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Dividend policy and financial performance: a study of selected deposit money banks in Nigeria

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This study investigates the relationship between financial performance and dividend policy for a sample of fifteen Deposit Money Banks quoted on the Nigeria Stock Exchange 2009 to 2014. Panel data regression analysis was used as the method of analysis, and the model was estimated using the Pooled Least Squares estimation technique. The study revealed that there is a positive and significant relationship between dividend payout ratio and financial performance. On the contrary, there is a negative and insignificant relationship between dividend yield and financial performance. The study recommends that since there is a positive and significant relationship between dividend payout ratio and financial performance, firms should strive to maintain healthy and a stable dividend policies. This could be attained by investing in projects that give positive Net Present Values, thereby generating huge earnings, which can be partly used to pay dividends to their equity shareholders. It is also recommended that since dividend yield is not affected by financial performance, investigations should be made to ascertain other factors that affect dividend yield.

Key words: Dividend policy, financial performance, earnings per share, panel data regression analysis.

INTRODUCTION

Dividend policy is one of the most controversial issues in modern corporate finance. Black (1976) argues that "the harder we look at the dividend picture, the more it seems like a puzzle, with pieces that just don't fit together". This mystery led to the emergence of a handful of competing theoretical and empirical research to explain why companies pay or do not pay dividends. After decades of non-stop research, dividend policy is still listed as one of the top ten crucial unresolved issues in the world of finance in which no consensus has been reached (Brealey and Myers, 2003).

Dividend represents a distribution of earnings to the shareholders of a company. Dividend or profit allocation decision is one of the four decision areas in finance. The other three are financing, investment, and working capital management decisions.

As noted by Ross et al. (2002) companies view the dividend decision as quite important because it determines what funds flow to investors and what funds are retained by the firm for investment. Dividend policy can also provide information to stakeholders concerning the company's performance. According to Swee et al. (2007), the investments made by a firm determine the future earnings and future potential dividends; and

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dividend policy influences the cost of capital In making these interrelated decisions, the goal is to maximize shareholder wealth. Ibenta (2005) asserted that equity capital entitles shareholders to dividend payment.

The financial management has the responsibility of ensuring equity and fairness in apportionment of any benefit to the various shareholders. Dividend decision entitles striking a balance between future growth of the firm and payment of current dividend to firm's shareholders. The ability of a bank to pay dividends will depend to a large extent on its financial performance.

Statement of problem

Several theories have been proposed to ascertain whether there is a relationship between dividend policy and firm value (including financial performance), but there have not been any consensus to this. Miller and Modigliani (1961) for instance objected to the relevance of dividend policy, and thus, concluded that it does not affect firm value or financial performance.

A study by Amidu and Abor (2006) shows that dividend policy influences firm performance measured by its profitability. The results showed a positive and significant relationship between return on assets, return on equity, growth in sales and dividend policy. Howatt (2009) also stated that positive changes in dividends with positive future changes in earnings per share. However, Lie (2005) argues that there is limited evidence that firms that pay dividend experience successive performance improvements.

Haven reported by Arumah (2012) that some banks quoted in the Nigeria Stock Exchange have failed to meet the requirement of paying dividend on a yearly basis for a number of years, and also considering the fact that based on the statutory requirement of Companies and Allied Matters Act (CAMA, 1990) as amended, payment of dividend should be on the basis of net profit for the period. The questions are; is it that the financial status of these organizations did not favour the payment of dividend during these periods? Is there any relationship existing between the financial performance and the dividend policies made by banks in Nigeria.

The study therefore comes in to fill the void by establishing whether there is a relationship between dividend policy and financial performance among listed Deposit Money Banks in Nigeria.

Objectives of study

The general objective of this study is to examine the relationship between dividend policy and financial performance of Deposit Money Banks. The specific objectives are;

1. To examine the relationship between dividend payout ratio and financial performance.
2. To analyze the relationship between dividend yield and financial performance.

Research questions

The research questions are;

1. Is there any significant relationship between dividend payout ratio and financial performance?
2. Is there any significant relationship between dividend yield and financial performance?

Research hypotheses

This study is guided by the following hypotheses:

$\mathbf{H_{01}}$: There is no significant relationship between dividend payout ratio and financial performance.
$\mathbf{H_{02}}$: There is no significant relationship between dividend yield and financial performance.

Scope of study

This study is aimed towards establishing the relationship that exists between dividend policy and financial performance of the deposit money banks. The study is conducted on 15 out of 21 deposit money banks in Nigeria, and will cover a period of six (6) years. The choice of the 15 banks is based on the ability to obtain comprehensive and complete data that will be used for this research work. The rationale behind using a 6 year period is to capture the period after the consolidation and recapitalization of banks in Nigeria, which took effect on 1st January, 2005, and could be viewed as the beginning of a new dawn in the banking sector. Thus, this work will cover a period of 2009 and 2014.

Significance of study

The role of dividends has motivated many areas in which research have been done. This study however focuses on examining the relationship between dividend policy and the positive or negative response they trigger on the enterprise in terms of financial performance. The study will be of help to various groups as follows:

This research work will enable companies' employees to predict the future performance of their companies so as to reconcile their expectations with conviction.

One of the significance of this study is that students of management sciences department and other like

departments would find this piece meaningful as it will compliment what they have learnt or studied on dividend decisions and financial performance as far as corporate finance is concerned. It will help them understand how dividend policy and financial performance relate, and could give them an insight and/or guideline on how to go about certain studies within the confinement of dividend policy. It will serve as a reliable reference for corporate finance managers when at cross road or faced with difficulties on issues bordering on dividends. It will guide them in policy formulation.

This study will be of relevance to both prospective and current investors. Current investors will need to discern if dividends are a signal that dividends will continue to flow in the future. The relationship between dividends and financial performance of the firm will help the investors make informed decision on whether to dispose their shares or to buy more so as to benefit in future from the firm. The result of this research will also help potential investors in making decisions on where to invest their money. In case of positive relationship between dividend policy and financial performance of the firm, potential investors will pursue investments in companies that have been paying out huge dividends.

In addition, the relationship obtained between dividend policy and financial performance will be of importance to economists seeking to understand and appraise the functioning of the capital markets. This study will also assist financial analysts in giving timely and relevant advice to their clients. The financial analysts will be able to advise their clients on companies to invest in and those not to invest in. They will also be able to advise companies whether or not to pay dividends and if to pay, how the payments are to be made.

