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An Appraisal of the Influence of Dividend Policy on Share Pricing of Quoted Companies in Nigeria

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Abstract: *The General Objective Of This Study Was To Appraise The Impact Of Dividend Policy On Shares Pricing Of Quoted Companies In Nigeria. The Role Of Dividend Policy Cannot Therefore Be Undermined Because, To Pay An Excessive Dividend Would Mean Having A Higher Share Price And A Low Percentage Of Retained Earnings And Consequently Exposing The Company To The Danger Of Debt Financing, While On The Other Hand, Reserving A Higher Percentage Of Profit For Retained Earnings Will Threaten The Share Prices Of The Company's Stock And Could Perhaps Scare Shareholders And Potential Investors. It Is Therefore Imperative For The Stakeholders To Strike A Balance By Embarking On A Reliable Dividend Policy. The Study Used Primary And Secondary Data And Praetor Rating Analysis. This Study Also Employed Chi –Square To Analyze The Hypothesis. It Was Found Out That A Balance Between Dividend Payout And Retained Earnings Would Enhance The Share Price Of A Firm.*
Keywords: *Dividend, Dividend Policy, Share Price, Earning, Quoted Companies, Stock Market*

I. Introduction

Prior To Nigeria's Independence In 1960, There Were Not Much Dealings In Shares In Nigeria And Thus Dividend Policy And Share Prices Were Passive In The General Economy, Because At Such A Time An Institution Like The Stock Exchange Which Functions As An Avenue For Fund Mobilization And Development Of Local Capital Formation Were Lacking.

The Implication Of This Was That Nigerian Who Had Surplus Liquidity Had No Local Investment Outlet To Channel Such, And Thus, There Were Massive Outflow Of Funds For Investment In The British Market.

However, With The Establishment Of The Lagos Stock Exchange As A Limited Liability Company Under Section 21 Of The Stock Exchange Ordinance Of 15th September 1960, The Tempo Was Thus Set For Activities In Securities And The Position Was Strengthened By The Indigenization Decree Of 1972.

The First Offer Of Shares To The Public Was Made In February 1969, When The Ordinary Shares Of The Nigerian Cement Company Limited Were Offered To The Public, Two Other Shares Were Made On 25th April 1970. Also, The Ordinary And Preference Shares Of John Holt (Liverpool) Investment Company Limited Were Offered.

Since Company's Shares Were Offered To The Public And Varied Investors Have Different Aims For Subscription, It Thus Becomes Imperative And Pertinent That A Deliberate Policy Be Pursued To Guide Against Divided Interest And Also To Promote The Company's Growth And Market Value.

The Role Of Dividend Policy Cannot Therefore Be Undermined Because, To Pay An Excessive Dividend Would Mean Having A Higher Share Price And A Low Percentage Of Retained Earnings And Consequently Exposing The Company To The Danger Of Debt Financing, While On The Other Hand, Reserving A Higher Percentage Of Profit For Retained Earnings Will Threaten The Share Prices Of The Company's Stock And Could Perhaps Scare Shareholders And Potential Investors.

It Therefore, Becomes Imperative That Because Of The Effects Of Floatation Costs, The Firm Could Choose The Option Of Either To Pay Dividend And Issue New Stocks, Or To Retain Profit Which Is An Alternative Strategy. However, Because Of The Presence Of High Floatation Costs Prevailing In Nigeria Stock Market, Most Firms Choose The Option Of Internal Financing And As A Result, Employing 'Residual Dividend Theory' That Is, Paying Only When Profits Are Not Completely Used For Investment Purposes.

The Decision Of The Firm As To Whether To Retain Its Earnings Or To Distribute All Or Part Is Periodic, But As Long As The Firm Has Investment Projects, Payment Of Dividend May Be Irrelevant And To Such A Firm, Cash Dividend Becomes A 'Passive Variable'.

The Controversial Issue Which Has Been A Problem For A Long Time, And Which Has Not Received A Settled Solution Is The "Effect Of Dividend Policy On Market Value Of Stocks". There Have Been Divergent Opinions On The Effect Of Dividend Policy On Share Prices.

Therefore, This Paper Intends To Examine The Impact Of Dividend Policy On The Value Of Stocks (Share Prices) With Relevance To Nigeria.

