International Journal of Management, Social Sciences, Peace and Conflict Studies (IJMSSPCS), Vol.8 No.1 March, 2025; p.g. 61 - 76; ISSN: 2682-6135

DIVIDEND POLICY AND SHAREHOLDERS WEALTH OF NIGERIA LISTED INDUSTRIAL GOODS FIRMS: MODERATING EFFECT OF FIRM SIZE

SULAIMAN, AMINAT ADEBUKUNOLA[1]
Accountancy Department, Federal Polytechnic Offa, Kwara State Nigeria
bukkycrownfit@gmail.com

OLARINDE, TAIWO SERIFAT[2]
Osun State University, Osogbo, Osun State, Nigeria
taiwokem4me@gmail.com

ADEOYE, LUKMON ADEWALE[3]
Osun State University, Osogbo, Osun State, Nigeria
Mailwaleadeoye1@gmail.com

&
BELLO-OLATUNJI, OLASUMBO MARYAM[4]
Accounting and Finance Department, Fountian University,
Osogbo, Osun State, Nigeria
maryamolasumbo@gmail.com

ABSTRACT

This study examined the moderating effect of firm size on the nexus between dividend policy and shareholders wealth of quoted Nigerian industrial firms. The study's timeline spans from 2012 until 2023. Using census sampling approach, all the 13 quoted Nigerian industrial good firms were chosen as the sample size from the population. Dividend policy (DVP) was proxied by dividend pay-out (DPR), dividend per share (DPS) and dividend yield (DYD). Shareholders wealth was proxy by market share price (MSHP). Panel regression model was utilized as the estimation parameters. The outcomes of the study demonstrated that DVP has a notable favourably effects on shareholders wealth at the 5% level (t= 2.91, 2.57, 2.06) and (p= <0.05). Whereas, FSZ was found to have an adverse favourable impact on the nexus between DVP and MSHP evidenced with t-stats and p-vals. of (t= -2.63, -2.58, -2.05) and (p= <0.05). The result implies that higher DVP will boost shareholders wealth while, as firm grow larger, its impact on MSHP weakens or reduces the strength of a favourable connection between DVP and shareholders wealth. The conclusion drawn from this study is that firm size has an adverse moderating effect on the nexus between dividend policy and shareholders wealth. Based on this result the following were recommended; large firms and smaller firms should adopt flexible dividend policies that balance shareholder returns with growth opportunities, avoiding rigid high payout policies that may hinder reinvestment. Regulators should ensure fair dividend policies across firms of different sizes to prevent market inefficiencies.

Keywords: **Dividend Payout, Industrial goods Firms, Moderating Effect, Firm Size, Dividend Policy, Shareholder's Wealth, Nigeria.**

Introduction

Dividend policy plays a pivotal role in shaping shareholders' wealth, particularly within Nigeria's industrial goods sector. The strategic decisions companies make regarding the distribution of profits as dividends can significantly influence investor satisfaction and perceptions of corporate health. Abubakar et al (2020) opined that a higher dividend payout is associated with lower level of block-holder and foreign ownership, coupled with higher institutional ownership in quoted Nigeria non-financial firms. Adelegan et al (2021) stated that an optimal dividend policy should ensure that the wealth of the shareholders is maximized, thereby mobilizing resources for productive investment opportunities in the stock market and ultimately resulting in economic growth. Adenle et al (2023) opined that the dividend policy of an entity is a key aspect of its financial management decision. Dividend policy differs from one company to the other, and it is utilized by management to maintain a specific level of earnings in a company and to keep stock prices stable. Dividends comprises of stock, cash, stock repurchases, stock splits, or on a regular basis. According to Uwuigbe et al (2012), firms that consistently pay dividends tends to attract more investors leading to increased stock prices and overall shareholder value. This aligns with the signaling theory, which suggests that dividends serve as a signal of a company's financial health and future prospects.

Shareholders wealth refers to the value that shareholders derive from their investment in a company, primarily through stock price appreciation and dividends. Maximizing this wealth has traditionally been the principal objective of corporate management, guiding strategic decisions and operational practices. Recent studies one of which is the study of Bessembinder (2023) stated that investment in publicly listed U.S. stocks enhanced shareholders wealth by more than §55.1 trillion between 1926 and 2022. This accumulation has contributed to increasing wealth inequality, with a significant portion of gains benefiting the wealthiest segments of the population. Also, share price serves a s a tool indicator of shareholders wealth, reflecting the market's assessment of a company's future earnings potential and overall financial health of the firm. An increase in share price signifies enhanced shareholders value, as it suggests that investors anticipate higher future cash flows and profitability (Adebayo et al., 2024).

Similarly, Al-Hasan et al. (2013) demonstrated that prospective investors and shareholders predict a typical firm's profitability on the basis of its announced dividend. Hence, a higher dividend remittance is perceived is an indication of good profitability which enhances the firm's goodwill and customer's perceived reputation, and spurs increase in the share price. Contrarily, dividend reductions negatively impact on a firm's reputation since they send a negative message to its shareholders and cause the share price to drop. Dividend policy which dictates the portion of a company's earnings distributed to shareholders compared to that retained for reinvestment, is a necessary aspect of corporate financial strategy. The dividend irrelevancy theory emphasized that in perfect markets, dividend policy does not affect a firm's value or shareholders wealth as investors duplicate dividend outcomes through sales of

shares (Miller & Modigilliani, 1961). Conversely, in the case of the Bird in the hand's theory, investors prefer the certainty of dividends over the potential future capital gains, suggesting that higher dividend payouts can enhance a firm's value and consequently shareholders wealth. The study of Nyabakora and Priyan (2022) and Wagner et al. (2024) attested to this by stating that dividend per share can favourably influence shareholders wealth.