LITERATURE REVIEW

The main objective of this study is to examine the relationship between dividend policy and financial performance of Deposit money banks. This section reviews the extant literature related to the phenomenon of interest. In particular, the section presents the conceptual and theoretical framework. It also reviews selected prior studies related to the subject matter.

Conceptual framework

Bannock (1998) noted that a dividend is expressed as a percentage of the nominal value of a share or an absolute amount per share. Richard and Stewart (2003) noted the direct compensation and servicing of share capital involved in dividend paid to shareholders, adding that dividend policy is a trade-off between retained earnings and paying out cash as well as issuing new shares. Where there is no cash, a scrip issue or bonus share is given.

Chandra (2002) sees dividend policy as that which determines the proportion of earning paid to shareholders by way of dividends and what proportion is ploughed back in the firm for reinvestment purpose.

Lasher (2000) defined dividend policy as the rationale under which a firm determines what it will pay in dividends. It encompasses both the amount paid and the pattern under which changes in amount occur over time. That is, it entails striking a balance between future growth and payment of current dividends to firm's shareholders.

In the study own understanding, dividend policy is the decision arrived by participants involved in the dividend decision process on how and when the amount or percentage will be allocated to shareholders as returns on their equity investment and the portion reserved for precautionary, speculative or transactionary motives.

Investopedia (2014) defined financial performance as a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This is the financial status of a firm over a period of time on the basis of certain criteria like Return on Assets, Returns on Investments, Earnings Per share, acid ratio, etc. These measures are used to verify the extent to which resources of the firm are adequately utilized to create an acceptable financial stand.

Determinant of dividend policy (Constraints on paying dividend) and measures

Most companies understand that most shareholders have a desire to receive dividends. However, company's decision regarding what to pay as dividend depends on a number of factors. These factors as proposed by Akinsulire (2006) are;

1. Legal: Company law allow the payment of dividend only out of distributable profits that is; profits arising from the use of the company's property, even though it is a wasting asset; revenue reserves; realized profit on a fixed asset sold, but where more than one asset is sold, the net realized profit on the assets sold; calculated on conventional accounting principles. It is forbidden to distribute dividend out of capital (Section 379 – 382 of CAMA).
2. Government regulation: Government, through some guidelines restricts the amount of dividend payable to shareholders by restricting dividend payment to a certain percentage of the profit after taxation. However, from 1988, dividend payment has been deregulated.
3. Statutory requirement: Some companies are required to transfer a given percentage of profit before tax (PBT)/ profit after tax (PAT) to statutory reserves. For example, insurance companies; Life – 10% OF PBT or 1% of total

premium whichever is higher; Nonlife – 20% of PBT or 3% of total premium whichever is higher.
Banks; 30% of PAT if statutory reserve is less than minimum paid up capital, 15% of PAT if statutory reserve is less than minimum paid up capital, 10% of PBT to SME reserve.
4. Liquidity: Regardless of other considerations, a company will be unable to pay a dividend if cash is not available to do so. It may however, sometimes borrow for example, by bank overdraft, for this purpose.
5. Share valuation: It has become part of the stock market that investors favour a company if its dividends are basically stable over time. A gentle upward movement is to be desired but violent fluctuations in either direction are not. These factors often lead many companies to adopt a very cautious dividend policy.
6. Internal re-investment opportunities: If external finance is not available or only available by incurring significant transaction costs, then the payment of dividends may mean foregoing worthwhile investment opportunities. Dividend may have to be restricted to provide financing for such investments.
7. Access to capital market: A company can raise new debt or equity from the capital market if it is not liquid enough to pay its dividend. The greater companies access to capital market, the greater its ability to pay dividend.

The measures of dividend policy are basically two:

1. Dividend yield: This relates the dividend paid to the price of the stock:

$$\text{Dividend yield} = \frac{\text{Dividend Per Share}}{\text{Market Price Per Share}}$$

The dividend yield is significant because it provides a measure of that component of the total return that comes from dividends, with the balance coming from price appreciation.
2. Dividend payout ratio: According to Lasher (2000), this is the ratio of the dividends paid to earnings. In the study own understanding, it is the proportion paid to the shares of the entire shareholders or each shareholder depending on their shareholdings in the firm. It is given as;

$$\frac{\text{Dividend per share}}{\text{Earnings per share}}$$

Dividend paying methods

1. Residual method: In this case, dividends are only paid after the firm's capital needs have been met. Companies that use the residual dividend policy method chose to rely on internally generated equity to finance any new projects. These companies usually attempt to maintain a balance in their debt/equity ratio before making any dividend distributions, which demonstrates that they decide on dividend only if there is enough money left over after all operating and expansion are met.
2. Stable method: Stability or regulatory of dividends is considered as a desirable policy by the management of most companies' shareholders. The fluctuation of dividend created by the residual policy significantly contrasts with the certainty, which stable dividend policy method provides. Stable dividends have a positive impact on the market price of the share of a firm. Many financial managers strive to maintain steady dividend policies. No management of a company is willing to increase dividend if they are not certain of maintaining that increase over time (in the future).
3. Hybrid method: This is the combination of both residual and stable dividend policy approaches. In this case, the company tries to view the debt/equity ratio as a long term rather than a short term goal. The hybrid method is more common in firms today. Here, companies will generally have one set dividend, which is a set as a relatively small portion of yearly income, and can be easily maintained. On top of this, these companies will offer extra dividend paid only when income exceeds general levels.

Conclusively, firms are expected to adopt only one of these three methods of dividend payment.

Determinants of financial performance and measures

There are two broad approaches used to measure bank performance, the accounting approach, which makes use of financial ratios and econometric techniques (Ncube, 2009). In this study, both the accounting approach and the econometric approach will be used. Financial performance measures cut across different major classifications. These different financial measures as stated by Thukaram (2009) are stated as follows:

Theoretical framework

Most financial management literatures growing in its interest suggest two schools of thought on dividend policy and these schools bring up arguments on the relevance and irrelevance of dividend policy. It is worthy to state that this argument would lead us to understanding the impact of dividend policy on firm's financial performance. These two major schools of thought stated by Akinsulire (2006) are; theories (school) which consider dividend decision to be irrelevant; and theories (school) which consider dividend decision to be an active variable in firm's attainment of goals.

Empirical studies

Velnampy et al. (2014) did a research work on dividend

policy and firm performance with evidence from the manufacturing companies listed on the Colombo Stock Exchange. The drive for this research was to find out the correlation between dividend policy and firm performance of listed manufacturing companies in Sri Lanka.