II. Objectives Of The Study

The General Objective Of This Study Is To Appraise The Dividend Policy On Share Price In Nigeria. Specifically, The Study Is To:

- Examine The Relationship Between Dividend Policy And Share Price In Nigerian Capital Market
- Examine The Relationship Between Economic Outlook Of A Nation And Share Pricing In Nigeria Capital Market
- Examine The Relationship Between A Well Balanced Policy, Retained Earnings And Dividend Pay-Out On Share Price In The Snigeria Capital Market

Research Questions

- What Is The Relationship Between Dividend Policy And Share Price In Nigerian Capital Market?
- What Is The Relationship Between The Economic Outlook Of A Nation And Share Price In Nigerian Capital Market?
- What Is The Relationship Between A Well Balanced Policy, Retained Earnings And Dividend Pay-Out On Share Price In The Nigeria Capital Market?

Research Hypothesis

H3: There Is No Significant Relationship Between Dividend Policy And Share Price In The Capital Market.
H2: There Is No Significant Relationship Between Economic Outlook Of A Nation And Share Price In The Nigeria Capital Market.
H3: There Is No Significant Relationship Between A Well Balanced Policy, Retained Earnings And Dividend Pay-Out On Share Price In The Nigeria Capital Market.

III. Literature Review

The Nigeria Economists And Financial Managers Did Not Address Their Minds To The Importance Of Dividend Policy Until After The Nigeria Enterprises Promotion Decree (NEPD) Was Promulgated In 1972.

Before NEPD, The Bulk Of The Limited Liability Companies Operating In Nigeria Were More Or Less Exclusively Owned, Controlled And Managed By Private Foreign Interest, Their Operations As Well As The Direct And Indirect Consequence Of Such Operations Have Been A Topic For Popular Comment And Speculations.

For Instance, The First Nigeria Government Policy Statement On Dividend Policy Was Contained In The Second National Development Plan 1970-1974. In The Second National Development Plan, It Was Observed That With Respect To The Control Of Profits, Government Policy Will Be Geared Towards Ensuring That Honest Accounts Are Kept And Submitted By All Enterprises: This Will Reduce Areas Of Unearned Incomes And Encourage The Ploughing-Back Of Operating Surplus For Faster Capital Formation.

Dividend Payments Are In Themselves Very Important Because Their Sizes, Relative To Corporate After Tax Income, Directly Influences The Magnitude Of Business Saving Which Is, In Turn, One Of The Most Determinants Of A Country's Economic Performances.

The Objective Of Choosing A Dividend Policy Should Be To Maximize The Value Of The Firm To Its Shareholders. The Financial Manager Therefore, Must Carefully Decide The Allocation Of Earnings Between Dividends And The One To Be Retained In The Company, As This Decision Affect The Value Of The Firm, And As A Result, The Firm's Cost Of Capital. In The Evaluation Of Dividend Behaviour Of Companies, Dividend Decision Has Been Noticed By Many Researchers To Be Affected By Investment Opportunities And Legal Environment Within Which The Company Operates Among Other Variables. When A Company Has A Profitable And Viable Investment Opportunities And The Cost Of Obtaining External Finance Outweigh The Benefits From Such Investment, The Company May Utilize Its Retained Earnings.

In This Study, It Has Been Discovered That The Impact Of Dividend Policy On Market Price Could Not Be Studied In Isolation Without Looking At The Variables That Affect The Dividend Policy Itself.

Factors That Determined Dividend Policy

Chary And Rhess (1990) Explain That Financing Decision And Dividend Polices Have Been Discovered As Having Simple Cross-Sectional Correlation In Between. Although, These Simple Correlations Are Consistent With The Theoretical Prediction, There Are Many Variables Which May Affect A Firm's Leverage And Dividend Policies Positively.

Thus, It Is Necessary To Isolate The Impact Of The Variables Before One Can Assume That The Correlation Between Financial Leverage And Dividend Policy Measures Is Meaningful. Once The Impacts Of The Variables Affecting Financing Leverage And Dividend Policy Are Isolated, The Correlation May Increase Or Decrease, On The Role Of Each Variable Determining The Two Policies.

