

EFFECT OF MANAGERIAL OWNERSHIP AND INDEPENDENT DIRECTORS ON DIVIDEND PAYOUT OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

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ABSTRACT

Firm's payout proportion of their profits as dividends, despite their high-risk profile, poor financial position, and high rate of debt structure, which has necessitated this study to examine the effect of managerial ownership and independent directors on dividend payout of listed consumer good firms in Nigeria. The study employed panel data that is extracted from the annual reports and accounts of sampled firms. The population of the study is twenty-one (21), and the sample size is sixteen (16) listed consumer good firms from 2010 to 2021. The study adopted a purposive sampling technique because the sampled firms were based on the availability of data. The robust Ordinary Least Squares is used for the study. The regression models were adopted for the study to correct for the heteroskedasticity. The findings of the study revealed that managerial ownership has a negative and significant effect on dividend payout. However, the independent directors are found to have a positive and insignificant effect on dividend payout. Similarly, the control variable of leverage has an insignificant positive effect on dividend payout. Based on the findings of the study, it is suggested that the study firms should consider implementing oversight mechanisms such as stronger board independence or dividend policies that balance managerial discretion with shareholder expectations. Regulators and investors may also need to monitor firms with high managerial ownership to ensure that retained earnings are reinvested productively and not used for managerial entrenchment.

Keywords: *Managerial Ownership, Independent Directors, Dividend Payout, Nigeria Firms*

1. Introduction

The dividend payout has received much more attention among scholars, corporate strategists, and policymakers than ever (Sbai et al., 2024). Dividend payout policies are highly debated in corporate finance, with different perspectives among financial analysts and scholars. Rahmawati and Rohman (2024) found that shareholders are primarily

interested in receiving annual returns, while directors may prioritize other uses of financial capital over dividend payments. Zatioc et al. (2024) explained that it is crucial to overcome the divergence of interests between shareholders and independent directors rationally and effectively. In the end, investors hold considerable power over the company's capital, earnings, and losses.

Managers oversee and distribute the company's profits in the form of dividends and retained earnings (Imamah et al., 2024). However, one of the decisions that the company's management must take is to decide whether the profit earned during one period is divided in full or as dividends, and part of it is kept as earnings to be retained. Mendis and Wijesinghe (2021) explained that dividend is the benefit to the owners of the firm or shareholders in return for their investment and the risk they bear. Widiatmoko, et al. (2021) opined that distributing high dividends to shareholders can increase the value of the company, through the perception that high dividends increase the well-being of shareholders.

Dividends are used by managers as a tool to signal or convey messages about the company's prospects (Fitriyah et al., 2024). Management's primary role is to maximize shareholder funds, and a manager must grasp dividend payout policy because any good or bad decision about dividend payment can have an impact on shareholder value (Franc-dąbrowska et al. (2018). The practice of management in making dividend payout decisions is referred to as dividend payout policy. This policy includes cash distributions or payments to shareholders from the firm profit and the period during which the dividend is paid to the shareholders (Jatmiko & Kusumastuti, 2020). The firm objective is to maximize profit, thereby increasing shareholders' welfare or returns on their investment (Widiatmoko, et al. 2021).

The managerial ownership structure is the distribution of equity in terms of votes and capital, as well as the identity of

the equity owners of a corporation to the directors in the board (Ali et al., 2018). However, the relationship between managerial ownership structures and dividend pay-out policy among Nigerian firms is complex due to its diversity of owners. In Nigeria the most common ownership diversity is managerial ownership which are represented and measured in the financial report of companies while others are not easily identified in the company report. The managerial ownership is referring to the share owned by the board of director in a company. The agency conflict can be resolve through the managerial ownership, therefore, firms should ensure that shares are owned by board of management. To a large extent, the interests of the firm will be highly protected. Sinnarajah (2020) notes that managerial ownership is determined by the proportion of shares held by the management of a firm (managers and directors) to the total shares of the company. Daadaa and Jouini, (2018) defined managerial ownership as the percentage or proportions of capital or shares owned by everyone in the company.

Independent directors play an important role in improving corporate governance and it is a key element of corporate governance for board effectiveness and leading to sound corporate performance (Shafana & Mgh, 2019). Indeed, independent directors are members of a company's board of directors who do not have any material relationship with the company, ensuring they can provide unbiased oversight (Reda & Khadija, 2022). Their presence is intended to mitigate agency problems by representing the interests of shareholders, particularly in companies where managerial ownership is high. Thus, independent directors can act as a check on management, advocating for dividend payouts when they believe it is in the best interest of shareholders (Salisu & Ayagi, 2024). Therefore, their influence can help ensure that decisions regarding dividends are made with broader shareholder interests in mind, rather than solely on the preferences of management.