In addition, firm size has the tendency to influence how dividend policies impact shareholders wealth. Larger firms often have more stable earnings and greater access to capital markets, enabling them to distribute consistent dividends. This stability may enhance investor confidence, potentially leading to an increase in the firm's market valuation and shareholders wealth. Also, smaller firms may retain earnings to finance growth opportunities, resulting in less emphasis on dividend pay outs. Ontoreal and Saifi (2024) opined that firm size can significantly moderates the nexus between shareholders wealth and dividend policy, suggesting that larger firms are more likely to distribute dividends, thereby influencing shareholders wealth. Chakkravarthy et al. (2023) also opined that the interaction between institutional ownership and firm size favourably affects both dividend pay-out ratio and firm values, implying that larger firms with substantial institutional holdings tend to have higher dividend payouts and enhanced value.

However, some of the challenges of dividend policy is the challenge of putting in place a well-planed dividend policy in an organization. For example, a prominent consumer goods company PZ has reduced its dividend by 44% following a significant decline in Nigeria's currency value, leading to a notable decrease in share price (The Times, 2024). Conversely, NNPC the Nigerian National Petroleum Corporation reported a 28% increase in annual net profit and declared a substantial dividend, reflecting positively on shareholders returns (Reuters, 2024). These examples disclosed how well-planned dividend policies can maximise shareholders wealth while poorly managed ones can erode investor confidence and firm value. The pursuit of shareholder wealth maximization has face scrutiny, especially concerning its impact on broader societal and environmental factors. Debates have emerged around the integration of governance, environmental and social (ESG) considerations into corporate strategies. Notably, support for ESG-related shareholder proposals reached a low record in 2024, influenced by a significant decline in backing U.S. investors (The Guardian, 2024).

Within Nigeria, several efforts have been made to establish the link between dividend policy and shareholder's wealth. Among those who have contributed include Chiedu and Okonkwo (2020), Ozuomba, Anichebe and Okoye (2016) and Osamwoyi and Ebuekeu (2016) who focused on the non-financial firms, other researchers from developed and other developing nations are Baker et al. (2018), Louziri and Oubal (2022), Nyabakora and Priyan (2022) and Wagner et al. (2024). Within and outside Nigeria few researches was found to have reviewed the moderating effect of firm size on the nexus between dividend policy and shareholders wealth. The few studies which partially focus on this area of research were conducted in outside Nigeria such as the studies of Chakkravarthy et al. (2023) and Ontoreal and Saifi (2024).

This study bridges the gap by not reviewing the impact of dividend policy on shareholders wealth alone but it extensively explores the moderating effect of firm size on the nexus between dividend policy and shareholders wealth focusing on Nigeria listed Industrial goods firms. Investors, academic researchers, Nigeria industrial goods firms, financial analyst and shareholders will benefit immensely from the output of this research work. This study will enable the stakeholders to have a knowledge of how firm size can influence the dividend policy of a firm and its consequential effect on shareholders wealth. Therefore, the aim of this research work is to examined the moderating role of firm size on the influence of dividend policy and shareholders wealth of listed Nigerian Industrial goods firms.

2. Literature Review

Dividend Policy

Dividends has been defined as payment made to the shareholders from company's earnings after meeting the fixed income earners' obligations (Chiedu & Oknkwo, 2020). Dividend policy refer to a company's approach to distributing profits to the shareholders in the form of dividends. It determines the proportion of earnings that will be paid out as dividends versus amount that will be retained for reinvestment in the business. Adelegan et al. (2021) stated that an optimal dividend policy should ensure that the wealth of the shareholders is maximized, thereby mobilizing resources for productive investment opportunities in the stock market and ultimately resulting in economic growth.

Ozuomba et al (2013) opined that companies' management uses dividend payments to maintain earnings and sustain their share prices on the stock market. The components of dividend policy are the dividend payout ratio, dividend yield, dividend frequency, dividend per share. Dividend payout ratio according to Wagner et al (2024) is measured as the proportion of net asset distributed as dividend. A higher dividend payout indicates a more generous dividend policy. Whereas dividend yield represents the annual dividend payment as a percentage of the company's current stock price. The dividend per share entails the amount of a company pays per outstanding share of its stock. While dividend frequency implies how a company pays dividend within a fiscal year, such as quarterly, semi-annually or annually. This study will utilize dividend payout ratio, dividend yield and dividend per share as proxy of dividend policy.

Shareholder's Wealth

The market price of a company's common share, which can be regarded as a result of the company's investment, financial, and dividend decisions, is the wealth of its shareholders (Adebayo et al. 2024, Horne & Wachowicz, 2001 cited in Chenchehene & Mensah, 2015). The shareholder's wealth is the value delivered to the equity owners of a corporation, primarily through dividends and appreciation of stock prices. According to Kumar et al. (2021), a firm's capability to create wealth for its shareholders is demonstrated by its market value, underscoring the significant role effective management plays in enhancing firm value and facilitating more informed corporate decision-making. Shareholders wealth is assessed through market capitalization and market share price. Market capitalization is expressed by multiplying the current stock price by the total number of outstanding shares. Market share price is the current price at which a company's stock is traded on the stock exchange (Adebayo

et al., 2024). This study measured shareholders wealth using market share price. Which is expressed as closing share price of a financial year. Becker et al. (2013) and Fridson (2025) are some of the researchers that have proxy shareholders wealth with market share price.

