



Board of Director and Dividend Pay-Out of the Listed Manufacturing Firms in Nigeria

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ABSTRACT

Using a sample of 450 firm-year observations over the 2007-2021 period, this study provides the additional evidence on the effect of board of directors on dividend pay-out ratio. A correlation research design was used and data were sourced from the annual reports and accounts of the sampled firms. The data were analysed using both descriptive statistics and the Kruskal-Wallis non-parametric technique. Additionally, diagnostic checks such as normality and homoscedasticity of residuals, multicollinearity and model specification error were carried out in order to ensure that the model is tested for best linear unbiased estimator. The study finds that board size is not significant in dividend decisions. Consistent with the study hypotheses, this dissertation finds that this result is limited to listed manufacturing firms in Nigeria. Additionally, board gender diversity was found to be significant with dividend pay-out ratio of listed manufacturing firms in Nigeria. Similarly, CEO tenure was found to be significant with dividend pay-out ratio of listed manufacturing firms in Nigeria. However, board independence and firm size were found not to be significant with dividend pay-out ratio of listed manufacturing firms in Nigeria. This study points to a promising direction for future research to gain a deeper understanding of how the characteristics of the board of directors affect dividends payment decisions of listed manufacturing firms in Nigeria. The study is limited by the number of samples, specifically 30 listed manufacturing companies. It is expected that further research can increase the total sample of companies and also by adding to the research period or using company samples from other non-manufacturing sectors.

1. Introduction

Corporate failure has become a major issue with respect to firms in developing as well as those countries that are already considered developed. This is because Poor corporate practices were cited as the major contributing factor to the above (Wanyama, 2013). Gakeri (2013) defined Board of director as firms' practices, procedures, system and process directed towards achievement of objectives (Gakeri, 2013). Where the Board of directors are sound, the investors, their investments and the anticipated returns are safeguarded. According to Okiro, Aduda and Omoro (2015), transparency and proper communication with investors is a sign of above average Board of director which enables the company to easily and favorably access the competitive financial markets.

Hifzalnam and Mukhtar (2014) explain that Board of director combines a number of market tools that encourage managers to increase a company's value for its shareholders. This is done by offering procedures and frameworks for organizing and running a company's operations, which improves performance and corporate accounting while also raising long-term shareholder value. According to Valenti et al. (2011), Board of director is crucial for enhancing an organization's performance. This is because it makes sure that an organization's assets are used in a way that maximizes profitability, protecting the interests of the shareholders. Therefore, Board of director improves a company's performance by encouraging managers to make decisions that maximize shareholder wealth.

The importance of Board of director in Nigeria increased after SAP. This is because the period witnessed the failure of listed businesses. Due to the institutions' lax corporate cultures, the nation experienced a very high rate of corporate failures (Anya, 2003). Some of the operational flaws in some corporate organizations were caused by financial scandals and scams, poor management, and inadequate internal control systems. Technical mismanagement was also pervasive in the Nigerian corporate sector, including inadequate policies, a lack of standards, poor lending, mismatching of assets and liabilities, weak and ineffective internal control systems, and poor and nonexistent strategic planning (Babatunde & Olaniran 2014).

A strong board of directors also encourages economic development by enhancing the investment climate and improving performance (Braga & Shastri, 2011). In Nigeria, market participants engaged in a number of financial scandals and frauds. Financial scandals and scams gained notice in the recent past as a record-breaking number of notable frauds came to the public's attention. Particularly notable was the 2007 shock to investors in Cadbury Nigeria PLC. It was discovered that the management of the participating companies had engaged in both corrupt and unethical commercial practices. Some of the company's operational issues were caused by poor management and weak internal control systems.

In Nigerian manufacturing firms, good board of director is not an indication that significant dividend is paid, or the opposite. Three scenarios can be anticipated or conceived in the relationship. First, good board of director can indicate good performance but dividend may be low when there are other

pressing needs for earnings such as good investment opportunities and portfolio-diversification. Hence, a manufacturing firm that has good Board of director a strong performance might result in a low or no dividend payment.