The interplay between managerial ownership and independent directors can have a significant impact on dividend payout policies. Firms with high managerial ownership and strong independent director oversight may take a more balanced approach, taking into account both reinvestment needs and dividend expectations. In situations where managerial ownership is high and independent directors are weak or absent, dividends may be underpaid because managers may prioritize projects that increase their control or personal wealth over returns to shareholders. Shafana and Mgh (2019) argued that independent directors are appointed based on their unique qualifications, expertise, and experience to help the board make effective decisions and, ultimately, add value to the company. Thus, the

contributions of independent directors are critical for effective decision-making and, ultimately, adding value to the firm.

In Nigeria, there are very few studies between managerial ownership and independent directors on dividend payout policies. Imamah et al. (2024), Zatiocck et al. (2024), Ekundayo et al. (2023), Ahmed, Syed, et al., (2020), Alhileen, (2020), Ali et al., (2018), Al-Nsour, (2020) in Jordan, Kumshe et al. (2020), Anuar et al., (2020) were examined effect of managerial ownership on dividend policies from different countries. Thus, the findings of these studies can only be applied to their country of studies and not generalized the findings to all countries. Furthermore, the study of Reda and Khadija (2022), Salisu and Ayagi (2024), Shafana and Mgh (2019), Laksana et al. (2024), were examined of the impact of independent directors on dividend payout policy. Besides, the two variables (managerial ownership and independent directors of the board) were not examined together, whether findings are supported to align the conflict of interest between managerial shareholders and independent directors and signaling to stakeholders. Thus, to fulfill the established research gaps, the study examines the impact of managerial ownership and board independence directors together to determine their influence on dividend payout of listed consumer goods companies in Nigeria. In this regard, this study, therefore, seeks to examine the effect of managerial ownership on dividend payout policy: secondly, to evaluate the effect of independent directors on the dividend payout policy of listed consumer goods companies in Nigeria.

Hypotheses of the study were formulated in null form and tested in the study as follows:

H₀₁: Managerial ownership has no significant influence on the dividend payout of listed consumer goods firms in Nigeria.

H₀₂: Independent directors have no significant effect on the dividend payout of listed consumer goods firms in Nigeria.

The rest of this paper is structured as follows: The conceptual, theoretical context and empirical studies are outlined in Section 2. The study describes the methodology used in section 3 and proceeds to present and discuss the research findings and further robustness analysis in section 4. Finally, section 5 concludes the study by presenting a practical recommendation and policy implications, examines the limitations of the present work, and suggests areas for additional investigations.

2. Literature Review

Dividend Payout

A dividend is a cash outflow from the firm to its investors (shareholders) based on the firm's profits in a specified period. Anuar et al., (2020) assert that dividend represent a part or portion of the company's earnings during a specific time that are distributed to shareholders. According to Franc-dąbrowska, et al. (2018) dividend payout is the portion of profits that will be given to shareholders as dividends and how much will be kept for company's spending. Thus, the interplay between managerial ownership and independent directors can significantly shape dividend policies.

Managerial ownership

Managerial ownership is the total shares owned by firm executives, directors and managers (Gewar and Suryantini, 2020). Managerial ownership has been placed in the hands of managers, which can assist in resolving the issue of free cash flow and promoting the joint interests of shareholders and management (Shafai and Shafai, 2020). The manager and executives who doubles as the owner of a firm, in practice, is faced with the necessity to make optimal dividend policy decisions in order to increase company value (Fujianti et al., 2020). Managerial ownership seeks to align the interests of managers with shareholders, this gives opportunity to managers to directly benefit from firm decisions and also suffer losses as a consequence of making wrong decisions by the owners. This situation can bring end to agency problems if a manager has a holding in the firm. Furthermore, managerial ownership can be defined as the percentage of the company ordinary shares held by management. It is a company internal mechanism for lowering agency costs (Fernandes et al., 2020). According to Bamigboye and Akinadewo (2020) managerial ownership is a crucial aspect of internal corporate mechanism to resolve agency conflicts through the interaction between management and shareholders of the firm

Independent Directors

The Independent director is an important element of corporate governance for board effectiveness and leading to sound corporate decision. It is important to note that all companies are widely recognized to have specific number of independent directors to create an independent board for sound governance structure (Shafana & Mgh, 2019). Thus, firms with a high level of independent directors are expected to tend to be more professional in their dividend decision and such decision are not to adversely affect the interests of ownership of the firms (Salisu & Ayagi, 2024). Additionally, the presence of an independent directors helps lessen conflicts between managerial shareholders (the company's working directors with ownership stakes) and shareholders (Laksana et al., 2024). According to Chintrakarn et al. (2015) there is a favorable correlation between the

percentage of independent directors on a company's board of directors and dividend decision.