The analysis was for a period of 5 years, 2008 to 2012. Here, dividend payout and earnings per share were used as measures of dividend policy while, returns on equity and returns on assets were used as determinants of firm performance. Correlation, regression and descriptive statistics were used to test these variables. After the analyses were run, it was discovered that determinants of dividend policy are not correlated to the firm performance measures of the organization. Regression model showed that dividend policies do not affect companies' ROE and ROA (Appendixes 1 to 8).

Farsio et al. (2004) argued that no significant relationship exist between dividends and earnings in the long run and studies that support this relationship are based on short periods and therefore misleading to investors. They proposed three circumstances that would render the long-term correlation of dividends and future earnings irrelevant. First, they pointed out that an increase in dividends may lead to a decline in funds that are to be reinvested by the firm. Firms that pay high dividends without considering investment needs may therefore experience lower future earnings. There is thus a negative relationship between dividend payout and future earnings (financial performance). However, Mutie (2011) did a work in Nairobi on the relationship between prior period dividends and financial performance of firms listed at the Nairobi stock. The rationale behind the study was to determine the relationship between prior period dividends and the financial performance of firms listed at the Nigeria Stock Exchange (NSE).

Gul et al. (2012) did a work on the relationship between dividend policy and shareholders' wealth in Pakistan. They studied the impact of dividend policy on shareholder's wealth, which was the general objective. The specific objectives were; to examine the relationship between wealth of shareholders and dividend payout; the impact of variation in dividend policy on the wealth of shareholders of dividend-paying and non-paying companies and; examine the impact of retained earnings and past performance in the existence of dividend policy on wealth of shareholder's.

Seventy-five companies listed in "Karachi Stock Exchange", were used as sample size for this study for duration of six years, from 2005 to 2010 using multiple regression and stepwise regression. Shareholder's wealth was used as the dependent variable, which was measured as market price per share, whereas, the explanatory variable dividend policy is measured as dividend per share.

Furthermore, Lagged Price earnings ratio, Retained Earnings and Lagged Market Value of equity were used as explanatory variables. Data was collected from company's annual reports, Karachi Stock Market and State Bank of Pakistan. The findings in this research work were that the difference in average market value (AMV) relative to book value of equity (BVE) is highly significant between dividend-paying companies and non-paying companies. Retained earnings have insignificant influence on market value of equity.

Kajola et al. (2015) did a work on ''dividend payout policy and firm financial performance: evidence from Nigerian listed non-financial firms''. This work analyzed twenty-five non-financial firms listed on the Nigerian Stock Exchange between 2004 to 2013. Panel data methodology was employed and pooled Ordinary Least Square (OLS) was used to estimate the coefficients of explanatory and control variable. The return on asset (ROA) served as a surrogate for the dependent variable, profitability, while Dividend Pay-out ratio proxied for dividend policy and was the only explanatory variable.

Control variables include firm size, asset tangibility and leverage. Regression result reveals a positive and significant relationship between dividend payout policy (DPO) and financial performance (ROA). It was recommended that companies should endeavor to put in place robust dividend pay-out policy that would encourage investments in projects that give positive Net Present Value.

METHODOLOGY

This section is centered on the methodology that was adopted in this study. It addresses issues relating to the research design, population and sample, data sources, description of variables in the models, model specification, and method of data analysis.

Research design

These banks include; Access Bank Plc, Eco Bank Plc, Guarantee Trust Bank Plc, First Bank Plc, United Bank of Africa Plc, Wema Bank Plc, Zenith Bank Plc, Unity Bank Plc, Union Bank Plc, First City Monument Bank, Diamond Bank, Fidelity Bank Plc, Stanbic IBTC Plc, Skye Bank Plc, and Sterling Bank Plc. These banks were selected based on availability of their audited financial statements while those whose audited financial statements were not available were not selected.

Sources of data

The data used for this study were secondary data from audited financial statements of 15 sampled banks listed on the Nigerian Stock Exchange between 2009 and 2014. This data is reliable because annual reports undergo series of procedures before approval. Other Sources of Data were text books, journals, internet, and Nigeria Stock Exchange publications.

Variable measurement

Independent variable: The independent variable in this research is

Return on Equity.

Return on equity (ROE): It shows the relationship between net profit available to equity shareholders and the amount of capital invested by them. Mathematically,

$$ROE = \frac{\text{PROFIT AFTER TAX}}{\text{SHAREHOLDERS EQUITY}}$$

Dependent variables: The dependent variables are;

1. Dividend payout ratio: This is the proportion of earnings available, which shareholders actually receive as dividend. This is expressed as:

$$DPR = \frac{\text{DIVIDEND PER SHARE}}{\text{EARNINGS PER SHARE}}$$

2. Dividend yield: It shows the percentage of dividend paid per share to market price per share.

$$DY = \frac{\text{ANNUAL DIVIDENDS PER SHARE}}{\text{MARKET PRICE PER SHARE}}$$

Control variables: These include;

1. Firm size: Total asset is the proxy for the firm size.
2. Total debt (TD): This is the total liabilities owed by a firm in a particular period of time. It encompasses both short and long-term liabilities. Mathematically;

TD = Short-term liabilities + Long-term liabilities

These variables already stated are represented in Table 1.

Model specification

In determining the relationship between dividend policy and financial performance of deposit money banks in Nigeria, two simple models stated in general form estimated are as follows:

$$DPR = f(ROE, CTR) \quad (1)$$

$$DY = f(ROE, CTR) \quad (2)$$

These equations will be represented in econometric form as stated as follows:

$$DPR_{it} = \beta_0 + \beta_1 ROE_{it}, + \beta_2 CTR_{it} + e_i \quad (3)$$

$$DY_{it} = \alpha_0 + \alpha_1 ROE_{it}, + \alpha_2 CTR_{it} + \mu_{it} \quad (4)$$

Where; ROE is return on equity
CTR represents the control variables, which are firm size (SIZE) and total debt (TD)
DPR is Dividend Payout Ratio
DY is Dividend Yield
$\beta_1, \beta_2, \alpha_1,$ and α_2 represent coefficients of parameter estimates.
β_0 and α_0 are constants
e_{it} and μ_{it} are the error terms, which account for other possible factors that could influence but not included in the models.

Method of data analysis

Panel data analysis was used as the method of analysis and the model was estimated using the Pooled Least Squares estimation technique. The data was analyzed with the aid of computer software called the Econometric View 3.1.