Second, dividend may be high in manufacturing firms with good performance whereas board of director is weak. Lastly, good board of director may make firms pay high dividend when corporate performance is high or vice versa. Dividend payouts and Board of director are two of the most researched areas in financial economics literature but little is known about the relationship between the two in Nigeria. Indeed, it has been argued that the findings in developed countries may in fact not be applicable to developing nations such as Nigeria (Aivazian et al, 2003).

The foregoing motivates this research which specifically, investigates how Board of director influences dividend behavior of listed manufacturing firms in Nigeria. Thus, this scenario precipitates a research question as follows: What is the effect of board of director on dividend pay-out of the listed manufacturing firms in Nigeria? In this regard, the objective of this study is to examine the effect board size, board independence, CEO tenure and board gender diversity on dividend pay-out of the listed manufacturing firms in Nigeria. To achieve the mentioned objectives, the following null hypotheses are formulated for the study:

H₀₁: Board size has no significant impact on dividend pay-out of manufacturing firms listed on Nigeria Exchange.

H₀₂: There is no significant effect of board independence on dividend pay-out of manufacturing firms listed on Nigeria Exchange.

H₀₃: CEO tenure has no significant impact on dividend pay-out of manufacturing firms listed on Nigeria Exchange.

H₀₄: Board gender diversity has no significant impact on dividend pay-out of manufacturing firms listed on Nigeria Exchange.

The remaining sections of this study discuss the literature review, methodology, results, conclusions, recommendations, and references.

2. Literature Review

Dividends are a way for a corporation to give its shareholders more money, either in the form of cash dividends or stock dividends. Cash dividends in a firm must be paid out of the company's funds, but stock dividends influence the number of shares outstanding rather than the company's cash balance (Mukhtar, 2014). The amount of dividend that a company pays to its shareholders is known as the dividend payout. Large dividend payments in one period would reduce the amount of money available for investment in subsequent periods, which would increase the likelihood that equity or debt will need to be raised to finance investment in the following period. On the other hand, a significant investment would reduce the funds available to finance dividend payout and increase the need for external debt financing to finance dividend payment during the following period (Fumey and Doku, 2013).

The number of directors on the board is referred to as the board size. It is crucial to figuring out how effective the board is. A larger board of directors could increase a company's effectiveness as a board, assist management in lowering agency costs that result from subpar management, and ultimately produce better financial results, claims Hamdouni (2012). Furthermore, Dalton and Dalton (2005) contend that, in contrast to smaller boards that lack the benefit of having the spread of expert advice and opinion, larger boards are more likely to be associated with an increase in board diversity, in terms of experience, skills, gender, and nationality.

Board independence refers to directors who are independent of management and can closely track management's actions to protect shareholders' interests (Amran et al., 2014). A board of independent management comprises mostly directors who are not affiliated with the company's executives and have little business relationship to avoid potential conflicts of interest (Walls et al., 2011). A non-executive director is a constituent of a corporation's management board, which, according to Liao et al. (2015), is not a member of the administrative committee.

Different theories exist about role of CEO tenure in company performance. One of the important topics in numerous academic researches is CEO entrenchment. CEO entrenchment exists when managers gain much power and become able to use firm resources to satisfy they prioritize their own interests over the interests of shareholders. Managers often seek to get revenues in the detriment of the firm's goals and objectives (Morck et.al. 1988). (Hermalin & Weisbach 1998) suggested that CEOs with a good performance send signals that they are good matches for their firms and at the same time acquire bargaining power to entrench themselves.

Recently, the idea of "board diversity" has become the most important topic in Board of director literature. (Ibrahim & Hanefah, 2016)., Dreu and Homan (2014) defined board diversity as the heterogeneity amongst directors on the board with unique attributes or dimensions. The dimensions of a diverse board can be grouped into observable difference (like race, ethnic background, nationality, gender and age) and less discernible diversity (educational level, educational background, functional and occupational background, industry experience and organizational membership).

This study adopted agency theory due to its relevance to the relationship between board of director and dividend pay-out. The agency relationship is defined by agency theory as one in which the principal delegated work to the agent (the agent). Therefore, even though they rely on others (agents) to manage the corporation on their behalf, shareholders are the principals whose interests the company should be run (Rani and Mishra, 2008). Because

owners bear the remaining risk, creating rules and incentives that effectively align manager behavior with principal behavior is the main challenge in Board of director.