Chary And Rhess Argued That, To Be Consistent With Exact Theoretical Determinants Of Corporate Leverage And Dividend Policy, The Following Five Attributes Are Selected To Control Their Effects:
Growth Potential: The More Rapid Rate At Which A Firm Is Growing, The Greater Is The Need For Funds To Finance Expansion. The Greater The Future Need For Funds; The More Likely Is The Firm To Retaining Earnings Rather Than Pay Them Out As Dividends. Therefore, The Growth Potential Of The Firm Becomes A Critical Factor Which Determined Both Dividend Policy And Financing Policy.
Earning Variability: Earning Variability Is Closely Related To Both Leverage And Dividend Ratio. A Firm With Stable Earnings Can Predict Its Dividends In The Future. Announcement Of Dividend Cuts Have Adverse Impact In The Firm's Value. For Example, Inanga (1975) Documented A Drop Of 7-8% In The Firm's Value On The Announcement Of Dividend Cut In A Particular Company.
Firm Size: A Large Well-Established Firm Has Easy Access To Capital Market, While A Small, New Firm Does Not. Due To Easy Accessibility To Capital Market, Large Firms Have Greater Flexibility And The Ability To Raise Funds On Short Notice. Therefore, A Large Firm Can Afford To Have A Higher Dividend Payout Ratio Than A Small Firm.
Non-Debt Tax Shield: According To Research Made By Dempsey And Laber (1992), A Substitution Effect Between Non-Debt Tax Shields Was Proposed. Specifically, They Argued That A Large Amount Of Investment Related Non-Debt Tax Shield (E.G. Depreciation, Deductions And Investment Tax) Discourage The Firm From Borrowing Which Also Has An Impact On Dividend Policy.
Profitability: The Past Profitability Of A Firm Should Be An Important Determinant Of Its Capital Structure. This Is In Line With Moyers (1987)'S Pecking Hypothesis. He Proved That Companies Which Paid Higher Divided In The Past Tend To Borrow More. Also, Firms Preferred Means Of Raising Capital In The Following Order:
Firstly, From Retained Earning
Secondly, From Debt Financing And
Lastly, From New Equity

Profitability Has An Important Bearing On The Firm's Dividend Policy In That A Profitable Firm Tends To Pay A Higher Portion Of Its Earnings As Dividends. To Isolate The Inter-Twining Effects Of The Above Five Attributes In Dividend Policy Decisions, The Following Cross-Sectional Regressions Models Were Estimated By Chary And Rhess (1990)

Where

X_1: The Growth Attribute Of Firm
X_2: The Variability Attribute Of Firm
X_3: The Non-Debt Tax Shield Of Firm
X_4: The Size Of Firm
X_5: The Profitability Attribute Of Firm
U= Random Error Terms (Stochastic Term)

In Order To Capture The Dividend Ratio, Net Of The Effect Of The Five Attributes In The Residuals To Be Estimated As The Regression Lines Are Fitted, The Impact, Intercept Term Is Suppressed To Zero.
In Nigeria, As In Other Countries Like Germany, United Kingdom And United States Of America There Are A Lot Of Other Factors That Influence The Company's Dividend Policy. Such Factors As Liquidity, Government Policy, Control, Borrowing Ability, Nature Of Shareholders, Return On Investment, Inflation And Restrictions In Loan Agreement. These Factors Tend To Be Of More Practical In Nature.

Dividend Policy And Market Price Issues

In Finance Theory, Optimal Dividend Payout Should Be Determined In Keeping With The Firm's Investment Opportunity And Pay Preference That Investors Have For Dividends As Opposed To Capital That Will Maximize Shareholders' Wealth.

According To Van-Horne (1974), The Investors' Preferences Are Tested Through An In-Sight Empirical Study Of The Relationship Between Share Price And Dividend Payout For A Sample Of Similar Companies. The Key Argument Supporting The Idea That Investors Have Systematic Preferences For Current Gain Is The Desire For Current Income In The Form Of Dividend. The Transaction And Inconvenience Costs; Whether There Is A Net Preference On The Part Of Investors For Dividends As Opposed To Capital Gains Or Vice Versa, Is Determined To A Large Extent By The Combined Influence Of The Desire For Current Income, Transaction Costs And Differential Tax Rates.

Biases Of Dividend Policy

The Most Comprehensive Argument On The Irrelevance Of Dividend Policy On The Price Of Company's Stock Was Found In Modigliani And Miller's (1961) (M And M) Article. They Asset That Given

The Investment Decision Of The Firm, The Dividend Payout Is A Mere Derail; It Does Not Affect The Wealth Of Shareholders.

They Argued That Under The Condition Of A Perfect Market With No Taxes, No Flotation Costs, No Transaction Costs And No Uncertainty The Value Of The Firm Is Determined Slowly By The Earning Power On Its Firm's Assets Or Its Investment Policy And That The Manner In Which The Earning Stream Is Spitted Between Dividends And Retained Earnings Does Not Affect The Firms Value Earning Power On Its Firm's Assert Or Its Investment Policy And That The Manner In Which The Weaning Stream Is Spitted Between Dividends And Retained Earnings Does Not Affect The Firm's Value.

