Gantino, 2021).

MOTIVATION FOR THE STUDY

Relationship between dividend policy and stock price movements is a prominent issue in accounting and finance research since such knowledge can help managers and stock market traders make better judgement. One of a company's management's tasks is to define the dividend policy, which includes the timing and amount of dividends to be paid. As a result, dividend policies in both developed and developing countries have been a source of worldwide concern. Prior studies have explored that dividend payment policy has a link with firm performance. However, Academics are divided on the effects of dividend policy. Some are of the opinion that when dividends are consistently paid, investors are attracted to buy into the company, which improves the firm's share price, while others claim that the firm's earnings are more important in determining the share prices of firms and not only dividends. Hence, findings of most of the studies have led to some unresolved debates by researchers on this subject matter. For instance, prior studies by Marfo-Yiadom and Agyei (2011), Adelegan (2003), Ajanthan (2013), Abiola (2014), among others, investigated the relationship between dividend payout and the performance of firms. This study therefore tries to resolves those controversies as well as contribute to knowl-

edge on the subject matter. Accordingly, the study attempts to provide answers to the following research questions:

- I. to what extent does dividend payout affect market price per share of firms in Nigeria?
- II. to what extent does dividend yield impact on market price per share of firms in Nigeria?
- III. to what extent does dividend per share affect the market price per share of listed firms in Nigeria?

RESEARCH METHODOLOGY AND RESEARCH PROCESS

This study adopts *ex-post facto* research design. The design is adopted because the study investigates the independent variable's potential effects on the dependent variable using secondary data. Also since data for both share prices and dividend policies of firms already exist in annual reports, an *ex post facto* design enables the researcher to take data as-is and try to find plausible connections or cause-and-effect relationships. Data used was gathered from annual reports of non-financial companies listed on the Nigerian Stock Exchange. Thus, thirty-one non-financial firms were selected based on availability of data for seven years' period from 2013–2019 resulting in 217 firm yearly observations.

The study used both descriptive and inferential statistics as tool of analyses in addition to diagnostics tests to describe the characteristics of the variables, test the formulated hypotheses at .05 level of significance and confirm regression assumptions. The analyses were performed using the panel regression technique with Hausman's test employed to determine whether fixed effect (FE) or random effect (RE) analytical procedures is most appropriate.

Market Price per share (MPS) was used to measure share prices which is the dependent variable of the study. This represent Closing Share Price as of 31st December for the years. Dividend policy which is the independent variable measures the proportion of cash dividend a company pays to its ordinary shareholders. Dividend policy are proxies as: Dividend Payout = (Div_pout Ratio) is computed as cash dividend paid divided by profit after taxes; Dividend yield = (Div_yild) Cash dividend yield in percentage computed as cash dividend paid divided by Market capitalization and Dividend Per Share = (Dps) computed as Cash dividend paid divided by outstanding shares. Firm Size = (Fsiz) Size

measured as natural logarithm of Total Assets and Firm Age = (Firm_ag) which is Number of years listed on the Nigerian Stock Exchange are control variables employed in the study.

CONCEPTUAL, THEORETICAL AND EMPIRICAL REVIEW

Share Price

Share price means the market price of a company's share, be it a public (or private) company. It is the market value per share at which a company's share is currently traded on the floor of a stock exchange. It means the price at which a company share can be purchased and sold in an arm's length transaction.

Several factors can influence market value per share, including the firm's financial performance, the outlook of the industry or sector to which the company belongs, market demand and supply conditions, investor attitude, and a range of other macroeconomic conditions.