Dividend Policy and Shareholders' Wealth

A higher dividend remittance is perceived is an indication of good profitability which enhances the firm's goodwill and customer's perceived reputation, and spurs increase in the share price. Contrarily, dividend reductions negatively impact on a firm's reputation since they send a negative message to its shareholders and cause the share price to drop. Several researchers such as Njoku and Lee (2024) found that dividend policy impact on firm value varies with factors such as ownership structure playing a notable role. A higher dividend tends to increase market share price, this will boost the shareholders confidence and they will want to invest more in the company. Bena et al. (2023) also stated that financial constraints influenced dividend policies, which in turn affected firm performance and shareholders wealth. while dividend policy can enhance shareholders wealth, firms must balance dividend payouts with reinvestment opportunities to sustain growth. Contra wise, the Miller and Modigliani (1961) argued that dividend policy does not affect shareholder wealth in a perfect market, as investors can create their own homemade dividends' by selling shares. They suggest that a firm value is driven by its investment policy rather than dividend payouts.

Moderating effect of firm size on the relationship between dividend policy and shareholders' wealth

The moderating effect of firm size on the nexus between dividend policy and shareholders wealth means that the impact of dividend policy on shareholders wealth may vary depending on how large or small a firm is. Large firms often have greater financial stability and access to external financing, meaning they may not rely heavily on dividends to attract investors. Smaller firms have the tendency to face higher uncertainty and limited access to external capital, making dividends a more critical signal of financial health. Investors may react more strongly to dividend policy changes in smaller firms, leading to a higher impact on shareholders wealth. Kumar and Sujit (2023) demonstrated that in emerging markets, firm size increases the impact of dividend policy on stock returns, particularly in industries with high volatility. Firm size act as a moderator of both dividend policy and shareholders wealth by influencing investor perceptions, access to capital and financial stability. Large firms may experience a weaker relationship, while small firms may show a stronger dependency on dividends to drive shareholder value. Ontoreal and Saifi (2024) opined that firm size can significantly moderates the nexus between shareholders wealth and dividend policy, suggesting that larger firms are more likely to distribute dividends, thereby influencing shareholders wealth. Chakkravarthy et al. (2023) also opined that the interaction between institutional ownership and firm size favourably affects both dividend pay-out ratio and firm values, implying that larger firms with substantial institutional holdings tend to have higher dividend payouts and enhanced value.

Theoretical Framework

This study is anchored on agency and bird in hand theories. For this study, Agency theory explains the conflicts that arise when there is a separation between ownership and control in

a firm. It provides a framework for understanding how **dividend policy** can serve as a governance mechanism to **align the interests of managers (agents) and shareholders (principals)** (Jensen & Meckling, 1976). Firm size further moderates this relationship, as larger firms tend to have **higher agency costs,** which may influence the impact of dividend policies on shareholder wealth. Agency theory assumes that managers have more information about the firm's financial status than shareholders, which can lead to opportunistic behavior (Eisenhardt, 1989). It also assumed that managers may prioritize personal benefits (such as job security and perks) over shareholder wealth maximization (Jensen & Meckling, 1976). Both managers and shareholders are assumed to act rationally but have different incentives, which creates agency conflicts (Ross, 1973). Fama & Jensen (1983) opined that in **large firms,** agency conflicts are more pronounced due to **complex organizational structures and dispersed ownership.** Thus, **dividends play a crucial role in corporate governance.** Whereas, **in small firms,** ownership is often concentrated, and managers are closely monitored by shareholders, reducing the need for dividends as a control mechanism (Denis & Osobov, 2008). Critics argue that agency theory ignores other stakeholders such as employees, customers, and society (Freeman, 1984). It assumes that maximizing shareholder wealth is the sole objective, which may not always align with sustainable business practices (Donaldson & Davis, 1991). The limitation of agency theory is that t emphasizes financial incentives (dividends, monitoring costs) but overlooks the role of **corporate culture, leadership style, and intrinsic motivation** in governance (Davis et al., 1997).

The bird in hand theory serves as the theoretical framework of the study. The theory originated from the work of Lintner (1956) and Gordon (1959). The theory rests on the assumption that investors are often risk averse who prefer to receive present dividend as against receiving capital gains in the future. According to the theory, a bird in hand is usually prefer to two birds in the bush where the bird in the hand is taken as dividend, while capital gain in the future is assumed to be the bird. Thus, shareholders are more disposed to receiving an income right now as against waiting for future gain which is characterized with varying degree of risk. Hence, the bird in hand theory posits a positive impact of dividend policy including dividend per share, dividend payout and dividend yield on share price.

Empirical Review

Onotorael et al (2024) in their study examined the moderating effect of firm size on the nexus between financial performance and dividend policy of selected listed real estate and property firms in Indonesia. 84 firms were selected for the purpose of this study with time frame ranging from year 2017 to 2022. The outcome of the study depicts that FSZ has a notable effect on the connection between FP and dividend policy.

Chakkravarthy et al (2023) reviewed the moderating effects of firm size and firm age on the connection between promoter's holdings (PH) and institutional holdings (IH) on dividend payout ratio. 23 India companies were used as the sample size. The outcome of the findings revealed that PH and IH have a favourable noteworthy effect on DPR and firm value. FAGE was found to moderates the connection between PH and DPR. FSZ also moderates the connection between IH and DPR. FAGE also moderate the nexus between PI and firm value also FSZ was found to moderates the nexus between IH and firm value.