M And M, Proved That Given Two Firms With An Identical Business Risk And They Share Prospective Future Earnings And Investment Polices, The Market Prices Of The Two Firms Must Be The Same If There Is Symmetric Market Rationality. Symmetric Market Rationality Occurs When Every Market Participant Behaves Rationally In Preferring More Wealth To Loss, And Believes That Other Market Participants Behave In The Same Manner. Empirically, A Number Of Researchers Such As Rozeff (1982), Dempsey And Laber (1992) Alletal (1993), Schoolley And Barney (1994), Moh'd Et Al (1995), Holder Et Al (1998), Manos Et Al (2001) And Others Find A Negative Relationship Between Dividend And Price Of Its Stock. However, Arguments In Respect Of The Relevance Of Dividend Policy On The Price Of Shares Have Been Centered On The Condition Of Uncertainty And Imperfection In The Market.

Relevance Of Dividend Policy

Gordon (1959, 1961 And 1962) Offered The First (New Traditional) Explanation For The Payment Of Dividends. In 1961, Gordon Made A Very Articulate Statement On Dividend Policy, He Suggested That The Main Motive For The Payment Of Dividend Is To Increase Share Market Prices Of The Dividend Paying Companies.

He Argued That Share Market Price Is A Representation Of The Present Value Of The Estimated Net Cash Flow Realizable On The Share. The Estimated Net Cash Flows Consist Of Two Parts.

(a) The Estimated Cash Dividends Receivable Over The Shareholding Period

(b) The Estimated Net Market Price Realizable Upon Disposal Of The Shares.

His Equation In Explaining The Estimated Net Cash Flow Is:

$$P_1 = \frac{D1}{(1+K)^1} + \frac{D2}{(1+K)^2} + \text{-------} \frac{Dn+Pn}{(1+K)^N}$$

Where P_t= Estimated Share Market Price

P_n= Estimated Net Share Market Price At The Time Of Disposal

D_n= Estimated Cash Dividend Receivable At Period N Where

N= 1, 2, 3-------N

K= Cost Of Capital (Discount Rate)

The Fundamental Valuation Stated Above Proposed That Share Market Price Will Depend Upon The Size And The Timing Of Receipt Of Estimated Cash Flows.

Gordon's Work Was Based On The Conclusion That "If The Capital Market Is Perfect And Investors Are Rational And Risk-Averters, There Should Be Direct Positive Relationship Between Dividend Policies And Share Market Prices". Therefore, All Things Being Equal, Companies Paying Higher Levels Of Dividend Will Have Higher Share Market Prices.

Litner (1962) Major Attempt To Explain Dividend Behaviour Of Companies Could Not Be Eroded, In The Middle Of 1962, He Conducted A Series Of Interviews With The Managers Of American Companies With The View Of Dividend Decision. Three Important Factors Were Found By Him In Their Dividend Decisions.

(a) The Current Dividend Of The Company
(b) The Company's Long-Term Earning Payout And
(c) The Previous Dividend Level

The Relationship Between Current Dividend, Current Earning And Previous Dividends Under Litner's Model Can Be Represented Thus:

$D_t = A + B_1 E_t + B_2 Dt - 1 + Ut$

Where:

T = Period
D_t = Net Dividend In Year T
E_t = Net Profits Or Earning In Year T
B_1 = The Previous Dividend Coefficient
A = Additive Constant (Positive Value)
Ut = Random Error

Fama Et Al (1969) Attempted To Observed The Reaction Of Share Price Dividend Announcement With Examined Data Of Stock Split Of 25 Percent And Above On Stock Quoted On The New York Exchange Between January 1927 And December 1959, They Found That The Cumulative Average Residual Returns Were Significantly Different From Zero, And It Was Found That Return Were Higher When Split (Dividend) Increases Were Announced.

Dividend Policies In Nigeria

Conventionally, Dividends Are Paid In Cash But Other Options Are Available To The Company For Distributing Its Earning To The Owners. In Nigeria, The Commonly Used Types Of Dividend Are Cash And Stock Dividend (Stock Exchange Daily Official Lists). Other Dividends Are Property, Bond, And Scrip Dividends.