Dividend Policy and Dimensions

The policy a corporation takes to achieve or organize its dividend pay-out to shareholders is known as dividend policy. It is a financial choice made by a company to pay out a certain percentage of its earnings to its shareholders. The board of directors decides how much of the company's earnings should be given as dividends to shareholders and how much should be kept for expansion and growth. This is critical since it defines the amount of dividends to be paid, when they should be paid, and how they should be paid. According to Booth and Cleary (2010), a dividend policy is a set of guidelines established by management to help them decide how much of their revenues should be distributed and how much should be kept in the firm for investment purposes. This study uses the dividend pay-out, dividend yield and dividend per share as dimensions of dividend policy and are discussed below:

I. Dividend payout

Dividend-payout ratio is a way of measuring the fraction of a company's earnings that are paid to investors in the form of dividends rather than being re-invested in the company in a given time period (usually

one year). It is a proportion of a company's earnings that is paid to the shareholders. According to Ubesie, Emejulu and Iyidiobi (2020), the dividend payout ratio shows the percentage of dividends an organization pays out to its shareholders relative to its earnings per share. They further opined that the payout ratio is used mainly to determine the capability of the company to continually pay dividends to its shareholders on a consistent basis.

II. Dividend yield

Dividend yield can be described as the annual dividend paid per share divided by market price per share. Labhane and Das (2015) describe dividend yield as the annual dividend paid per share divided by market price per share. Generally, investors mostly see companies that pay dividends consistently over a period of time as better investments. Thus, should events occur which affect the share price, the amount of earlier dividend together with the stability of the company can help to stabilize the share price to a great extent.

III. Dividend per share

Some investors look to invest in shares of companies that will provide reliable income through sizable and consistent dividends. Dividend per share is the amount of total dividend divided by the number of issue and ranking for dividend as at a particular date. Ubesie et al. (2020) described dividend per share as the sum of declared dividends for every ordinary share issued. They further opined that DPS is the amount of dividends that a quoted company or publicly traded company pays as dividends per share to their ordinary shareholders, during a reporting period.

THEORETICAL FRAMEWORK

This study is anchored on the "bird in hand" theory, which was propounded by Gordon (1963) and Lintner (1962). According to their proposition, there is a link between a company's worth and its dividend payout. Dividends are also thought to be less risky than capital appreciation since they are more predictable. In other words, the theory is based on the concept of dividend relevance in determining the market value of a company's stock. They proposed that investors are rational individuals who are often risk averse and will al-

ways prefer to get a dividend today over expecting a financial gain in the future, which they cannot be certain of. One of Gordon's postulates, according to Amidu (2007), is that investors prefer dividends to capital gains since payouts are deemed less risky.

This theory is relevant to this research because, since dividends are seen to be a determinant of the market price of shares, it is expected that managers should set a good dividend policy in order to grow the share prices of their companies, which will further attract more investors to invest in them.

EMPIRICAL REVIEW

In a recent study Ubesie et al. (2020) empirically analyzed the association between dividend policy and firm's financial characteristics of consumer goods companies in Nigeria. It made use of annual time series secondary data collected from annual report. Findings showed that Dividend per Share (DPS) relates positively with the firm's financial characteristics whereas there was a negative and insignificant relationship between profitability (measured by ROA and ROE), and the Dividend Payout Ratio (DPR) of firms. A positive relationship was maintained between DPR and EPS for the period. The study further observed that the relationship between ROA and DPS was significant at 5% level.

Usman, Lestari and Sofyan (2021) examined the impact of dividend policy on share prices using 36 manufacturing companies listed on the Indonesia Stock Exchange between 2014 and 2018. Dividend per share, retention ratio, return on equity, dividend yield, and earnings per share are the independent variables. The share prices are the dependent variable. Dividend per share has a positive impact on share prices. The yield on dividends has negative impact on stock prices. Share prices are unaffected by the retention ratio, return on equity, or earnings per share.

Chiedu and Okonkwo (2020) used data from banks listed on the Nigerian Stock Exchange from 2013 to 2018 to investigate the influence of dividend policy on shareholder wealth creation and business performance. Dividend policy was examined in terms of dividends per share, while shareholder wealth generation was measured in terms of earnings per share and return on equity. The results show a positive association between dividend policy, as measured by dividend per share, and shareholders' wealth creation, as measured by earnings per share.

Naz and Siddiqui (2020) investigated the effect of dividend policy on share price volatility of firms from various industries in Pakistan listed on the Karachi stock exchange from 2010 to 2019 using dividend yield, dividend payout, and other control variables. The panel data is subjected to Fixed and Random Effect Models. Payout ratio and price volatility are highly positively connected. Share price volatility is inversely proportional to the company's size and debt. Dividend yield was revealed to be a positive and significant determinant factor in influencing share price volatility in this study.