Priyan and Nyabakora (2022) conducted a study on the effect of dividend policy on shareholders wealth for some selected quoted Tanzania firms raging from the period of year 2005 to 2019. The study utilizes cointegration analysis and dynamic least square method to analyse the connection between the variables. Outcome of the study disclosed that DPS has a favourable notable effect on shareholders wealth. The moderating variable investment opportunities depicts a favorable notable influence on shareholders' wealth.

Etale and Ujuju (2018) examined the effect of dividend policy on shareholders wealth. 25 Nigeria quoted firms were examined in this study. The study period ranges from year 1987 to year 2016. OLS regression analysis was used to estimate the data gathered. Outcome from the study revealed that DPS have an adverse insignificant effect on shareholders wealth.

Şamiloğlu, et al (2017) in their study the effect of dividend policy on shareholders wealth of some sampled firms in Istanbul. Statistical estimation tools were used to analysed the data gathered. Dividend pay-out and market share price were used as proxy of the study. Outcome from the study revealed that net dividend yield and DPR have an adverse notable influence on shareholders wealth.

Farrukh, et al (2017) also reviewed the influence of dividend policy on market share price of quoted firms in Pakistan. OLS regression analysis was used for the study statistical anlysis. Outcome from the study discovered that DPS and DYD have a favourable impact on the share price and EPS of the quoted firms.

Osamwonyi and Ebueku (2016) used fixed effect panel regression method to analyze data collected from 17 manufacturing firms in Nigeria, the results of their study reveal that earnings of the firms increases with dividend payout and dividend per share. In a survey of 120 respondents consisting of directors, shareholders, finance managers of firms, stock brokers and accountants selected in Nigeria, Ozuomba, Anichebe and Okoye (2016) found that dividend payout increases the market value of the firm's shares.

Ansar, et al (2015) also reported that dividend per share positively influence the shareholders wealth represented by the market share price of sampled firms selected on Karachi Stock Exchange, Pakistan. Also, in another Pakistan study using a sample of 50 textile firms, Alim et al. (2014) reported significant positive impact of dividend per share on the market price of the share.

3. Methodology

This study focused on thirteen industrial goods companies quoted on the Nigerian Exchange Group (NGX) and used an ex post facto research design. Using census sampling procedures, the complete population of listed Nigerian industrial firms (13 in total) was utilized as the sample size. Data for the nine-years study, which runs from 2012 to 2023, were collected from the industrial goods firms' annual reports. Descriptive statistics, correlation analysis, and panel regression analysis were used to examine the data gathered for this study.

Model specification

The following describes the model that was employed in this study:

MSHP Model

$MSHP_{it}$ = F (DPR, DPS, DYD, DPR*FSZ, DPS*FSZ, DYD *FSZ, FAG) …………………….. i

$$MSHP_{it} = \beta_0 + \beta_1 DPR_{it} + \beta_2 DPS + \beta_3 DYD + \beta_4 DPR * FSZ_{it} + \beta_5 DPS * FSZ_{it} + \beta_6 DYD * FSZ_{it} + \beta_7 FAG + \mu_{it} \dots \dots ii$$

MSHP = Market Share Price

DPR= Dividend Pay-out Ratio

DPS= Dividend Per Share

DYD = Dividend Yield

FZS = Firm size

FAG = Firm Age

$\beta 0$ = Constant Value

DPR, DPS, DYD regression coefficients are represented by β_1–β_3, where i is the number of sampled companies.

t = Years; U_{it} = Error Terms

3.4 Measurement of Variables

Table 3.1: Summary Description of Variables Utilized

Variables	**Proxy**	**Description**	**Source**
Dependent			
Shareholder Wealth	Market Share Price (MSHP)	This is measured using the year end closing share in Naira.	Adebayo et al. (2024)
Independent			
Dividend Policy	Dividend Pay-out Ratio (DPR)	Dividend per share as a ratio of earnings per share	Adenle et al. (2023)
	Dividend Per Share (DPS)	Cash Divided as a ratio of outstanding share	Ullah et al., 2015
	Dividend Yield (DYD)	Annual Closing Market Price Per Share as a ratio of Earnings Per Share	
Moderating variable			
Firm size	Firm Size (FSZ)	Natural log of total assets	Adenle et al. (2023), Olagunju et al. (2024)
Control Variable			
Firm age	Year of Listing (FAGE)	This is measured as by the years of observation less the years of listing on the stock exchange	Adebayo et al. (2024), Olowookere et al. (2023)

Source: Author's Compilation, (2025)

4. Results and Discussions of Findings

Table 1: Descriptive Statistics

	MSHP	DPR	DPS	DYD	DPR*FSZ	DPS*FSZ	DYD*FSZ	FAGE
Mean	25.644	0.233	32.282	8.1765	0.7000	142.89	13.653	54.921
Median	7.245	0.276	20	0.752	0.238	15.763	0.3788	45.5
Standard Dev.	48.85	0.459	50.484	35.889	1.6034	426.504	60.34115	44.879
Maximum	244.9	1.363	360	241.94	8.985	3044.3	644.65	556
Minimum	0.465	-3.51	-63.37	-65.74	-9.073	-59.551	-131.199	24
Skewness	3.0423	-4.45	4.243	4.046	0.273	5.052	7.587	9.035
Kurtosis	11.572	35.36	25.277	23.000	16.211	30.658	78.648	100.982
Jarque Bera	718.36	7318.4	3693.8	3025.8	1136.4	5635.9	78.64	64525.1
Prob.	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Observation	156	156	156	156	156	156	156	156