RESULTS

Data analysis

The analysis examines data from Returns on Equity that was used as proxy for financial performance (Tables 1 and 2). The descriptive statistics show that the dependent variable DPR on the average is not significantly affected by ROE with a mean value of 0.1987.

The standard deviation with a high value for ROE reveal that there is significant divergence from the average in explaining variation in DPR, also the values for skewness 2.5472 for DPR and -2.8894 for ROE shows that variation in DPR is significantly explained by ROE. This is because the skewness values between DPR and ROE are symmetrically distant apart from each other. Also the Kurtosis value of 14.8883 shows high divergence from the average value in determining the extent to which ROE explained DPR. Conclusively, at 5% level of significance, with high Jarque-Bera statistics, the probability values revealed that the data are normally distributed. Hence we can use them for analysis in explaining changes in DPR (Table 3).

The descriptive statistics revealed that the mean value of the dependent variable on the average is relatively low with a value of 4% showing the inability of the independent variable to explain changes in dividend yield. The standard deviation value of ROE also revealed a very high value as different from DPR. This shows the presence of outliers resulting from divergence of ROE in the model. The skewness value confirmed the behaviour of the parameter of standard deviation. Also, the Kurtosis value of ROE with a value of 14.8882 lower than that of DPR shows that the model of dividend yield in explaining the firm's dividend policy is not statistically significant. The Jarque-Bera value shows that the data are normally distributed because the values are significant at 5% level of significance.

From the results of the regression in Table 4, there is a positive relationship between Return on Equity (ROE) and Dividend Payout Ratio (DPR). This implies that a percentage change in Return on Equity will result in an increase in Dividend Payout Ratio by 0.6%. Again, when ROE is zero, there will be changes in DPR to the tune of 80.52% resulting to factors extraneous to the model.

The coefficient of determination (R^2) of 0.026801 indicates that 2.7% of variations in Dividend Payout Ratios are explained by the independent variable, while the remaining 97.3% is explained by other variables not included in the model. The adjusted R^2 of 0.021208 shows that with adjustment in the independent variable, they can account for 2.1% variation in Dividend Payout

Table 1. Data for variables used in the study.

BANKS	Profit after tax	Total debt	Return on equity	Firm size	Dividend yeild	Dividend payout ratio
Access	22,885,794,000	490,034,284,000	12.38202687	674,865,041,000	0.086092715	4.609929078
Access	12,931,441,000	544,455,766,000	7.085534193	726,960,580,000	0.075789474	3.6
Access	13,660,448,000	760,130,148,000	7.350790242	945,966,603,000	0.104166565	0.657894094
Access	36,353,643,000	1,278,130,252,000	15.29879588	1,515,754,463,000	0.060787646	3.459925789
Access	26,211,844,000	1,458,912,015,000	10.69077025	1,704,094,012,000	0.088541662	7.391303941
Access	39,941,126,000	1,707,799,944,000	14.56877004	1,981,955,730,000	0.054743927	2.076493799
Diamond	-4,883,466,000	494,003,180,000	-4.425084586	604,361,884,000	0.136203881	2.880311488
Diamond	6,522,455,000	431,521,401,000	5.580416087	548,402,560,000	0.000841639	0.014027322
Diamond	-22,187,848,000	630,443,953,000	-23.98115286	722,965,977,000	0.077319642	-0.98039285
Diamond	23,073,427,000	951,820,842,000	21.50037066	1,059,137,257,000	0	0
Diamond	29,754,522,000	1,216,627,647,000	21.5139757	1,354,930,671,000	0	0
Diamond	22,057,198,000	1,544,609,656,000	10.72503926	1,750,270,423,000	0.03354478	1.299860213
Eco	-4,588,000,000	282,128,000,000	-1.626212216	355,662,000,000	0	0
Eco	1,619,000,000	379,919,000,000	0.426143467	454,239,000,000	0	0
Eco	-2,291,000,000	1,033,931,000,000	-0.221581518	1,102,027,000,000	0	0
Eco	7,805,000,000	1,171,687,000,000	0.666133532	1,325,315,000,000	0	0
Eco	11,658,000,000	1,304,183,000,000	0.893892958	1,460,811,000,000	0	0
Eco	29,733,000,000	1,574,528,000,000	14.98684436	1,172,922,000,000	0	0
FCMB	669,371,000	331,954,034,000	0.522427503	460,081,094,000	0	0
FCMB	7,322,322,000	395,437,666,000	5.438613507	530,073,488,000	0.000266667	0.004444447
FCMB	-115,667,744,000	475,900,304,000	-98.54675757	593,273,465,000	0.003414634	0.019718309
FCMB	12,559,592,000	759,422,893,000	9.595479857	890,313,606,000	0	0
FCMB	6,027,752,000	160,668,000	4.590071722	131,482,189,000	0	0
FCMB	5,396,908,000	792,874,000	4.126782675	131,570,290,000	0.120481928	1.111111111
Fidelity	2,296,799,000	374,789,896,000	1.775319712	504,163,720,000	0.019831137	0.099948931
Fidelity	6,105,000,000	345,437,000,000	4.42224669	481,614,000,000	0.05204461	0.7
Fidelity	5,959,000,000	603,158,000,000	4.37037037	739,508,000,000	0.094598794	0.666696261
Fidelity	17,924,000,000	752,905,000,000	11.10154532	914,360,000,000	0.061138085	0.225816476
Fidelity	7,721, 000,000	917,762,000,000		1,081,217,000,000	0.078089633	0.77800412
Fidelity	13,796,000,000	1,013,914,000,000	7.969453125	1,187,025,000,000	0.065533016	0.339952522
First Bank	35,074,000,000	1,316,368,000,000	9.968339141	1,667,422,000,000	0.052242759	0.518722431
First Bank	26,936,000,000	1,616,523,000,000	7.905263621	1,957,258,000,000	0.043699927	0.722891566
First Bank	47,462,000,000	2,089,971,000,000	12.58124715	2,463,543,000,000	0.067795918	0.84506179
First Bank	71,144,000,000	2,398,498,000,000	19.1156872	2,770,674,000,000	0.050889416	3.669640427
First Bank	70,631,000,000	3,710,000,000,000	22.92462537	311,811,000,000	0.061349693	0.462962963
First Bank	75,175,000,000	306,782,400,000	17.76989318	3,490,871,000,000	0.136365682	0.521746957
GT Bank	23,848,061,000	861,435,748,000	12.65311648	1,019,911,536,000	0.006337136	0.060606061
GT Bank	36,511,628,000	861,594,957,000	17.79598306	1,066,762,763,000	0.005630631	0.060606061
GT Bank	47,803,138,000	1,374,644,487,000	20.60418434	1,608,652,646,000	0.058227212	0.460554216
GT Bank	85,263,826,000	1,451,436,740,000	29.58971088	1,620,317,223,000	0.047826088	0.379310355
GT Bank	85,545,510,000	1,574,719,144,000	25.95066625	1,904,365,795,000	0.057364915	0.53264605
GT Bank	93,431,604,000	1,757,077,986,000	25.34403537	2,126,608,312,000	0.171530875	1.36250708
Skye	1,130,000,000	691,025,000,000	1.204010527	622,164,000,000	0.095955114	0.538764372
Skye	9,308,000,000	566,310,000,000	8.704190318	674,064,000,000	0.004959659	0.06235
Skye	6,640,000,000	783,754,000,000	6.086047918	892,856,000,000	0.068119891	0.5
Skye	12,697,000,000	963,223,000,000	11.74690993	1,071,311,000,000	0.11627907	0.520833333
Skye	15,865,000,000	996,221,000,000	13.17526886	1,116,636,000,000	0.068181818	2.158273381
Skye	9,741,000,000	1,077,680,000,000	7.382173956	1,209,633,000,000	0.112790487	0.461573376
Stanbic IBTC	6,258,000,000	256,423,000,000	8.302707866	331,796,000,000	0.055865922	1.212121212