The Policy Followed By Most Companies Is Referred To As The "Stable Dividend Policy". All Other Things Being Equal, The Market Earning Of The Stock Is Divided Over Time Than Being Paid Out As A Percentage. That Is, Dividend Is Kept Stable Over The Years Irrespective Of Earning. Berger Paint Plc, Nigeria-German Chemical Plc (NGC) Is Among The Selected Companies That Practice This Policy. In 1990-1993, NGC Declared N20 As Dividend Per Share While N11.80k Was Declared By Berger Paints Plc In 1991/1992.

Company Engages In Constant Payout Ratios. This Is The Policy Of Paying Fixed Percentage Of Earning As Dividends Every Year. For Instance, A Company May Decide To Pay 50% Of Its Earnings As Dividend Each Year. If Earning Per Share (EPS) Is N2.50K And A Company Pays N1.25K, This Means The Company Has Paid 50% Of Its Earnings Per Share As Dividend.

Some Companies Pay A Low Regular Amount Of Dividend Yearly. But In Periods Of Prosperity, Pay Extra Dividend In Addition. This Is Represented By LRD+EX. (Where LRD+EX) Represents Low Regular Dividend Plus Extra Policy). This Policy Is A Compromise Between The Above Two Polices And Gives The Company Flexibility. However, It Leaves Investors Are Somehow Uncertain About What Their Dividend Income Will Be. If A Company's Earning Is Volatile, This Policy Should Be It Best Choice.

Legal Frame Work Of Dividend Policy In Nigeria

In Nigeria Like Other Countries Without Exception, Dividend Policies Are Determined By Board Of Directors. Though, In Practice, Officers Are Usually Consulted, But The Decision Rest With The Directors.

In Nigeria, The Legal Restriction Are Found, In The Yearly Income Policy Directives, Central Bank Of Nigeria Credit Policies, The Company Income Tax Act 1978 And Company Allied Matter Act 1986 Among Many Others.

The Laws Provides That 'The Director May, Before Recommending Any Dividend, Set Aside Out Of The Profits Of The Company Such Sums As They Think Proper As Reserves, Which Shall, At The Discretion Of The Directors Be Applicable For Any Purpose To Which The Profits Of The Company May Be Properly Applied And Pending, Such Application May, At The .Like Discretion, Either Be Employed In The Business O F The Company Or Be Invested In Such Investment As The Directors May From Time To Time Think Fit'.

The Directors May Also, Without Placing Some Part Of Earnings To Reserve, Carry Forward Profit Which They May Think Prudent And Distribute Them As Dividend To The Shareholders.

IV. Research Methods

In View Of The Nature Of This Study, A Descriptive Approach Was Employed To Enable The Investigation Of Existing Condition In The Appraisal Of The Impact Of Dividend Policy On Share Pricing In Nigeria. This Will Enable The Research To Identify Problems Of Dividend Policy On Share Pricing And Develop Options For Overcoming The Problems.

The Research Used Both The Primary And Secondary Data Which Was Obtained From The Nigeria Stock Exchange On Those Companies That Are Already Quoted At The Floor Of The Nigeria Stock Exchange And Whose Records Of Dividend And Share Pricing Were Records Of Dividend And Share Pricing Were Available From Time To Time At The Exchange. Questionnaire Would Also Be Administered To The Selected Stakeholders That Is, The Operators And The Regulators In The Stock Exchange.

In Other To Ensure Content Validity Of The Instrument Used In The Study, The Data Were Used Was Tailored To Satisfy The Objective Of The Study. The Data Was Pre-Tested To Ensure Adequacy And Integrity.

The Data Collected Was Analyzed Using Chi-Square (X2) For Test Of Hypotheses And Mean And Standard Deviation To Answer Research Questions. A Score Of 2.0 Was Taken As A Cut Off Point For Accepting An Item As Agreed While Scores Less Than 2.0 Were Taken To Mean Disagree.