Source: Authors' Computation (2025)

The outcomes from the table 1 specify that the MSHP has an average val. of 25.644, a median of 7.245, a maxi. of 244.9 and a mini. of 0.465. As regards the independent variables, DPR and DPS exhibited mean, median, maxi., mini. and stand dev. values of (0.233, 0.276, 1.363, -3.51, 0.459) and (32.282, 20, -63.37, 50.484, 360) respectively. The DYD exhibited a mean, median, maxi., mini. and stand dev. (8.177, 0.752, 241.94, -65.74, 35.89). The moderating effect of FSZ on DPR, DPS and DYD have a mean value of (0.700, 142.89, 13.653,54.921), median values (0.23, 15.763, 0.37, 45.5) respectively. They maxi. and mini. values of (8.985, 3044.3, 644.65, 556) and (-9.073, -59.551, -131.199, 24). Control variable FAGE have a mean, median, max, min. and stand dev. values of (54.921, 45.5, 556, 24, 44.879) with skewness and kurtosis values (9.035 and 100.982) respectively. The kurtosis study also showed that, none of the variables exhibited a platykurtic distribution because their kurtosis figures were more than three. Additionally, all the distributions were favourable skewed except DPR which is negatively skewed suggesting that they were skewed to the right except DPR.

Correlation Analysis

Table 2: Correlation and test of Multi-Collinearity

	MSHP (1)	**DPR (2)**	**DPS (3)**	**DYD (4)**	**DPR*FSZ (5)**	**DPS*FSZ (6)**	**DYD*FSZ (7)**	**FAGE (8)**	**VIF**	**1/VIF**
(1)	1.000									
(2)	0.324	1.000							1.58	0.635
(3)	0.275	0.327	1.000						1.37	0.697
(4)	0.064	0.323	0.101	1.000					1.55	0.6445
(5)	0.240	0.723	0.377	0.248	1.000				2.26	0.4424
(6)	0.189	0.309	0.789	0.058	0.705	1.000			1.42	0.6805
(7)	0.139	0.358	0.186	0.954	0.275	0.401	1.000		1.60	0.6249
(8)	0.098	-0.03	-0.04	-0.15	0.151	0.0664	0.122	1000	1.02	0.9840

Source: Authors' Computation (2025)

The correlation analysis table's results disclosed a positive connection between MSPH and DPR, as indicated by a coefficient of 0.324. Also, DPS exhibited a very weak positive correlation of 0.275 with MSHP, DYD exhibited a correlation of 0.064. Furthermore, the moderating impact of FSZ on the connection between DPR, DPS, DYD and MSHP showed a correlation of (0.240, 0.189, 0.139) while FAGE have a weak positive connection of 0.098 with MSHP. The table's VIF values, which span 1.02 to 2.26, attested to the absence of multi-collinearity among the factors that were being studied.

Table 3: Specification and Regression Diagnostic Test Outcomes (MSHP)

Test	P-val.	Comments
F-test	0.0000	Panel regression is more ideal
Breusch pagan Heteroscedasticity	0.000	Presence of heteroscedasticity
Hausman Test	0.467	Random Effect is most Preferred

Source: Authors' Computation (2025)

Panel Regression Result

Hypothesis: Firm size does not moderate the nexus between dividend policy and market share price of quoted industrial firms in Nigeria.

Table 4: Estimated Random Effect Panel Regression Analysis Results

Var.	**Coeff.**	**Std. Err.**	**T-stat.**	**Prob.**
C	18.359	6.540	2.18	0.005
DPR	5.581	1.918	2.91	0.000
DPS	0.3304	0.1284	2.57	0.027
DYD	0.9284	0.450	2.06	0.031
FSZ	5.085	1.323	3.84	0.000

DPR*FSZ	-4.299	1.633	-2.63	0.008
DPS*FSZ	-0.0423	0.0164	-2.58	0.024
DYD*FSZ	-0.0686	0.0334	-2.05	0.0314
FAGE	-0.08322	0.0395	-2.10	0.029
R^2	0.448			
Adj. R^2	0.418			
F-Stat.	14.925			
Prob>F	0.0000			

Source: Authors' Computation (2025)

The Hausman Test's p-value of 0.467 is displayed in Table 3, suggesting that the random effect is the most desirable. The model is fit and noteworthy at the 5% level of significance, and the variables were correctly chosen and mixed, as showed by the prob. Val. of <0.05 and F-stat. of 14.925 in Table 4. The explanatory variables account for about 44.8% of the total variation of MSHP, with the error term accounting for the remaining 55.2% that cannot be explained. According to the random effect panel regression results shown in Table 4, dividend policy has noteworthy and favourably effects on MSHP at the 5% level evidenced with DPR and DPS having t-stat. and p-values of (2.91, 2.57) and (p= 0.000, 0.027<0.05). DYD was also found to have a noteworthy favourable impact on MSHP evidenced with t-stat. and p-val. of (2.06, 0.031). The result implies that higher DPR, DYD, DPS will bring about increase in shareholders wealth vis a vis.