Table 1. Cont'd

Stanbic IBTC	7,811,000,000	295,053,000,000	10.07104269	372,312,000,000	0.042391304	0.928571429
Stanbic IBTC	4,048,000,000	467,977,000,000	10.72261072	542,272,000,000	0.04875	1.772727273
Stanbic IBTC	5,300,000,000	1,005,000,000	8.256995077	72,508,000,000	0	0
Stanbic IBTC	8,332,000,000	3,555,000,000	11.59702697	75,401,000,000	0.037470726	0.963855422
Stanbic IBTC	13,136,000,000	2,681,000,000	17.99698589	75,671,000,000	0	0
Sterling	-6,660,406,000	183,498,833,000	-30.08042546	205,640,827,000	0.793650794	-1.886792453
Sterling	4,178,493,000	233,259,036,000	15.87543954	259,579,523,000	0	0
Sterling	6,686,473,000	463,474,622,000	16.32714142	504,427,737,000	0	0
Sterling	6,953,593,000	533,583,546,000	17.74107907	580,225,940,000	0.057390715	0.225649856
Sterling	8,274,864,000	644,339,000,000	14.19046891	707,797,000,000	0.043636999	0.209793264
Sterling	9,004,973,000	739,824,141,000	10.62969097	824,539,426,000	0.073818898	0.446428571
UBA	12,889,000,000	1,331,938,000,000	6.866113713	1,400,879,000,000	0.009250694	0.166666667
UBA	2,167,000,000	1,244,160,000,000	1.154317371	1,432,632,000,000	0.054644809	0.625
UBA	-16,385,000,000	1,485,407,000,000	-9.634948077	1,655,465,000,000	0.015798384	0.076513743
UBA	47,375,000,000	1,712,748,000,000	21.50310689	1,933,065,000,000	0	0
UBA	46,483,000,000	1,957,879,000,000	17.90990144	2,217,417,000,000	0.056180818	3.546165139
UBA	40,083,000,000	2,056,925,000,000	14.21720763	2,338,858,000,000	0.116281233	4.098436885
Union	-71,052,000,000	1,175,140,000,000	-133.6946091	921,230,000,000	0	0
Union	118,016,000,000	1,053,643,000,000	-86.84415795	845,231,000,000	0	0
Union	-86,667,000,000	664,203,000,000	-48.26631767	843,763,000,000	0	0
Union	3,951,000,000	836,094,000,000	2.204995982	1,015,278,000,000	0	0
Union	11,666,000,000	694,313,000,000	6.070319126	882,097,000,000	0	0
Union	11,788,000,000	692,813,000,000	6.031364322	888,258,000,000	0	0
Unity	-15,855,855,000	249,614,407,000	-220.7207232	256,798,085,000	0	0
Unity	12,415,473,000	261,068,700,000	28.11905756	306,221,933,000	0	0
Unity	2,434,979,000	329,349,214,000	5.47062275	373,839,303,000	0	0
Unity	6,180,061,000	344,262,498,000	12.00998716	395,720,180,000	0	0
Unity	-22,582,339,000	375,416,650,000	-80.04334157	403,629,290,000	0	0
Unity	10,692,476,000	337,041,116,000	14.02034604	413,305,111,000	0	0
WEMA	-2,094,692,000	188,284,837,000	4.603808329	142,785,723,000	0	0
WEMA	16,238,533,000	188,307,351,000	109.4441662	203,144,627,000	0	0
WEMA	-7,649,477,000	215,517,487,000	-113.8134994	222,238,550,000	0	0
WEMA	-5,040,629,000	244,426,282,000	-80.41677814	245,704,597,000	0	0
WEMA	1,596,531,000	289,477,324,000		330,872,475,000	0	0
WEMA	2,373,498,000	338,793,633,000	5.422826736	382,562,312,000	0	0
Zenith	18,365,000,000	1,244,813,000,000	5.42567869	1,573,169,000,000	0.033333333	0.548780488
Zenith	33,335,000,000	1,439,044,000,000	9.513033155	1,789,458,000,000	0.056628914	7.142857143
Zenith	41,301,000,000	1,797,056,000,000	11.10191201	2,169,073,000,000	0.076612903	7.196969697
Zenith	95,803,000,000	1,998,883,000,000	21.87268124	2,436,886,000,000	0.008209338	0.524590164
Zenith	83,414,000,000	2,406,071,000,000	17.64919957	2,676,693,000,000	0.006386861	0.573770492
Zenith	99,455,000,000	2,911,112,000,000	19.39801875	3,423,819,000,000	0.009505703	0.593220339

Source: Author's compilation from annual reports and account of various banks for various years. The variables used in this work are: Return on Equity (ROE), Dividend Yield (DY), Dividend Payout Ratio (DPR), firm Size (SIZE), and Total Debt (TD).

Ratio.