Agency theory has predominantly dominated other theories in the studies of Board of director. It is described as a contract that one or more people sign (the principal) engage another person (the agent) to perform some services on their behalf which involves giving someone else some power to make decisions. Agency theory has two major aspects, i.e., the effect of the board composition on firm's performance and the effect of board leadership structure on firm's performance (Nicholson & Kiel, 2007, as cited in Yasser & Mamun, 2012). Therefore, agency theory is an important theory which found to underpin the study because there is a direct relationship between board characteristics and dividend pay-out.

Yusoff. (2015) examined the impact of board effectiveness on dividend payout policies. The study employed a sample of non-financial companies listed on the Bursa Istanbul (BIST) from 2016 to 2020. The Board Size (BSIZE), Board Independence (BIND) and Board Female Membership (BFM) was used to gauge the effectiveness of the board. in the study. Furthermore, various control factors were included, including ROA, firm age. The study's dependent variable was the dividend per share, which represented the company's dividend payout policy. The regression result of board size on dividend policy is significant at the 5% level and board size has a positive and non-significant impact on dividend policy.

Nuhu (2014) looked at the connection between board size and dividend. pay-out for Ghanaian firms between 2000 and 2009. The results from the study revealed a positive and statistically significant relationship between board size and dividend pay-out. This implies that the bigger the board, the higher the level of dividends paid out due to increased monitoring activity. This result is consistent with studies by Mansourinia, Emamgholipour, Rekadarkolei and Hoozori (2013), who also concluded A favorable correlation existed between board size and dividend pay-out. In a later study, Size and board have a positive relationship, according to Elmagrhi et al. (2017) and dividend pay-out amongst UK Small to Medium Enterprises between 2010 and 2013.

Elmagrhi et al.(2017) examined the impact of company board size on dividend payout According to the outcome hypothesis, bigger boards are better at monitoring and reining in the behavior of self-serving managers because they have a bigger pool of knowledgeable and skilled directors who can provide more varied viewpoints when making decisions. By lowering the amount of free cash flow that managers can use to raise dividends, this is anticipated to lower agency costs. On the other hand, the substitution hypothesis contends that large boards have serious communication issues that compromise board effectiveness and poor governance and that these issues will be covered up by higher-than-average dividends (Jingura, 2018).

Yousef and Tareq (2020) examined the impact of board independence and dividend policy on real earnings management in the listed Jordanian industries. 8 years data (2010 to 2018) was extracted from the audited financial reports of the selected firms. Data was analyzed using Structural Model via AMOS version 26 and SPSS version 21. The findings revealed a positive and significant effect between p-values of 0.05 and 0.001 (two-tailed) for board composition and real earning management, respectively. While a p-value of 0.05 or higher indicated that dividend policy had a negative impact on REM (two-tailed). This study, which documented a novel finding, made a significant contribution to closing the knowledge gap. The Jordanian government, investors, managers, shareholders, the board of directors, and every other institution pertinent to the development of the healthiest industrial sector and a better economy will all benefit from these findings.

Ajanthan (2012) investigates the effects of dividend payout ratio and board independence. According to the findings, there is no correlation between board independence and dividend payout among Sri Lankan hotel and restaurant companies. The relationship between board independence and dividend payout ratio is examined by Mansourinia et al. (2013). The results demonstrate that the firm dividend ratio is not significantly impacted by board independence. Similar findings are supported by Abdelsalam et al. (2008), who find that board independence has little bearing on Egyptian companies' dividend payouts.

Furthermore, there is a significant and advantageous correlation between the board of directors' independence and dividend payout, according to Abor and Fiador (2013) as well as Afzal and Sehrish (2011). Adjaoud and Ben-Amar (2010) also look into the relationship between dividend payout ratio and qualitative Board of director attributes among 714 Canadian companies and find that stronger Board of director mechanisms tend to result in higher dividend payments.

According to Caliskan and Doukas (2015), CEO tenure is frequently used as a stand-in for managerial entrenchment. As indicated by the likelihood of a manager to choose concentrated power (Berger, Ofek, & Yermack, 1997; Hu & Kumar, 2004) or risk aversion (Coles, Daniel & Naveen, 2006), CEOs with longer tenure are less likely to increase firm value and as a result, they pay more dividends rather than investing in value-adding projects (Caliskan & Doukas 2015).