Managerial Ownership and Dividend Payout

Zatioc et al. (2024) examines the effect of managerial ownership structure on dividend payout policy of listed oil and gas companies in Nigeria covered a period of ten years from (2013 to 2022). The study employed an ex-post facto research design in analyzing the panel data extracted from eight (8) oil and gas companies sampled from the population of twelve (12) companies listed on the Nigerian Exchange. Purposive sampling technique was employed in determine the sample size. The findings from the multiple regression model revealed that managerial ownership is positive and significant influencing dividend payout policy.

Rahmawati & Rohman (2024) examine the effect of managerial ownership on dividend policy of 36 companies listed on the Indonesia Stock Exchange from 2020-2022. The study samples are based on purposive sampling techniques. The study employed a logistic regression to test the hypothesis and the findings of study indicate that managerial ownership has a positive effect on dividend policy.

Maina & Nasieku (2023) determine the effect of managerial ownership on dividend pay-out of 63 listed firms in Nairobi Securities Exchange. The study employed multiple regression analysis. This research was used a cross-sectional descriptive research design. The study found that a managerial ownership has an insignificant positive effect on dividend pay-out. Furthermore, Johaness et al., (2021) determined the influence of managerial ownership on dividend policy of listed consumer goods sector in Indonesia from 2013- 2018. The research samples consist of 12 companies used with purposive sampling techniques. Regression panel (Random Effect) was used to analysis the data with the support of stata. The findings of the study show that managerial ownership has a positive and no significant effect on dividend payout policy. In additions, et al. (2021) examine the influence of managerial share ownership structure on the dividend policy of listed manufacturing firms in Indonesia from the period 2016-2018. The results of the multiple regressions revealed that managerial ownership has a negative and no significant influence on dividend policy.

Shafai and Shafai, (2020) focused on the effect of managerial ownership structure on dividend payment policy of top-listed 100 firms covering the period 2007-2016 in Bursa Malaysia. The study employed a Generalized Method of Moments to analyses the dividend payouts for ownership variables relationship. The empirical results showed that

managerial ownership has positive and no significant influence on dividend policy. Furthermore, Said and Lubna, (2020) assess the influence of managerial ownership on dividends pay-out policies of manufacturing firms listed on Amman Stock Exchange from the period 2013–2015 in Jordan. The research study revealed is findings that board managerial ownership has a positive and no significant influence on pay-out policy.

Afensimi and Famous, (2019) evaluate the impact of managerial ownership on dividend policy of firms in Nigeria. The study used a longitudinal research design and a basic simple random sampling technique to pick a sample size of 70 firms from 2009 to 2016. After the robustness test, the dynamic panel Generalized Methods of Moments (GMM) was employed to address potential endogeneity concerns. The findings of the study show that managerial ownership has significant positive effects on dividend policy. More so, Anh and Tuan, (2019) evaluate the impact of managerial ownership on dividend payout policy of 642 listed firms in Vietnam from the period of 2009 to 2015. The result of the findings showed that managerial ownership has a negative and statistically significant impact on dividend payout policy. Furthermore, Juhmani (2020) examines the impact of managerial ownership on the dividend pay-out policy of listed firms in Bahraini. The study adopted the ordinary least-squares regression model. Based on the empirical findings of the study, the managerial ownership has an insignificant effect on the dividend pay-out policy.

Jabeen and Ahmad (2019) examine the impact of managerial ownership on the dividend payout policy in Pakistan. Fifteen (15) listed cement companies was used for the study in Pakistan stock exchange from 2013-2017. The study concluded that the findings reveal that managerial ownership structure have a positive and insignificant influence on dividend payout policy. Also, Bamigboye and Akinadewo (2020) investigate the influence of managerial ownership on the dividend policy of ten (10) Deposit Money Banks in Nigeria. The findings of study revealed that managerial ownership has a positively and significantly influence on dividend payout policy of DMBs in Nigeria.