Whereas firm size which is the moderating variable have a positive noteworthy influence on MSHP with t-stats. of (3.84, p= 0.000 <0.05). The results implies that higher FSZ disclosure will lead to higher MSHP vis a vis, whereas increase or decrease in FSZ will also have a notable impact on shareholders wealth. The moderating impact of FSZ on the connection between dividend policy and MSHP discovered a negative noteworthy impact represented with (t= -2.63, -2.58, -2.05; p= 0.008, 0.024, 0.031<0.05) for DPR, DPS and DYD respectively. This suggested that as the firm grow larger, its impact on MSHP weakens or reduces the strength of a favourable connection between DVP and shareholders wealth. Big firms often operate in mature markets with limited growth potential, reducing their ability to excite investors. Larger firms may also have more complex structures, leading to higher agency cost, inefficiencies, or earning manipulation that negatively affect investor confidence. The control variable FAGE was found to have a negative and noteworthy effect on MSHP with (t=-2.10; p= 0.029 <0.05). This implies that the older the FAGE the lower the MSHP vis a vis.

Discussion of Findings

This study examined the moderating role of firm size on the connection between dividend policy and shareholders wealth of listed industrial goods companies in Nigeria's. The strategic decisions companies make regarding the distribution of profits as dividends can significantly influence investor satisfaction and perceptions of corporate health. The outcomes of this study showed that DVP has a favourable noteworthy impact on shareholders wealth. This suggests that higher DPS, DPR and DYD will boost shareholders wealth vis a vis. This outcome is in line with the bird in hands theory , shareholders are more disposed to receiving an income

right now as against waiting for future gain which is characterized with varying degree of risk. Hence, the bird in hand theory posits a positive impact of dividend policy including dividend per share, dividend payout and dividend yield on share price. The study of Abubakar et al. (2020) buttressed this by stating that a higher dividend remittance is perceived is an indication of good profitability which enhances the firm's goodwill and customer's perceived reputation, and spurs increase in the share price. Bird in the hand's theory, assumption in support of this outcome disclosed that investors prefer the certainty of dividends over the potential future capital gains, suggesting that higher dividend payouts can enhance a firm's value and consequently shareholders wealth. The study of Nyabakora and Priyan (2022) and Wagner et al. (2024) attested to this by stating that dividend per share can favourably influence shareholders wealth. Njoku and Lee (2024) also found that a higher dividend tends to increase market share price, this will boost the shareholders confidence and they will want to invest more in the company. Contra wise, the Miller and Modigliani (1961) argument contradict the outcome of this study, they emphasized that dividend policy does not affect shareholder wealth in a perfect market, as investors can create their own homemade dividends' by selling shares. They suggest that a firm value is driven by its investment policy rather than dividend payouts. Osamwonyi and Ebueku (2016), Ozuomba, Anichebe and Okoye (2016) studies also attested to the findings of this study that DPR has a favourably impact on MSHP, Priyan and Nyabakora (2022), Ansar, et al. (2015), Osamwonyi and Ebueku (2016) studies found a similar result that DPS has a favourable noteworthy effect on MSHP. Contrawise, Şamiloğlu, et al. (2017), Etale and Ujuju (2018) and Şamiloğlu, et al. (2017) discovered that either DPS, DPR or DYD have an adverse effect on MSHP.

Also, the study's findings showed firm size which is the moderating variable has a positive noteworthy effect on MSHP. Firm size has the tendency to influence how dividend policies impact shareholders wealth. Larger firms in some instances often have more stable earnings and greater access to capital markets, enabling them to distribute consistent dividends. This stability may enhance investor confidence, potentially leading to an increase in the firm's market valuation and shareholders wealth. Adebayo et al. (2024) also discovered a favourable significant effect on the connection between FSZ and MSP.

Further, the moderating role of firm size on the connection between dividend policy and shareholders wealth of quoted Nigerian industrial firms was found to have an adverse and substantial influence on shareholders wealth. This suggest that as the firm grow larger, its impact on MSHP weakens or reduces the strength of a favourable connection between DVP and shareholders wealth. This outcome is in line with the agency theory which opined that in **large firms,** agency conflicts are more pronounced due to **complex organizational structures and dispersed ownership.** Thus, **dividends play a crucial role in corporate governance.** Whereas, **in small firms,** ownership is often concentrated, and managers are closely monitored by shareholders, reducing the need for dividends as a control mechanism (Denis & Osobov, 2008). Firm size has the tendency to influence how dividend policies impact shareholders wealth. Whereas, it can also bring about decrease in shareholders wealth because as firm grow larger, its impact on MSHP weakens or reduces the strength of a favourable connection between DVP and shareholders wealth. Big firms often operate in mature markets with limited growth potential, reducing their ability to excite investors. Larger firms may also

have more complex structures, leading to higher agency cost, inefficiencies, or earning manipulation that negatively affect investor confidence. The study of. Chakkravarthy et al. (2023) and Kumar and Sujit (2023) attested to this outcome by revealing that FSZ act as a moderator of both dividend policy and shareholders wealth by influencing investor perceptions, access to capital and financial stability. Large firms may experience a weaker relationship, while small firms may show a stronger dependency on dividends to drive shareholder value. Whereas, it contradicts the findings of Ontoreal and Saifi (2024) which discovered that FSZ can significantly in a favourable manner moderates the nexus between shareholders wealth and dividend policy, suggesting that larger firms are more likely to distribute dividends, thereby influencing shareholders wealth. The outcome of this study also contradicts the outcome of this findings by revealing that larger firms with substantial institutional holdings tend to have higher dividend payouts and enhanced value.