However, according to Al Ghazali (2014), a longer tenured CEO has more influence over the board and is therefore forced to reduce dividends in order to find new projects internally. According to Kanitpong et al. (2012), the likelihood of dividend payments was significantly negatively correlated with the tenure of the CEO. In their study, the authors claimed that there have been many discussions over the years regarding the relationship between dividends and firm value. It is important to investigate the factors that affect dividends if they have an impact on the firm's value. While adjusting for firm size, market-to-book ratio, leverage, R&D spending, capital expenditures, CEO tenure, year dummies, and other factors, the study examined the relationship between a company's propensity to pay dividends and its CEO reputation.

From 2009 to 2014, 326 distinct non-financial companies from the top 500 ASX listed companies were used by Ahmed et al.,(2021) who investigate the effect of board gender diversity on dividend policy in Australia. After controlling for other variables, such as free cash flows, retained earnings to total assets ratio, and other Board of director and firm-specific characteristics, The findings showed that while board gender diversity has a positive impact on dividend policy, this is only evident when nonexecutive women directors are present. On the other hand, dividend payments are unaffected by executive women directors. The findings imply that when there are three or more women directors, board gender diversity has the greatest influence on dividend

policy. In addition, despite the fact that high dividend payouts were linked to the financial crisis, women directors limited (increased) dividend payments during (after) the crisis period. The outcome also showed that, in publicly traded (privately held) companies, women directors increased (decreased) dividend payments.

Emmanuel et al. (2022) examined the relationship between female directors and payout policy. The critical mass theory was used to guide the study's discovery of an inverted-U relationship. Women directors raise dividends for boards with low levels of female representation in order to decrease agency conflicts and boost legitimacy or reputation. The characteristics typically associated with women, such as risk aversion, a conservative and prudent financial attitude, and less overconfidence, emerge after an inflection point and lower dividend payments. Additionally, the findings imply that depending on the strength of the family ties, female directors play very different roles with the controlling shareholder. Women directors who are related to the major shareholder display the same inverted-U relationship with them.

Jimoh (2012) looks into the connection between Nigerian listed companies' financial performance and dividend payout. It also examines the connection between firm size, ownership structure, and dividend payouts. The 50 sampled firms' annual reports for the years 2006 through 2010 served as the primary data source. As a statistical method for analyzing the gathered data, regression analysis was used. We discover that in Nigeria, there is a significant positive correlation between firm performance and dividend payout. The study also showed that ownership structure and firm size have a big impact on how much money companies pay out in dividends.

With the help of data generated from the annual reports of five randomly selected firms from the manufacturing sector in the Nigerian economy and analyzed using pooled panel least square model, Ugwuegbe and Ezeaku (2016) studied the effect of firm size on dividend payout of the Nigerian manufacturing sector for the period of 2009 to 2015 and found that firm size has no significant impact on dividend payout of the firms involved.

3. Methodology

The study employed correlational research design. The data was sourced from the annual reports and accounts of the manufacturing firms listed on Nigeria Exchange from the year 2007 – 2021. Multiple regression analysis was adopted for the study. Post estimation tests such as Normality of residuals, homoscedasticity of residuals, and model specification were conducted to ensure that the selected model is best linear unbiased estimator (BLUE). The population of the study was thirty-eight (38) and the sampled firms were thirty (30 listed manufacturing firms in Nigeria. (See Appendix A for Population and sample of the Study)

The study adapted the model by Ugwanyi and Okanya (2017). The model is specified as follows

$$DPO = \beta_0 + \beta_1BS_{it} + \beta_2BIND_{it} + \beta_3CEOT_{it} + \beta_4BGDT_{it} + \beta_5FS + \dots\dots\dots eit.$$

Whereas: DPO = Dividend pay-out ratio (was measured as a percentage of total amount of dividends paid out divided by the total profit as used by Mwangi et al.(2013)

BSIZE = Board size was measured by the total number of directors on the board.

BIND = Board Independence was measure by the percentage of non-executive directors to total number of directors on the board.