The regression result shows that ROE at 2.189037 is statistically significant in explaining changes in DPR at 5% significant level from the probability column that reveals 0.0299. The F-statistic of 4.791882 with a P-value of 0.029926 shows a high level of statistical significance at 5% level of significance. This is in consonance with the works of Mutie (2011), Ouma (2012), Yegon et al. (2014), Adederin and Alade (2013), Kajola et al. (2015) and Gul et al. (2012), but contrary to the works by Osegbu et al.

Table 2. Descriptive statistics of dividend payout ratio (DPR) and ROE.

Parameters	DPR	ROE
Mean	0.806607	0.198721
Median	0.188230	9.108612
Maximum	7.391304	109.4442
Minimum	-1.886792	-220.7207
Std. Dev.	1.623727	39.95235
Skewness	2.547237	-2.889395
Kurtosis	9.744122	14.88828
Jarque-Bera	261.9351	640.6609
Probability	0.000000	0.000000
Observations	88	88

Source: Research result using E-View 3.1.

Table 3. Descriptive statistics for dividend yield (DY) and ROE.

Parameters	DY	ROE
Mean	0.044962	0.198721
Median	0.017815	9.108612
Maximum	0.793651	109.4442
Minimum	0.000000	-220.7207
Std. Dev.	0.090581	39.83803
Skewness	6.505018	-2.889395
Kurtosis	53.76420	14.88828
Jarque-Bera	20139.28	1281.322
Probability	0.000000	0.000000
Observations	176	176
Cross sections	2	2

Source: Research result using E-View 3.1.

Table 4. Regression result of dividend payout ratio model.

Dependent variable: DPR
Method: Pooled least squares
Date: 08/05/15 Time: 13:33
Sample: 1 90
Included observations: 88
Total panel (balanced) observations 176

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.805285	0.120743	6.669398	0.0000
ROE	0.006653	0.003039	2.189037	0.0299
R-squared	0.026801	Mean dependent var		0.806607
Adjusted R-squared	0.021208	S.D. dependent var		1.619081
S.E. of regression	1.601820	Sum squared resid		446.4541
F-statistic	4.791882	Durbin-Watson stat		1.094640
Prob(F-statistic)	0.029926	-	-	-

Source: Research result using E-View 3.1. (DPR = 0.805285 + 0.006653*ROE).

Table 5. Regression analysis on dividend yield model.

Dependent variable: DY				
Method: Pooled least squares				
Date: 08/05/15 Time: 13:45				
Sample: 1 90				
Included observations: 88				
|Total panel (balanced) observations 176				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.044951	0.006845	6.566771	0.0000
ROE	5.84E-05	0.000172	0.338765	0.7352
R-squared	0.000659	Mean dependent var		0.044962
Adjusted R-squared	-0.005084	S.D. dependent var		0.090581
S.E. of regression	0.090811	Sum squared resid		1.434905
F-statistic	0.114762	Durbin-Watson stat		2.084850
Prob(F-statistic)	0.735195	-	-	-

Source: Research result using E-View 3.1. DY = 0.044951 + 0.0000584*ROE.

(2014) and Ijaiya et al. (Undated).

From Table 5, there exists a positive relationship between returns on equity and dividend Yield. This implies that a percentage change in Returns on Equity will result to an increase in Dividend Yield by 0.00584%. In addition, when ROE is zero, DY will be 0.044951.

The regression results show that the independent variable, ROE is not statistically significant in explaining the changes in the dividend yield judging from the result of the F-Statistics values of 0.114762 at 5% level of significance. The coefficient of determination and the adjusted coefficient of determination were not both significant in explaining the systematic variation in the dependent variable in that for the R^2, the value 0.000659

The t-test used to test the significance of the independent variable shows that at 5% level of significance, ROE with a value of 0.338765 was not statistically significant in explaining the changes in dividend yield as seen in its probability value of 0.7352, which is above 5%. This agreed with the findings of Farsio et al. (2004). However, this contradicts the findings of Mutie (2011), Ouma (2012), Yegon et al. (2014), Adederin and Alade (2013), Kajola et al. (2015) and Gul et al. (2012). Considering that the result of the regression model using dividend payout ratio turned out to be more appropriate in explaining the variables, and that dividend yield is not appropriate, control variables was inputted in both models to ascertain whether the variables are sensitive to these controls variables.

From the Table 6, a positive relationship still exists between return on equity and dividend payout ratio after controlling for SIZE. However, ROE was not significant in determining DPR after controlling for size as shown in Table 6. The implication of this is that the impact of financial performance as a determinant of DPR is sensitive to SIZE (Table 7).

Also, ROE was also not significant in determining DPR after controlling for debt. This implies that the amount of debt obligation a firm has affects it financial performance which ultimately affects its DPR. Table 8 shows that ROE was not significant in determining DY after controlling for SIZE. This implied that the effect of financial performance is sensitive to SIZE (Table 9).

Also by controlling for debt, it was also found that ROE was not significant in determining DY a proxy for dividend policy. This also shows the extent of the sensitivity of ROE to the firm's debt obligation. Since the financial performance of the firm is influenced by the firm's debt obligations and the nature, type and conditions for the various debt contracts, the firm will have to ensure optimal capital structure which will optimize the benefits from the use of debt.

Testing and evaluation of hypotheses

The hypotheses are hereby tested as:

H_{01}: There is no significant relationship between dividend payout ratio and financial performance

The F-test of 4.7918 with a probability value of 0.0299 shows that the model for DPR is statistically significant in explaining dividend policy, this shows overall statistical significance of the model. Also, the t-statistic for ROE of 2.1890 with a probability value of 0.0299 shows that return on equity is statistically significant in determining the changes in dividend policy as proxied by dividend payout ratio. Hence we reject the null hypothesis that there is no significant relationship between dividend

Table 6. Regression result of dividend payout ratio model on inclusion of a control variable (SIZE) alongside the independent variable ROE.

Dependent variable: DPR
Method: Pooled Least Squares
Date: 08/05/15 Time: 13:37
Sample: 1 90
Included observations: 88
Total panel (balanced) observations 264

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.041690	0.159133	0.261984	0.7935
ROE	0.003283	0.002400	1.367774	0.1726
SIZE	7.31E-13	1.24E-13	5.900440	0.0000
R-squared	0.141339	Mean dependent var		0.806607
Adjusted R-squared	0.134760	S.D. dependent var		1.617541
S.E. of regression	1.504609	Sum squared resid		590.8647
F-statistic	21.48090	Durbin-Watson stat		1.191831
Prob(F-statistic)	0.000000	-	-	-

Source: Research's results using e-view 3.1 (DPR = 0.041690 + 0.003283*ROE - 0.000000000000731SIZE).