5. Conclusion and Recommendations

A company's dividend policy has the potential to maximize shareholder wealth. The best dividend policy encompasses that which increases the stock price of the company and hence maximizes shareholder wealth. This study has been able to explore the moderating effect of firm size on the nexus between the dividend policy and the shareholder wealth of quoted Nigerian industrial firms. The finding of the study reveals robust evidence suggesting that dividend policy proxy with DPR, DPS, and DYD have a notable favourable impact on MSHP. Whereas, it was also that FSZ has an adverse favourable moderating impact on the connection between DVP and shareholders wealth. Based on the outcome of this study, the conclusion drawn from this study is that dividend policy has a notable favourable impact on shareholders wealth and firm size has an adverse moderating effect on the nexus between dividend policy and shareholders wealth. It is thus recommended that firms can increase their share price via increase in their DPR, DPS and DYD. Thus, large firms should adopt flexible dividend policies that balance shareholder returns with growth opportunities, avoiding rigid high payout policies that may hinder reinvestment. Smaller firms should also focus on stable dividend policies to attract long term investors who value consistent returns. Regulators should ensure fair dividend policies across firms of different sizes to prevent market inefficiencies. Also, institutional investors should consider FSZ when evaluating dividend policies and their impact on long-term wealth creation.

REFERENCES

Abubakar, N., Umar, J., Yero, J. I., & Saidu, S. (2020). Ownership Structure and Dividend Policy in Listed Industrial and Consumer Goods Firms in Nigeria: Heckman's Two-Stage Approach. *Journal of Business and Economic Analysis, 3*(2), 288-308. DOI: https://doi.org/10.36924/sbe.2020.3304

Adebayo, A. O., Adenle, O. E., Daramola, P. S. (2024). Risk management practices and market value of quoted manufacturing firms in Nigeria. *Zbornik radova Ekonomskog fakulteta Sveucilista u Mostaru*, (30), 7 -30. https://doi/10.46458/27121097.2024.30.7 https://hrcak.srce.hr/en/clanak/473714

Adenle, O.E., Adeoye, L. A., Adamu, D. & Mbah, F. I. (2023). Intellectual capital and dividend policy formulation: evidence from Nigeria's non-financial firms. *Nigerian Journal of Management Sciences*,1a (24).

Adelegan, O. J., Adeyemo, K., Adejuwon, J. & Taiwo, A. (2021). Determinants of dividend policy of manufacturing firms in Nigeria. *African Economic Research Consortium*, Nairobi.

Al-hassan, M. A., Asaduzzaman, M.D., & Karim, R. A. (2013). The effect of dividend policy on share price: An evaluative study. IOSR Journal of Economics and Finance, 1 (4), 6 – 11.

Alim, W., Ali, A., Ali, N.Khattak, B. K., & Qureshi, M. I. (2014). Impact of dividend policy on shareholders' wealth in Pakistan: Evidence textile industry perspective. *Gomal University Journal of Research, 30*(1), 18-31

Ansar, I., Butt, A. A., & Shah, S. B. (2015) Impact of dividend policy on shareholders' wealth. *International Review of Management and Business Research, 4*(1), 89-95

Baker, H., E. Kilincarslan, & A. H. Arsal. (2018). Dividend Policy in Turkey: Survey Evidence From Borsa Istanbul Firms. *Global Finance Journal 35*: 43–57. https://doi.org/10.1016/j.gfj.2017.04.002.

Becker, B., Bergstresser, D., & Subramanian, G. (2013). Does shareholder proxy access improve firm value? Evidence from the Business Roundtable challenge. *Journal of Law and Economics, 56* (1), 127-160. https://doi.org/10.1086/667411

Bena, J., Ferreira, M. A., Matos, P., & Pires, P. (2023). Dividend policy and crisis: Exploring the interplay between performance and financial constraints during COVID-19. *Journal of Corporate Finance*, 75, 102200. https://doi.org/10.1016/j.jcorpfin.2022.102200

Bessembinder, H. (2023). Wealth creation in the US public stock markets 1926 to 2022. SSRN Working Paper. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4448099

Chakkravarthy, B., Irudaysamy, F. G., Elangovan, R., Rengaraju, N., & Parayitam, S. (2023). The relationship between promoter's holding, institutional holdings, dividend payout ratio and firm value: moderating roles of firm size and firm age. *Journal of Risk Financial Management, 16* (11), 1-15.

Chenchehene, J., & Mensah, K. (2015) Dividend policy and its effects on shareholders' wealth: Evidence from UK retail industry. *International Journal of Liberal Arts and Social Science, 3*(2), 52-64

Chiedu, C. O., & Okonkwo, N.I.J. (2020). Effect of dividend policy on shareholders wealth creation and firm performance of listed banks in Nigeria. *Journal of Accounting and Financial Management, 6* (3), 74 -80.

Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review, 22*(1), 20-47.

Denis, D. J., & Osobov, I. (2008). Why do firms pay dividends? International evidence on the determinants of dividend policy. *Journal of Financial Economics, 89*(1), 62-82. https://doi.org/10.1016/j.jfineco.2007.06.006

Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management, 16*(1), 49-64.

Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review, 14*(1), 57-74.

Etale L. M. & Ujuju L. E. (2018), Effect of dividend policy on shareholders wealth In Nigeria (1987 - 2016). *International Journal of Management Technolog , 4* (5), 12-23,

Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *Journal of Law and Economics, 26*(2), 301-325.