Ajadi et al., (2018) assess the impact of managerial ownership on dividend policy of quoted 26 insurance companies in Nigeria from the period 2013 to 2017. The result of the study revealed that managerial ownership has a significant and positive effect on dividend policy. In the same,

Saleh et al. (2018) assess the impact of managerial ownership on dividend policy of listed firms in Malaysian. 407 sample firms were used for the period of 2012 to 2015. The finding of the study shows that managerial ownership

has a negative and statically significant impact on dividend payout policy. Also, Duhri and Diantimala (2018) revealed that managerial ownership has a significant and negative influence on dividend payout policy.

Independent Directors and Dividend Payout

Salisu and Ayagi (2024) evaluate how the independence of boards affects dividend payout of listed deposit money banks in Nigeria for a period of 10 years (2012 – 2021). The study analyzed the data using descriptive statistics, correlation and GLS regression analyses. The result indicates that independent directors adversely influence dividend pay-out out to shareholders by -81%. This means that outside directors on banks board are strongly oppose to paying dividend supporting the substitution hypothesis, which posits that dividends substitute for independent directors on the board.

Laksana et al. (2024) determine how independent boards affect dividend payout. This study used twenty-six firms that were listed on the Indonesia Stock Exchange (IDX) between 2018 and 2022 and a panel data was collected from the study firms. The findings of the study indicate that independent boards have a major positive influence on dividend payout. More so, Shafana and Mgh (2019) examine the impact of independent directors on dividend policies of non- financial companies in Sri Lanka. The study obtained the panel data from annual reports of listed ninety-six non-financial companies over the periods 2011-2015. The findings from the fixed effect panel regression model revealed that the board independent directors with at least two or one third of the total directors, increase dividend payments with increase of net earnings, total assets.

Kumar et al. (2023) examines the effect of non-executive/independent directors on dividend payments in Indian-listed firms. The data of study was obtained from the Centre for Monitoring the Indian Economy's (CMIE) Prowess IQ database. The sample of the study comprises of 1132 entities listed between 2015 and 2019 on India's National Stock Exchange. The results of the study indicate that independent directors have a negative effect on dividends. Independent directors use dividends to protect shareholders against expropriation.

Theoretical Review

Agency Theory

The information asymmetry between management and shareholders is reduced. Jensen and Meckling (1976) explained that agency theory is one of the strategies to minimize agency costs, is the lowering of free cash flow accessible to managers, which can be achieved through dividend payments. The dividend payout lowers agency costs due to the lack of free cash flow allocated to

management’s investment in no return’s projects. Therefore, based on agency theory, it is projected that most managers perform activities that are costly to shareholders and even contracts between managers and organizations also can’t prohibit engaging in opportunistic managers actions.

Agency theory explain the relationship between manager and shareholder in which the company (principal) trusts the manager (agent) to manage the company in accordance with the principal’s interests, which associated with a higher expected dividend. As a result, dividend policy can resolve conflict of interest between management and shareholders. Therefore, the dividend payment is a tool in lowering agency cost.

Signalling Theory

According to signalling theory, a good company can distinguish itself from a bad company by giving a reliable signal to capital markets about it equity. Only if the bad company is unable to give the same signal as the good company, then the signal will be believable. Signaling theory is used to underpin this research since it has been related to a favourable relationship between business ownership, profitability and dividend payments to shareholders. Because a healthy management owners or shareholder funds will lead to an increase in turnover of a company, showing the firm ability to meet its short-term financial needs without stopping production activities, thereby leading to an improvement in company profitability, the managerial ownership. Therefore, the dividend announcement could serve as a signal to transmit this information and thus reduce information asymmetry. According to signaling theory, a company announcement of increased dividend payouts sends a positive signal to investor about company bright the company excellent future payout future prospect (Bataineh, 2020). On the other hand, the announcement of lowering dividend payouts could suggest management’s pessimism about future cash flows.

3. Methodology

Ex-post facto research design is adopted for this study because the study would use panel data and cross-sectional study. The population of this study consist of all the twenty-one (21) consumer goods firms listed on Nigeria Exchange as at 31st December 2022 and sixteen firms is used in the study. purposive sample techniques were adopted for the study due to the availability of the data over the period from 2010 to 2021. The study employed the secondary sources, through the published annual reports and account of the listed study firm. The multiple regression analysis is applied to examine the effect of managerial ownership and independent directors on dividend pay-out of listed consumer goods firm in Nigeria. A diagnostic and post

estimation tests were conducted such as multicollinearity tests, hetroskedasticity test and hausman test.