Table 7. Regression result of dividend payout ratio on inclusion of a control variable (total debt) alongside the Independent variable.

Dependent variable: DPR
Method: Pooled least squares
Date: 08/05/15 Time: 13:38
Sample: 1 90
Included observations: 88
Total panel (balanced) observations 264

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.179999	0.156693	1.148738	0.2517
ROE	0.004206	0.002421	1.737005	0.0836
TD	6.86E-13	1.37E-13	4.993361	0.0000
R-squared	0.111665	Mean dependent var		0.806607
Adjusted R-squared	0.104858	S.D. dependent var		1.617541
S.E. of regression	1.530387	Sum squared resid		611.2843
F-statistic	16.40407	Durbin-Watson stat		1.235652
Prob(F-statistic)	0.000000	-	-	-

Source: Research's results using E-View 3.1 (DY = 0.179999 + 0.004206*ROE + 0.0000000000000686*TD).

payout ratio and financial performance and accept that there is significant relationship between financial performance proxied by return on equity and dividend policy proxied by dividend payout ratio.

H_{02}: There is no significant relationship between Dividend Yield and Financial Performance

On the contrary to the first hypothesis, the F-test of 0.1148 with a probability value of 0.7352 shows that the model for DY is not statistically significant in explaining dividend policy, this shows that on the overall, the model for DY is not statistical significant. Also, the t-statistic for ROE of 0.3388 with a probability value of 0.7353 shows that return on equity is not statistically significant in determining the changes in dividend policy as proxied by dividend yield. Hence we accept the null hypothesis that there is no significant relationship between dividend yield and financial performance and reject that there is

Table 8. Regression result of dividend yield on inclusion of a control variable (SIZE) alongside the independent variable ROE.

Dependent variable: DY				
Method: Pooled least squares				
Date: 08/05/15 Time: 13:46				
Sample: 1 90				
Included observations: 88				
Total panel (balanced) observations 264				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.040803	0.009599	4.250682	0.0000
ROE	4.01E-05	0.000145	0.276739	0.7822
SIZE	3.97E-15	7.48E-15	0.531284	0.5957
R-squared	0.001739	Mean dependent var		0.044962
Adjusted R-squared	-0.005911	S.D. dependent var		0.090495
S.E. of regression	0.090762	Sum squared resid		2.150032
F-statistic	0.227296	Durbin-Watson stat		2.077540
Prob(F-statistic)	0.5957	-		-

Source: Research's results using E-View 3.1 (DY = 0.040803 + 0.0000401*ROE + 0.00000000000000397*SIZE).

Table 9. Regression result of dividend yield on inclusion of a control variable (Total Debt) alongside the independent variable ROE.

Dependent variable: DY				
Method: Pooled least squares				
Date: 08/05/15 Time: 13:47				
Sample: 1 90				
Included observations: 88				
Total panel (balanced) observations 264				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.046752	0.009297	5.028780	0.0000
ROE	6.54E-05	0.000144	0.455434	0.6492
TD	-1.98E-15	8.15E-15	-0.242403	0.8087
R-squared	0.000884	Mean dependent variable		0.044962
Adjusted R-squared	-0.006772	S.D. dependent variable		0.090495
S.E. of regression	0.090800	Sum squared residence		2.151873
F-statistic	0.115470	Durbin-Watson stat		2.091241
Prob(F-statistic)	0.890992	-		-

Source: Research's results using E-View 3.1 (DY = 0.046752 + 0.0000654*ROE – 0.00000000000000815*TD).

significant relationship between financial performance as proxied by return on equity and dividend policy proxied by dividend yield.

Conclusion

This study observed that return on equity was significant in determining dividend policy but when controlled for debt and size it was not significant and also that dividend yield was not significant in determining dividend of Deposit Money Banks quoted in the Nigeria Stock Exchange.

This study was structured into five chapters. section one gave an introduction of the work to be done; stated the problem that propelled this research work, which is that about 41 companies listed in the Nigeria Stock Exchange have not been paying dividend for years. Some were running into 36 years without paying dividend to their shareholders. This was supported by a report identifying four banks as being among this category. The

question ‘Why is this so?’ propelled this study.

The objectives (both general and specific) were stated; established research questions for the study including hypotheses; stated the scope of the work and its significance. These gave this work its foundation and guide. In the attempt to complete this work, it was necessary that works done by scholars on dividend policies in relation to corporate performances be identified to ascertain their findings using same or similar variables. The variables used were return on equity, dividend payout ratio, dividend yield, total debt and size. Fifteen banks out of 21 Deposit Money Banks in Nigeria were selected using purposive sampling method to do this analysis. Pooled least square regression was used with the help of computer software called EView 3.1. The results generated by the analysis form the basis for either accepting or rejecting the hypotheses. The following are the findings of this study;

1. There is positive and significant relationship between dividend payout ratio and financial performance of Deposit Money Banks in Nigeria measured as Return on Equity.
2. There is a negative and insignificant relationship between dividend yield and financial performance of Deposit Money Banks in Nigeria measured as Return on Equity.

Based on the forgoing discussions, financial performance strongly and positively affects dividend payout ratio. It therefore shows that financial performance is relevant in ascertaining dividend payout ratio. Thus, in this case, dividend policy is relevant as asserted by Brigham (1995) and Kale and Noe (1990) as against that proposed by Miller and Modigliani (1961). Financial performance on the other hand, has a negative impact on dividend yield, which is also very insignificant.

RECOMMENDATIONS

Following from the findings of the research, we recommend as follows:

1. Since dividend yield is not affected by financial performance, investigations should be made to ascertain other factors that affect dividend yield.
2. Since firm size and debt are variables that can affect the financial performance of the firm, the firm should establish policies that will ensure proper use of debt and ensuring optimal debt level for the firm. The managers of the firms should also formulate policies that will ensure efficiency and effectiveness of the firm’s assets to bring about profitability for the firm.