In a related study Hailin and Jingxu (2019) examined the effect of mandatory dividend policy on agency cost of Chinese firms following mandatory dividend policy introduced in 2011. The study employed panel data regression model, intermediary utility model and difference-in-difference model (DID) in examining the exogenous mandatory dividend impact on agency cost. Analyses of the results indicate that mandatory dividend policy significantly inhibits the agency cost of enterprises.

Haque, Jahiruddin and Mishu (2019) used data from 35 manufacturing firms listed on the Dhaka Stock Exchange (DSE) to explore the impact of dividend policy on stock price volatility. The dependent variable, price volatility, is regressed against dividend yield and payout, as well as business size, earnings volatility, and long-term debt, in this study. The results revealed a significant inverse link between share price volatility and dividend yield as well as firm size.

Usman and Olorunnisola (2019) studied the impacts of dividend policy on performance of banks in Nigeria. Purposive random sampling method was employed to select seven (7) out of the sixteen (16) quoted deposit money banks in Nigeria. Data was sourced from annual reports of the sampled banks for a period of ten years from 2009–2018. The panel regression utilized in the study revealed that dividend policy had a significant impact on bank corporate performance in Nigeria.

Akram, Alrjoub and Alrabba (2018) investigated the nexus between dividend policy and stock price of listed firms in Amman. A total sample of 228 firms were used for the study. Data was collected from their annual reports for the period from 2010 to 2016. The study employed descriptive statistics, Pearson correlation and panel regression analysis tools. The findings showed that dividend policy had negative and significant influence on stock price.

Fiiwe and Turakpe (2017) studied the effect of dividend Policy and firm performance. The study employed the regression model as a tool for analysis while the ex post facto design was used. The study selected companies listed on the Nigerian stock exchange. Dividend policy was found to be related to financial performance, and both were positively and statistically related for all of the companies analyzed in the study.

Sharif, Purohit and Pillai (2015) used data from 41 firms from Bahrain stock exchange to assess factors affecting share prices. Estimation approach is based on FE and RE models, as well as pooled OLS regression with robust standard errors. Both estimate models show a positive and substantial association between ROE, BVS, DPS, PE, and Log MCAP, implying that these variables have a role in determining the market price of stocks. Dividend yield, on the other hand, was found to have a negative association with MPS.

Enekwe, Nweze and Agu (2015) examined the nexus between dividend payout ratio and performance evaluation measures such as (ROCE, ROA and ROE) of quoted cement companies in Nigeria. Using data collected from their annual reports from 2003 to 2014, the results of the analysis showed that the independent variable (proxied by Dividend Payout Ratio) had positive effect on financial performance.

Above empirical and theoretical review demonstrates that there is a growing literature on dividend policy and share prices accordingly. The null hypotheses of this study is put forward as:

- I. Dividend payout has no significant effect on market price per share of firms in Nigeria.
- II. Dividend yield cannot significantly affect market price per share of firms in Nigeria.
- III. Dividend per share has no significant effect on market price per share of firms in Nigeria.

MODEL SPECIFICATION

This study adapted models of Hafeez, Shahbaz, Iftikhar and Butt (2018) and Usman and Olorunnisola (2019) in assessing reaction of share price to dividend policies of firms in Nigeria. The models were used in a similar study in a developing economy and were modified to include the variables of this study which is stated functionally and econometrically as:

$$\text{Share Price} = f(\text{Dividend Policy, Controls}) \quad (1)$$

$$\text{MPS}_{it} = \beta_0 + \beta_1 \text{Div_pout}_{it} + \beta_2 \text{Div_yild}_{it} + \beta_3 \text{Dps}_{it} + \beta_4 \text{Fsiz}_{it} + \beta_5 \text{Firm_agit}_{it} + \mu_{it} \quad (2)$$

Where:

MPS = Market Price per share; used to measure of share prices

Dividend policy = dividend pay-out ratio, dividend yield and dividend per share

Div_pout = Dividend pay-out ratio

Div_yild = Dividend yield

Dps = Dividend per share

Fsiz = Firm Size

Firm_ag = Firm Age

β_0 = Constant or intercept of regression equation $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Beta coefficients of the regression equation

μ = error term to capture variations in the model

EMPIRICAL RESULTS AND DISCUSSION OF FINDINGS

Results of descriptive, diagnostics tests and inferential statistics are presented in this section

Table 1. Descriptive Statistics

stats	mps	div_pout	div_yild	dps	fsiz_l~t	firm_ag
mean	67.07277	43.33742	3.709662	2.021896	7.340908	30.80645
sd	218.8303	139.2547	4.958809	6.751149	.8493546	13.68729
max	1556	1452.19	51.7242	61.8217	9.2409	55
min	.2	-935.6269	0	0	5.5066	4
skewness	5.366192	3.65652	4.782661	6.528816	.1700388	-.6955676
kurtosis	32.41457	62.74239	42.60347	51.3172	2.154552	2.128458
N	217	217	217	217	217	217

Source: extract from STATA Output.

DESCRIPTIVE STATISTICS

In Table 1, descriptive statistics are used to describe the features of each variable used in the study. Market Price per Share ranged between N1556 and N0.20 with average value of N0.67 with standard deviation of N218.83. This result indicates wide variation in the market price of shares of selected firms. Investors are willing to pay as high as N1556 for some firms, and as low as N0.20 for some firms. In the case of the explanatory variables, average dividend payout ratio of sampled firms is N0.43 while the minimum value is (N935.62) and the maximum value is N1452.19 during the period of the study. This result shows a significant difference between the minimum and maximum values due to the fact that there are companies which did not pay cash dividends at all during the period of the study. Average dividend yield of selected non-financial firms is N3.71 with the minimum of N0.00 because some companies did not pay cash dividend during the period under investigation with maximum of N51.72 and standard deviation of N4.95. The result further reveals standard deviation, maximum, minimum and mean values for dividend per share stood at 6.75, 61.82, 0 and 2.02 respectively. The maximum (9.24) and minimum (5.50) values of firm size as assessed in terms of the log of total assets do not show a considerably wider difference. This indicates that the majority of the companies in the study are of similar size. The sampled firms' average age is 30 years, with a standard deviation of 13 years. According to the maximum and minimum values of the firm age, the oldest firm in the sample is 55 years old, but some new firms that are 4 years old are also included in the study. Except for firm age, all of the variables in the model are positively skewed, according to the skewness finding. Which means that there are higher values above the sample mean. This finding is consistent with the kurtosis result, which indicates that the data utilized in the study is leptokurtic since three of the five variables have greater values than the normal distribution's value of three (3).

NORMALITY TEST

Normality of data is often tested in order to ensure that the normality assumption of regression is satisfied. Normality of data is usually checked to ensure that the regression's normality assumption is met. The result presented in table 2.

Table 2. Normality Test

Variable	Obs	W	V	z	Prob>z
mps	217	0.29737	112.554	10.913	0.00000
div_pout	217	0.45614	87.121	10.321	0.00000
div_yild	217	0.67728	51.697	9.115	0.00000
dps	217	0.31311	110.032	10.860	0.00000
fsiz_logasst	217	0.97030	4.757	3.603	0.00016
firm_ag	217	0.87139	20.603	6.990	0.00000

Source: extract from STATA Output.

The W statistic in the Shapiro-Walk test shown in table 2 is used to check the normality assumption. W is positive and less than or equal to one. The normality of the data is indicated by W being close to 1 (Henderson, 2006; Peng, 2004). As a result, the W tests used in the study for dividend payout, dividend yield, firm size, and firm age are near 1, indicating that the data is normal. This result indicates that the data used is normally distributed, that no outliers exist in the data, and that the analyses and conclusions generated from it are valid.