Model Specification

In specifying the model for the study, the researcher modified the econometrics model of Okerekeoti (2022), as represented dividend payout policy as dependent on the ownership structure. Hence it was given as

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3.....+ \beta_nX_n + \varepsilon$$

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- Y = value of dependent variable
- α = constant term i.e. the intercept of the equation
- β = slope of the equation i.e. regression coefficient.
- X = value of the independent and control variable.
- ε = error term.

Hence the regression equation of the study is presented as;
 $DP_{it} = \beta_0 + \beta_1MO_{it} + \beta_3ID_{it} + \beta_2LV_{it} + \varepsilon_{it}$ -----
 -----i

Where: DP = Dividend Pay-out, MO = Managerial ownership, ID = Independent Directors, LV Leverage, i= number bank observation, 1- - - 4, t= the index of time periods, ε =is the error component for firms, β₀= Intercept of the model “Constant”, β= 1, 2, 3 . . . are the estimate parameters

Table 2

Variable Measurement

Acronym	Variables Name	Variables Measurement and Sources
DP	Dependent Variable	Measured as the ratio of total dividend payment to total profit after tax (Okoro1 et al., 2018)
	Dividend Payout	
(MO)	Independent Variable	Percentage holding by Managerial Ownership (Hoang et al., 2020)
ID	Managerial Ownership	Percentage of Independent Directors to Total Number of Directors in the board
LV	Independent Director	Measured as debt-to-equity ratio (Anozie et al., 2023)
	Control Variables	
	Leverage	

Source: Compiled by the authors from various literature, 2023

4. Result and Discussion

Descriptive Statistics

The table 1 revealed that the average mean value of cash paid dividends per share is 1.011, with a standard deviation of 1.6135, suggesting that there are considerable variations between the sample companies and/or years in the payment of cash dividends. The minimum and maximum value are 0 and 9.54 respectively. The managerial ownership revealed an average mean of 0.0195 with a standard deviation of 0.4766 suggesting a highly variations and a minimum of 0 and maximum range of 0.2637. Independent directors

revealed a minimum of 0 and maximum value of 0.4615 with an average mean value of 0.1236. The leverage ranging from -4.4838 to 47.923 with an average mean value of 1.9594 and standard deviation 3.7342

Table 3

Summary of Descriptive Statistics

Variables	N	Mean	Std Dev.	Minimum
Maximum				
DP	192	1.0115	1.6135	0
9.54				
MSH	192		0.0195	0.0477
0		0.2637		
ID	192	0.1236	0.1381	0
0.4615				
LEV	192	1.9594	3.7341	-4.4838
47.923				

STATA Result Output

Post Estimation Test

The study presents findings of the post estimation test in table 4 to establish validity and reliability of the model. The average mean VIF for the models are below, which shows that the models have no multicollinearity among the independent. The heteroskedasticity test for the model reveals a p-value is significant at 5% level of significance, this implies that heteroskedasticity is present in the regression models (the residuals are not distributed with equal variance). This necessitate furthermore diagnostics test; therefore, the fixed effect and random effect regression model was conducted. The hausman test of the model revealed that the p-value are insignificant which implies that the random effect is best for the study. However, random effect model is not fit for the study due to the present of heteroscedasticity, thereby a robust OLS model conducted and selected as the most appropriate for the study.

Regression Result

The regression models presented in table 4, show the F-statistics p-value of 0.0000, which implies that the model is fitted for the study. The model revealed R² 0.0439, which implies that the variation of 4% in dividend pay-out can be explained by the explanatory variables of managerial ownership and independent directors.

Table 4

Regression Models

Variables	Coeff.	P-value
Managerial Ownership	-6.1388	0.000
Independent Directors		1.2523
0.128		
Leverage		0.0127
0.691		
Constant		0.9514
0.189		
F-Statistics		12.78
0.0000		
R ²		0.0439
Mean		
VIF		
1.00		
Heteroskedasticity	6.26	0.0123

Hausman Test 4.23
0.2379

STATA Result Output

Table 4 shows that managerial ownership revealed a coefficient value of -6.1388, with a corresponding p-value of 0.000. Therefore, the null hypothesis was rejected and concluded that managerial ownership has a negative and significant effect on dividend payout. This implies that an increase in managerial ownership in a company by 1% reduce the dividend pay policy to the shareholders. This means that the managerial shareholdings encourage payment of dividend to shareholders. In this regard the study is supported by Anh and Tuan, (2019) and Duhri and Diantimala (2018), however, contradicted by the study of Maina & Nasieku (2023) and Said and Lubna, (2020). Furthermore, the study revealed that independent director has a positive and insignificant effect on dividend payout with a coefficient value of 1.25, and a p-value of 0.128. Therefore, the findings is supported by Shafana and Mgh (2019) and negate the study of Kumar et al. (2023). While the leverage revealed an insignificant positive effect on dividend payout with a coefficient value of 0.0127 and p-value of 0.691.