Farrukh, F., & Khadija, k. (2017) Impact of Dividend Policy on Shareholders Wealth and Firm Performance in Pakistan. Cogent Business and Management, vol. 4, no. 1, 2017, doi:10.1080/23311975.2017.1408208.

Fridson M. (2025). What private equity can teach executives about metrics. Reuters. https://www.reuters.com/business/what-private-equity-can-teach-executives-about-metrics-fridson-2025-02-21

Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Cambridge University Press.

Gordon, M. J. (1959). Dividends, earnings, and stock prices. *The Review of Economics and Statistics*, 99–105. https://doi. org/10.2307/1927792

Hasan, M., Ahmad, M. I., Rafiq, M. Y., & Rehman, R. U. (2015). Dividend payout ratio and firm's profitability. Evidence from Pakistan. *Theoretical Economics Letters, 5*(03), 441.https://doi.org/10.4236/tel.2015.53051

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics, 3*(4), 305-360. https://doi.org/10.1016/0304-405X(76)90026-X

Kumar, R., Bhatia, P., & Chattopadhyay, S. (2021). The impact of leverages and operating efficiency on market value added: Empirical evidence from India. *Journal of Business perspectives*, 1-10

Kumar, P., & Sujit, K. S. (2023). Firm size as a moderator in the dividend policy and stock return nexus: Evidence from emerging markets. *International Journal of Finance and Economics, 28*(1), 45-63. https://doi.org/10.1002/ijfe.2308

Lintner, J. (1956). Distribution of incomes of corporations among dividends, retained earnings, and taxes. *The American Economic Review, 46*(2), 97–113.

Louziri, R., & Oubal, K. (2022). Determinants of Dividend Policy: The Case of the Casablanca Stock Exchange. *Journal of Risk and Financial Management 15*, 12: 548. https://doi.org/10.3390

Miller, M. H., & Modigliani, F. (1961). Dividend policy, growth, and the valuation of shares. *The Journal of Business, 3*4(4), 411–433. https://doi.org/10.1086/jb.1961.34.issue-4

Njoku, O. E., & Lee, Y. (2024). Revisiting the effect of dividend policy on firm performance and value: Empirical evidence from the Korean market. *International Journal of Financial Studies, 12*(1), 22. https://doi.org/10.3390/ijfs12010022

Olagunju, A., Oluwakayode, E.F., Adenle, O. E., & Bamigboye, O.A. (2024). Influence of audit firm attributes on earnings management and audit quality of listed Nigeria Manufacturing firms. Economics and Business, Riga Technical University, Latvia, 38, 34-53. https://eb-journals.rtu.lv/eb/issue/view/18

Olowookere, J.K., Olagunju, A.O., Afolayan, T.I. & Adenle, O.E. (2023). Effects of managerial ownership structure and profitability on capital structure of quoted Nigeria consumer goods firms. *Scientific-Technical Journal of Moravian Business College Olomouc*, Czech Republic,15 (2). 16-26. http://emijournal.cz/ http://emijournal.cz/?page_id=1408

Ontorael, R., Saifi, M., Nuzula, N. F., & Zahroh, Z. A. (2024). Firm size moderating effect on financial performance and dividend policy from Indonesia. *Revista De Gestao Social E Ambiental, 18* (4), 1-18.

Osamwonyi, I. O., & Lola-Ebueku, I. (2016). Does dividend policy affect firm earnings? Empirical evidence from Nigeria. *International Journal of Financial Research, 7*(5), 77.

Ozuomba, C. N., Anichebe, A. S., & Okoye, P. C. (2016). The effect of dividend policies on wealth maximization–a study of some selected plcs. *Cogent Business & Management, 3*(1),1226457.

Priyan, P. K. & Nyabakora, I. W. (2022). Diviend policy and its impact on shareholders wealth: Case of non-financiql firms. *Journal of Higher Education, 14* (2), 946 -963.

Reuters. (2024). Nigeria's NNPC Posts 28% Rise in Annual Net Profit. www.reuters.com

Ross, S. A. (1973). The economic theory of agency: The principal's problem. *American Economic Review, 63*(2), 134-139.

Şamiloğlu1, F., Bağcı, H., Öztop, O., & Kahraman, Y.E. (2017). Impact of dividend policy on share price: A case study in Istanbul Stock Exchange. *IOSR Journal of Economics and Finance, 8*(4), 49-53

The Guardian. (2024). Support for ESG proposals at record low driven by US investors, report shows. The Guardian.https://www.theguardian.com/business/2025/feb/18/support-for-esg-proposals-at-record-low-driven-by-us-investors-report-shows

The Times. (2024). PZ Cussons Cuts Dividend by 44% After Nigerian Currency Collapse. www.thetimes.co.uk

Ullah, H., e Saqib, S., & Usman, H. (2015). The impact of dividend policy on stock price volatility: A Case study of selected firms from textile industry in Pakistan. *International Journal of Academic Research in Economics and Management Sciences, 4*(3), 40-51.

Uwuigbe, O., Jafaru, J., & Ajayi, A. (2012). Dividend Policy and Firm Performance: A Study of Listed Firms in Nigeria. *Accounting and Management Information Systems, 11*(3), 442-454.

Wagner, D.D.S.J., Mohamed M. H., & Tarcisio, P. D. S. (2024) Determinants of dividend payout policy: More evidence from emerging market of G20 Bloc. *International Journal of Finance and Economics.* 1-20