CEOT = CEO Tenure was measured by log. Of number of years served by the CEO.

BGD = Board Gender Diversity was measured by the number of female directors on the board

FSIZ = Firm Size was measured by the log. of average asset of firm.

i. = Number of company. = 30. t.= Number of years, = 15. e = erro term, β_0 =Intercept of the model “Constant”, $\beta = 1, 2, \dots\dots\dots$ are parameters to be estimated.

4. Results and Discussion

This section describe the data presentation, analysis and interpretation. The section consists of descriptive analysis, diagnostic tests, regression analysis, hypotheses testing and discussion of findings. The data, which was used to derive dependent variable (Dividend Pay-out) is in Appendix B2, Appendix C1 to C6 are the raw STATA results derived from the data in Appendix B2.

Table 1

Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
DPO	450	7.06	6.216	0	21.269
BSIZE	450	9.469	2.799	4	19
BGD	450	16.734	10.597	0	60
BIND	450	61.032	12.006	36.842	90
CEOT	450	.698	.46	0	1
FSIZ	450	7.552	.711	5.39	8.68

STATA 13 Outputs Based on Data in Appendix B

Following from the figures in Table 1, the number of observations is 450, which was obtained by multiplying the number of listed manufacturing firms (30) by the number of years covered by the study (15). Also, the central mean of DPO (dividend pay-out ratio) was 7.06 with a standard deviation of 6.216. By comparing these two figures, it is clear that the standard deviation is lower than the central mean, suggesting that dividend pay-out ratio is not too volatile. Furthermore, the minimum mean is 0 and the maximum mean is 21.269. This suggests that some firms did not declare dividend at all during some periods, while the maximum dividend declared by any firm during the 15-year period covered by the study was approximately 21.3 per cent.

Furthermore, the central mean of BSIZE (board size) was 9.469 with a standard deviation of 2.799. By comparison, it is clear that the standard deviation is lower than the central mean, suggesting that board size is not too explosive. Furthermore, the minimum mean is 4 and the maximum mean is 19. This suggests that some firms have 4 board members, which is less than the minimum 8 board members recommended by the Nigerian Corporate Governance Code. The maximum board size was 19, it should be noted that while the Nigerian Corporate Governance Code did suggested a minimum board size, it did not recommend any maximum limit.

Also, board gender diversity (BGD) shows a central mean of 16.734 per cent with a standard deviation of 10.597 per cent. By comparing these two figures, it is clear that the standard deviation is lower than the central mean, suggesting that board gender diversity is not too unstable. Furthermore, the minimum mean is 0 and the maximum mean is 60 per cent. This suggests that some firms did not have females on their boards during the periods of study, while the maximum board gender diversity by the firms during the 15-year period covered by the study was 60 per cent. This figure is high and quite commendable given the 35 per cent Beijing Declaration minimum requirement.

Furthermore, board independence (BIND) shows a central mean of about 61 per cent with a standard deviation of about 12 per cent. By a way of comparison, the standard deviation is less than the central mean, suggesting that the level of volatility among the firms and the periods of coverage is low. Also, the minimum mean is 36.842 per cent and the maximum mean is 90 per cent. Note that board independence means the fraction of non-executive directors expressed to total board size.

Additionally, chief executive officers' tenure (CEOT) shows a central mean of .698 with a standard deviation of .46 with a standard deviation of 0. By a way of comparison, the standard deviation is less than the central mean, suggesting that the level of volatility among the firms and the periods of coverage is low. Also, the minimum mean is 0 and the maximum mean is 1. Note that if a CEO has spent 3 and more years, it is graded 1, otherwise 0. Finally, firm size, which was used in this study as a control variable shows a central mean of about 7.552 with a standard deviation of .711. By a way of comparison, the standard deviation is less than the central mean, suggesting that the level of volatility among the firms and the periods of coverage is low. Also, the minimum mean was 5.39 and the maximum mean was 8.68. Note that firm size was measured by the natural logarithm of firm's total assets. A number of diagnostic tests were carried out in order to establish the appropriate type of analytical technique to apply the data of this study. These tests include normality of residuals, homoscedasticity of residuals, and model specification. The results of these diagnostic tests are reported in the following tables.