Table 3. Correlation Analysis

	mps	div_pout	div_yild	dps	fsiz_l~t	firm_ag
mps	1.0000					
div_pout	0.0883	1.0000				
	0.1950					
div_yild	-0.0367	0.5800	1.0000			
	0.5913	0.0000				
dps	0.8942	0.1605	0.0844	1.0000		
	0.0000	0.0180	0.2156			
fsiz_logasst	0.2971	0.1288	0.1909	0.3054	1.0000	
	0.0000	0.0583	0.0048	0.0000		
firm_ag	0.1064	0.0500	0.0543	0.0868	0.1184	1.0000
	0.1182	0.4641	0.4262	0.2028	0.0819	

Source: extract from STATA Output.

Shapiro-Walk test on table 2 checks the normal assumption by constructing W statistic. W is positive and less than or equal to one. W being close to 1 indicate normality of the data (Henderson, 2006; Peng, 2004). Thus, W test of 0.50, 0.68, 0.97 and 0.87, respectively for dividend payout, dividend yield, firm size and firm age employed in the study are close to 1 indicating normality of the data. With this result, the study concludes that the data used are normally distributed, that there is no outlier in the data and thus analyses and conclusion therefrom are reliable for drawing conclusion.

PAIRWISE CORRELATION ANALYSIS

Correlation coefficients and their association between variables used in the model apart from being used to test the strength of linear association shows the presence or otherwise of perfect or exact relationship among the independent variables. Table 3 represents the correlation amongst variables. It shows that dividend payout (0.09) and dividend per share (0.89), as well as the two control variables of company size (0.29) and firm age (0.10), are positively related to the market price per share. While the relationship between dividend per share, firm size and market price per share is significant, the relationship between dividend payout and firm age is insignificant. The positive relationship implies that increase in dividend payout, dividend per share, firm size and age will invariably stimulate market price per share. Specifically, 1% increase in dividend per share will lead to 89% increase in market price of share. However, earnings yield (-0.36) has a significant inverse relationship with a share price of sampled firms. The correlation results between the independent variables of the study did not show any case of multi-collinearity since the highest relationship between the independent variables is 58% which is below 70%. As opined by Sharif, Purohit and Pillai (2015), if the relationship among two independent variables is 70% and above, then it is a case for concern.

REGRESSION ANALYSIS

The Xtset command in STATA indicates that data was strongly balanced. Fixed effect and random effect regressions were run. To establish which of the fixed and random effect analytical methodologies is best for reaching a result, Hausman's test was performed. The estimation based on random effects will be bet-

ter if the P-value of the chi-square is bigger than 0.05 (5 percent) empirically. Estimation based on fixed effects is recommended if the P-value is less than 0.05 (5%). The Hausman tests found a Chi2 of 1343.05 and a Prob > chi2 (Probability-value) of 0.0000, indicating that the fixed effect model is favored for this investigation, and the result is reported and interpreted.

Table 4. Summary of Fixed-effect Regression

Variables	Coefficient.	Std. Err.	t	P-Value	R ²	F-Value (Prob > F)
div_pout	-.0175	.04	-0.47	0.638		
div_yild	-1.500	1.23	-1.21	0.226		
dps	7.713	1.15	6.70	0.000*	0.6988	9.13
fsiz_logasst	-1.150	32.35	-0.04	0.972		
firm_ag	-1.275	2.27	-0.56	0.575		
constant	105.52	206.89	0.51	0.611		

*Significant at 1%.

Source: extract from STATA Output.

The R-squared result of fixed-effect regression indicates that the dividend policy variables of Dividend payout, dividend yield, and Dividend Pay Share, as well as the control variables of firm size (fsiz) and firm age (firm ag) used in the study, together accounted for about 70% (R-squared 0.6899) of the systematic variations in the market price of equity shares of non-financial firms on the Nigerian Stock Exchange. The regression model used in this study has an F-value of 9.13 and a P-value of 0.0000, which means it is statistically significant at the 1% level. This means that the regression model is appropriate. The coefficients (p-value) for dividend payout, dividend yield, dividend per share, firm size and firm age are -.0175(0.638), -1.500(0.226), 7.713(0.000) -1.150(0.972), and -1.375(0.575) respectively. These coefficients of variation (β) which describe the direction of variation, are negative for dividend payout (div pout), dividend yield (did yild), control variables firm size (fsiz), and firm age (firm ag), but positive for dividend per share (div pout) (dps). Corresponding p-values for dividend payout, dividend yield, firm size and firm age are all greater than 0.05(5%) showing that these variables do not have significant effect on market price of shares. Thus, the null hypotheses for dividend payout and dividend yield are accepted at 5% significance level and the alternative hypothesis is rejected. The coefficients and p-value for dividend per share is 7.713(0.000). This indicates