SUGGESTIONS FOR FURTHER STUDIES

For the purpose of future research, researchers should study the relationship between prior year dividend policy and Firm Value of banks in Nigeria, where firm value will be dependent on dividend policy. The researcher also recommends that since dividend yield is not affected by financial performance, investigations should be made to ascertain other factors that affect dividend yield. Again, there should be an extension to the time frame of data used in the analysis for a period of like 10 to 15 years, preferably, 5 years before consolidation, and 10, and above years after consolidation. Just as Farsio et al. (2004) who asserted that those who supported significant relationship between dividend policy and financial performance are those based on short periods and therefore misleading to investors. In addition, more banks should be included in subsequent study, other than 15 banks, and if possible, analysis should be done on all the 21 banks in Nigeria. This work was limited to the Nigeria environment, further studies could adopt same number of banks, same number of years, same variable, same method of analysis, estimation, and software for analysis, estimation should be done using Pooled Least Squares (OLS), but examination should be extended beyond the geographical boundaries of Nigeria.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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Appendixes

Appendix 1. Descriptive statistics of dividend payout ratio and the independent variables.

Parameters	DPR	ROE
Mean	0.806607	0.198721
Median	0.188230	9.108612
Maximum	7.391304	109.4442
Minimum	-1.886792	-220.7207
Std. Dev.	1.623727	39.95235
Skewness	2.547237	-2.889395
Kurtosis	9.744122	14.88828
Jarque-Bera	261.9351	640.6609
Probability	0.000000	0.000000
Observations	88	88

Source: Research's results using E-View 3.1.

Appendix 2. Descriptive statistics for dividend yield and independent variable.

Parameters	DY	ROE
Mean	0.044962	0.198721
Median	0.017815	9.108612
Maximum	0.793651	109.4442
Minimum	0.000000	-220.7207
Std. Dev.	0.090581	39.83803
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Kurtosis	53.76420	14.88828
Jarque-Bera	20139.28	1281.322
Probability	0.000000	0.000000
Observations	176	176
Cross sections	2	2

Source: Research's results using E-View 3.1.

Appendix 3. Regression result of dividend payout ratio.

Dependent variable: DPR
Method: Pooled least squares
Date: 08/05/15 Time: 13:33
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Included observations: 88
Total panel (balanced) observations 176

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.805285	0.120743	6.669398	0.0000
ROE	0.006653	0.003039	2.189037	0.0299
R-squared	0.026801	Mean dependent variable		0.806607
Adjusted R-squared	0.021208	S.D. dependent variable		1.619081
S.E. of regression	1.601820	Sum squared residence		446.4541
F-statistic	4.791882	Durbin-Watson stat		1.094640
Prob(F-statistic)	0.029926	-	-	-

Source: Research's results using E-View 3.1.

Appendix 4. Regression analysis on dividend yield

Dependent variable: DY				
Method: Pooled Least Squares				
Date: 08/05/15 Time: 13:45				
Sample: 1 90				
Included observations: 88				
Total panel (balanced) observations 176				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.044951	0.006845	6.566771	0.0000
ROE	5.84E-05	0.000172	0.338765	0.7352
R-squared	0.000659	Mean dependent variable		0.044962
Adjusted R-squared	-0.005084	S.D. dependent variable		0.090581
S.E. of regression	0.090811	Sum squared residence		1.434905
F-statistic	0.114762	Durbin-Watson stat		2.084850
Prob(F-statistic)	0.735195	-	-	-

Source: Research's results using E-View 3.1.

Appendix 5. Regression result of dividend payout ratio on inclusion of a control variable (SIZE) alongside the independent variable ROE.

Dependent variable: DPR				
Method: Pooled Least Squares				
Date: 08/05/15 Time: 13:37				
Sample: 1 90				
Included observations: 88				
Total panel (balanced) observations 264				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.041690	0.159133	0.261984	0.7935
ROE	0.003283	0.002400	1.367774	0.1726
SIZE	7.31E-13	1.24E-13	5.900440	0.0000
R-squared	0.141339	Mean dependent variable		0.806607
Adjusted R-squared	0.134760	S.D. dependent variable		1.617541
S.E. of regression	1.504609	Sum squared residence		590.8647
F-statistic	21.48090	Durbin-Watson stat		1.191831
Prob(F-statistic)	0.000000	-	-	-

Source: Research's Results Using E-View 3.1.

Appendix 6. Regression result of dividend payout ratio on inclusion of a control variable (total debt) alongside the independent variable.

Dependent variable: DPR				
Method: Pooled Least Squares				
Date: 08/05/15 Time: 13:38				
Sample: 1 90				
Included observations: 88				
Total panel (balanced) observations 264				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.179999	0.156693	1.148738	0.2517
ROE	0.004206	0.002421	1.737005	0.0836

Appendix 6. Contd.

TD	6.86E-13	1.37E-13	4.993361	0.0000
R-squared	0.111665	Mean dependent variable		0.806607
Adjusted R-squared	0.104858	S.D. dependent variable		1.617541
S.E. of regression	1.530387	Sum squared residence		611.2843
F-statistic	16.40407	Durbin-Watson stat		1.235652
Prob(F-statistic)	0.000000	-	-	-

Source: Research's results using E-View 3.1.

Appendix 7. Regression result of dividend yield on inclusion of a control variable (SIZE) alongside the independent variable ROE.

Dependent variable: DY				
Method: Pooled Least Squares				
Date: 08/05/15 Time: 13:46				
Sample: 1 90				
Included observations: 88				
Total panel (balanced) observations 264				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.040803	0.009599	4.250682	0.0000
ROE	4.01E-05	0.000145	0.276739	0.7822
SIZE	3.97E-15	7.48E-15	0.531284	0.5957
R-squared	0.001739	Mean dependent variable		0.044962
Adjusted R-squared	-0.005911	S.D. dependent variable		0.090495
S.E. of regression	0.090762	Sum squared residence		2.150032
F-statistic	0.227296	Durbin-Watson stat		2.077540
Prob.(F-statistic)	0.5957	-	-	-

Source: Research's results using E-View 3.1.

Appendix 8. Regression result of dividend yield on inclusion of a control variable (total debt) alongside the independent variable ROE.

Dependent variable: DY				
Method: Pooled Least Squares				
Date: 08/05/15 Time: 13:47				
Sample: 1 90				
Included observations: 88				
Total panel (balanced) observations 264				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.046752	0.009297	5.028780	0.0000
ROE	6.54E-05	0.000144	0.455434	0.6492
TD	-1.98E-15	8.15E-15	-0.242403	0.8087
R-squared	0.000884	Mean dependent var		0.044962
Adjusted R-squared	-0.006772	S.D. dependent var		0.090495
S.E. of regression	0.090800	Sum squared resid		2.151873
F-statistic	0.115470	Durbin-Watson stat		2.091241
Prob.(F-statistic)	0.890992	-	-	-

Source: Research's results using E-View 3.1.