5. Conclusion and Recommendation

The study analyzed the effect of managerial ownership and independent directors on the dividend payout of the listed consumer goods sectors in Nigeria. The study concludes that managerial ownership has a significant negative effect on the dividend payout policy, while independent directors have an insignificant positive effect on the dividend payout of consumer goods companies listed in Nigeria. Therefore, based on the findings that managerial ownership significantly reduces dividend payouts suggests that as managers hold more equity, they may prefer to retain earnings rather than distribute them to shareholders. To protect the interests of minority shareholders and ensure optimal capital allocation, it is recommended that the study firms should consider implementing oversight mechanisms such as stronger board independence or dividend policies that balance managerial discretion with shareholder expectations. Regulators and investors may also need to monitor firms with high managerial ownership to ensure that retained earnings are reinvested productively and not used for managerial entrenchment.

5. Conclusion

This study investigated the impact of corporate governance variables specifically managerial ownership, independent directors, and a control variable of leverage on dividend payout of listed consumer goods firms in Nigeria. The findings of the study reveal that managerial ownership has a significant negative effect on dividend payout. This implies

that as managerial shareholding increases, managers are more likely to retain earnings rather than distribute them as dividends, potentially to maintain control or finance internal investments. This finding supports the alignment hypothesis, which suggests that managerial interests may diverge from those of shareholders when ownership concentration increases.

The study also found that the presence of independent directors has a positive but statistically insignificant influence on dividend payout. This indicates that while independent directors may advocate for higher dividend payments as part of shareholder protection, their influence in this context is not strong enough to produce a significant effect. Similarly, leverage as the control variable was found to have a positive but insignificant effect on dividend payout, suggesting that a firm's capital structure does not significantly determine its dividend payout in the observed sample.

6. Recommendation

- i. Given the significant negative relationship between managerial ownership and dividend payout, the regulatory authorities and corporate governance bodies, like Corporate Affairs Commission, and Security and Exchange Commission should strengthen disclosure requirements regarding insider shareholdings. This would help shareholders understand how managerial incentives may influence earnings retention and dividend policy.
- ii. Although the influence of independent directors on dividend payout was found to be positive but insignificant, enhancing their oversight role could improve shareholder protection. Policymakers should consider enforcing stricter independence criteria and providing training programs to improve their effectiveness in influencing corporate financial decisions, including dividend policy.
- iii. While leverage did not significantly impact dividend payout in this study, companies should still be cautious in managing their debt levels. Regulatory bodies can promote guidelines that encourage firms to maintain a balanced capital structure to avoid excessive reliance on retained earnings due to high debt obligations.

7. Implications of the Study

- i. The significant negative relationship between managerial ownership and dividend payout suggests that managers with higher equity stakes may prefer retaining earnings over distributing dividends. Practitioners in management should recognize the potential agency implications and balance internal investment needs with shareholder expectations for returns. Transparent communication of dividend decisions can help maintain investor confidence.
- ii. The findings of this study reinforce the need for regulations that encourage balanced governance structures and transparency in managerial ownership. Regulatory frameworks should promote shareholder rights and accountability, particularly in firms with concentrated ownership.

8. Limitations of the Study

- i. The study used a restricted sample size of only consumer goods firms in Nigeria in terms of consumer sectors, which limits the generalizability of the findings to a broader population of manufacturing companies. The conclusions may not fully apply to all industries or economic environments.
- ii. The use of cross-sectional data captures the relationship between corporate governance variables and dividend payout at a single point in time. This limits the ability to observe changes and causality over time. A longitudinal or panel data approach could provide deeper insights into the dynamics of these relationships.
- iii. The study focused on a limited set of corporate governance variables; managerial ownership, independent directors, and leverage. Other potentially relevant factors, such as institutional ownership, foreign ownership, board size, CEO duality, audit committee effectiveness, and were not considered and could influence dividend payout.
- iv. The study does not account for broader economic conditions as a control variables (e.g., inflation, interest rates) or firm-specific characteristics (e.g., profitability, growth opportunities, firm size) that could also impact dividend payout, potentially confounding the results.

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