that dividend per share has positive and significant effect on market price of shares. The null hypothesis is rejected and alternative hypothesis accepted. Coefficients and p-values of the two control variables, firm size and firm age, were negative and statistically not significant on market price of share.

DISCUSSION OF FINDINGS

Findings of this study revealed that dividend payout and dividend yield of non-financial firms included in the study do not have significant effect on market price of shares. This indicates that increase in the market price of shares during the period was not as a result of firms' dividend payout and dividend yield. It also shows that fraction of firms' earnings that are paid in the form of dividends do not motivate investors to pay for shares. This finding did not support Gordon's bird in hand theory that firm can employ dividend payment as a strategy to influence market price. It shows that investors still sought for and are paying for securities even when the dividend payout and yield is low. It also indicates that investors can buy or sell shares base on availability or need for fund and not necessary on whether dividend is paid by firms or not. This resulted in increase in market price of shares when even as there is decrease in dividend payout and dividend yield. These findings support the previous research results that dividend payout and dividend yield has negative and insignificant effect of market price of shares (Ubesie et al., 2020; Sharif et al., 2015; Usman, Lestari and Sofyan (2020). However, it contradicts the findings of Ugwu, Onyeka, and Okwa, (2020), Enekwe et al. (2015), Naz and Siddiqui (2020) Iftikhar, Raja and Sehran (2017) and Habib, Kiani and Khan (2012) that dividend payout and dividend yield have positive and significant effect on firm valuation and share price volatility.

The analyses also showed that dividend per share has positive and significant effect on market price of shares of sampled firms. This result indicates that the amount that firms pay as dividend in relation to their ordinary shares is considered by investors in evaluating and pricing various shares to invest in. This outcome corroborates the findings of Ubesie et al. (2020) and Chiedu and Okonkwo (2020) that dividend per share has positive and significant relationship with shareholders' wealth creation and firm performance. The result, however, contradicts the Miller and Modigliani (1961) theory of dividend irrelevance, which states that firms cannot use dividend payment as a strategy

to boost the value of their shares. The control variables of firm size and firm age is negative and have no significant effect on market price of shares. Meaning that size and age of a firm are not important variables that affect price of shares. This indicates that investors don't place much value on larger and older firms. This negates the finding of Haque, Jahiruddin and Mishu (2019) that size of a firm has significant impact on share price volatility but aligns with Habib et al. (2012) that firm size has inverse relationship with share price volatility.

■■■ CONCLUSION AND RECOMMENDATIONS

Panel data approach and fixed effect regression model was employed to study the effect of dividend policy on share prices of selected non-financial firms listed under different sectors of Nigeria stock exchange starting from the period preceding the adoption of International Financial Reporting Standards (IFRS), 2013 to 2019. The study provided empirical evidence that dividend per share amongst other variables used has positive and significant effect on share price while dividend payout and dividend yield is not significant in affecting share price of selected firms. It can be concluded that firms' dividend policy that relates dividend to ordinary share is significant in influencing price that investors pay for shares. This conclusion agrees with Gordons (1963) bird in hand theory that firm can employ dividend payment as a strategy to influence market price. The study recommends that companies' boards of directors and management to ensure that a good dividend policy is implemented and that dividend per share policies are maintained, as this has been empirically demonstrated to influence share prices.

The research also suggests that whatever dividend ideology a company chooses between Miller and Modigliani (1961) theory that dividend does not affect the value of the company is not influenced by the way in which its profits are split between dividends and retained earnings and Gordons' (1963) bird in hand theory that dividends affect the company's value through an increase in the demand for the company, firms should be consciously meticulous in their thoughts on efficient approaches to maximizing the wealth of shareholders by improving the firm's value.

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