Table 2*Chen-Shapiro QH* test for normal data*

Variable	Obs	QH	QH*	P-value
r	450	0.981	0.394	0.000

STATA 13 Outputs Based on Data in Appendix B

Following from the p-value of the figures in Table2, the study concludes that the residuals of the model is not normally distributed. As a result, therefore, it is not possible to apply parametric technique for the purpose of data analysis unless the data in the model can be transformed. Table3 shows the results of data transformation possible in order to apply parametric technique.

Table 3

STATA 13 Outputs Based on Data in Appendix B

Following from the p (χ^2) values, which are all significant, that is, the figures are less than the .05 threshold. It is therefore, safe to conclude that the data used in the study cannot be transformed for the purpose of ensuring normality of residuals. Thus, the study cannot use a parametric technique to analyse the data. Furthermore, the study carried out a homoscedasticity test, which is also a requirement for using a parametric technique in order to ensure that the model is best, linear, unbiased estimator (BLUE). Table 4 shows the results of test of homoscedasticity of residuals.

Table 4*Cameron & Trivedi's decomposition of IM-test*

Source	χ^2	Df	P
Heteroskedasticity	48.100	19	0.000
Skewness	21.030	5	0.001
Kurtosis	44.670	1	0.000
Total	113.810	25	0.000

STATA 13 Outputs Based on Data in Appendix B

Following the p-value of heteroskedasticity in Table 4, it is clear that the table failed heteroskedasticity test. With a p-value of .000, which is significant, it means that the model requires treatment of heteroskedasticity. Furthermore, the study carried out a model specification test in order to determine whether the model is okay or it requires additional variable(s). The results are reported in Table 5 as follows:

Table 5*Model Specification Error Test*

Source	SS	Df	MS	Number of obs = 450		
Model	1376.310	2	688.155	Prob>F = .000		
Residual	15970.99	447	35.729	R-squared = .079		
Total	17347.30	449	38.635	Root	MSE	= 5.977

DPO	Coef.	Std.Err.	T	P>t	[95% Co.	Interval]
_hat	-0.845	1.129	-0.750	0.455	-3.064	1.374
_hatsq	0.136	0.082	1.650	0.099	-0.026	0.297
_cons	5.870	3.755	1.560	0.119	-1.510	13.251

STATA 13 Outputs Based on Data in Appendix B

Given the p-value of hatsq result of .099, which is higher than the .05 level of threshold for significance, it means that the model is okay and does not require either additional variable or removal of variable. However, in order to draw this conclusion, the Ramsey reset test was carried out. The results are reported in Table 6 as follows:

Table 6*Ramsey Reset Test*

Ramsey RESET test using powers of the fitted values of DPO

Ho: model has no omitted variables

F(3, 441) = 2.27

Prob > F = 0.0802

STATA 13 Outputs Based on Data in Appendix B

Taking the results in Tables 5 and 6 together, it is clear that the model has no problem of specification and therefore, it can be used in its present form. The study also carried out a multicollinearity test among the independent and control variables. The results are reported in Table 7 as follows:

Table 7*Results of Multicollinearity Test*

	VIF	1/VIF
BFSIZE	1.039	.962
FSIZ	1.032	.969
BGD	1.031	.97
CEOT	1.023	.978
BIND	1.016	.984
Mean VIF	1.028	.

STATA 13 Outputs Based on Data in Appendix B

The variance inflation factor (VIF) values of the independent and control variables as contained in Table 7 show that there is no multicollinearity among the variables. Furthermore, by taking the results of the diagnostic tests together, they indicate that the appropriate technique of data analysis technique is a non-parametric technique, having failed normality and homoscedasticity of residuals. A non-parametric technique does not require normality and homoscedasticity of residuals for valid test of hypotheses. As a result, the regression results of a non-parametric test are reported in Table 8 as follows. Note that the Kruskal-Wallis test was used because, it is the most appropriate technique where the model consists of three or more variables. In the instant case, the study model is made up of six variables: 1 dependent variable (DPO) and 4 independent variables (BFSIZE, BGD, BIND, CEOT) and 1 control variable (FSIZ).

Table 8*Results of Regression Analysis*

Variables	Chi ²	p-value	Remark
BFSIZE	79.294	.5949	Not Significant
BGD	110.827	.0224	Significant
BIND	77.470	.6506	Not Significant
CEOT	180.369	.0001	Significant
FSIZ	55.906	.9902	Not Significant

STATA 13 Outputs Based on Data in Appendix B

Following the results as contained in Table 8, board size (BFSIZE) with a p-value of .5949 is not significant. This was interpreted against the threshold of .05 level of significance. Therefore, the study fails to reject the null hypothesis and concludes that board size has no significant impact on dividend pay-out. This result is not surprising because the size of a board of a company is not as important as the quality of members of that board. In practical situations, number cannot substitute for quality. Therefore, the study is supported by the work of Yusoff. (2015) reviewed in this work which showed that board size has a positive and non-significant impact on dividend pay-out. and contradict the study of Nuhu (2014) However, board gender diversity (BGD) with a p-value of .0224 is significant. Therefore, the null hypothesis is rejected, this result is thought-provoking because a number of scholars accept that female directors bring discipline, due care and control to the boards, which are necessary for higher financial performance, of which dividend pay-out depends on. This findings aligns with the works of Emmanuel et al. (2022) which states that women directors raise dividends for boards.

Furthermore, Table 8 shows that board independence (BIND) is not significant. With a p-value of .6506, benchmarked against .05 level of significance. Hence, study fails to reject the null hypothesis and concludes that board independence has no significant impact on dividend pay-out; increasing the number of non-executive directors in boards does not offer financial performance improvement. This may be as a result of the fact that non-executive directors do not usually have stakes in the firms they serve and therefore are not bound to exercise extra efforts to lead to better financial performance, resulting into higher dividends. This findings is in line with prior empirical studies of Ajanthan (2012) and Mansourinia et al. (2023) which reveals that there is no correlation between board independence and dividend pay-out.

Additionally, Table 8 shows that CEO tenure with a p-value .0001 is significant. Therefore, the study rejects the null hypothesis. This result suggests that the longer a CEO serves, the greater the level of stability, understanding of the business of the firm, which put together may result in higher financial performance. Therefore, the study is supported by the work of (Caliskan & Doukas 2015). Finally, firm size (FSIZ), which serves as a control variable in this study is not significant with dividend pay-out. With a p-value of .9902, against a threshold of .05 level of significance. Therefore, study fails to reject the null hypothesis and concludes that firm size has no significant impact on dividend pay-out. This result is an indication that the size of a firm is not a determinant factor in dividend decisions, of which dividend payout ratio measures. In practice, large firms do not translate into higher financial performance because of several factors, including inability to take advantage of economies of scale and scope, modern technology, lean enterprise, etc. This findings aligns with the works of Ugwuebe and Ezeaku (2016) reviewed in this work which showed firm size has no significant impact on dividend payout of the firms involved. and contradict the study of Jimoh (2012).

5. Conclusion and Recommendation.

This study examined the effects of board of directors' characteristics on dividend pay-out ratio listed manufacturing firms in Nigeria. The study examined the effects of four independent variables (board size, board gender diversity, board independence, CEO tenure) on the dependent variable (dividend pay-out ratio), it also examines the effect of firm size which was used as a control variable on dividend pay-out ratio of listed manufacturing firms in Nigeria.

Based on the regressions in Table 8, it is clear that board size, board independence, and firm size were found not to be determinants in relation to dividend decisions among listed manufacturing firms in Nigeria. However, board gender diversity and CEO tenure were found to be determinants of dividend decisions among listed manufacturing firms in Nigeria. This study recommends that

Corporate regulators (such as Financial Reporting Council of Nigeria, Nigerian Securities and Exchange Commission, and Nigerian Exchange Group) should issue guidelines to encourage greater women in board representation.

Owners, also known as shareholders of companies should appoint more percentage of women into corporate boards of directors. Similarly, Corporate regulators should issue Code of Corporate Governance on CEO tenure like in the case of deposit money banks in Nigeria as issued by the Central Bank of Nigeria by ensuring that CEOs are guaranteed a 10 year tenure. This period is long enough for a proper understanding of the business of the firm and thereby brings stability to the firm.

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