V. Data Analysis And Results

Table 1: Mean Ratings And Standard Deviations Of Respondents On The Appraisal Of The Impact Of Dividend Policy On Share Pricing Of Quoted Companies In Nigeria

S/N	Statement	(4) SA	(3) A	(2) D	(1) SD	Mean	Standard Deviation	Decision
1	**Fluctuation In Interest Of Rates Have A Positive Influence On The Price Shares In Quoted Companies**	0	08	30	162	1.23	0.24	0.89Disagree Disagr ee
2	**The Economic Outlook Of A Nation Has A Direct Effect On Share Pricing**	58	28	72	42	2.53	0.19	Agree
3	**Inflation Increases The Price Of Shares In The Stock Exchange Market**	132	60	08	00	3.62	0.22	Agree
4	**Deflation Increases The Price Of Shares In The Stock Exchange Market**	0	09	29	162	1.20	0.24	Disagree
5	**Positive Changes In Economic Policy Have A Direct Relationship With Share Pricing In The Stock Exchange**	80	40	50	30	2.85	0.17	Agree
6	**Negative Changes In Economic Policy Have A Direct Relationship With Share Pricing In The Stock Exchange**	00	08	25	167	1.21	0.24	Disagree
7	**Employee Lay Off Reduce The Pricing Of Shares In The Stock Exchange Market**	72	80	28	20	3.02	0.18	Agree
8	**Change In Management Improves The Pricing Of Shares In The Stock Exchange Market**	10	20	70	40	1.85	0.58	Disagree
9	**The Value Of Nigerian Currency Has A Direct Effect On The Share Pricing In The Stock Exchange Market**	10	15	75	100	1.68	0.20	Disagree
10	**Anticipated Takeover Or Merger Bring Improvements To The Price Of Such Shares In The Stock Exchange Market**	60	30	70	40	2.55	0.16	Agree
11	**The Concept Of Dividend Policy Is Relevant In Share Pricing**	100	40	40	20	3.1	0.013	Agree
12	**There Is No Relationship Between Dividend Payout And Share Pricing**	40	40	100	20	1.80	0.19	Disagree
13	**The General Trends Of Share Pricing In The Nigerian Capital Market Have Been On Downward Movement In Recent Time.**	66	100	30	04	3.14	0.18	Agree
14.	**A Well Balanced Dividend Policy In Term Of Dividend Payout And Retained Earning Has A Direct Influence On Share Pricing.**	110	70	15	5	3.43	0.21	Agree

From Table 1 Above, It Was Observed From The Respondents That Fluctuations In Interest Rates Affect The Share Pricing Negatively. This Is Evidenced With A Mean Of 1.23 And A Standard Deviation Of 0.24, Whereas The Economic Outlook Of A Nation Has A Direct Effect On Share Pricing. The Table Revealed A Mean Of 2.53 And Standard Deviation Of 0.19 Which Was Above The Cut Of Mark Of 2.00. The Table Also Revealed That Inflation Increases The Price Of Shares In The Stock Exchange Market. This Was Manifested With A Mean Of 3.62 Which Signified Affirmative Response. Unlike Influence Of Inflation Which Results In Increase In The Price Of Shares, Deflation Was Seen To Be A Direct Opposite And Respondents Opinion Showed Otherwise.

It Was Evidenced From The Table With The Mean Of 2.85 That Any Significant Positive Change In Economic Policy Of A Nation Has A Direct Relationship Cum Effect On The Share Pricing In The Stock Exchange Market Whereas, The Negative Change Showed Otherwise. It Was Also Discovered That Employee Layoff Adversely Affect The Share Pricing. This Showed An Affirmative Mean Of 3.20 Which Connotes General Acceptability To The Question Raised. More So, Changes Or Purported Change In Management Has A Negative Effect On Share Pricing Which In This Case Bring Uncertainty About Quality Of The Intended Management. Yet, Anticipated Merger Or Takeover Improved The Share Price This Is Proof With A Mean Of

2.55 Which Is Above The Cut Off Points.

Also The Kind Of Dividend Policy Embarked Upon By The Management Is Relevant Or Affects The Price Of Such Share In The Stock Market. The Table Revealed A Mean Of 3.10 Which Support This Fact. The Table Disclosed That There Is A Relationship Between Dividend Payout Of A Company And Share Pricing, This Is Made Known From The Table With A Mean Of 1.80 To The Question Specifying That No Relationship Exists.

Lastly, The Table Also Divulged That The General Trends Of Share Pricing In The Nigerian Capital Market Have Been On Downward Slope. Nearly All The Respondents Concurred To This As Evidenced In Mean Of 3.14.

VI. Test Of Hypoteses

Table 2: Chi-Square Test Of The Influence Of Dividend Policy On Share Price In The Nigeria Capital Market.

Opinion	Observed Frequency	Expected Frequency	Df	Level Of Significant	X2-Cal	X2_Tab	Decision
Influence	80 (40%)	100(50%)	1	0.05	41.12	3.82	Significant
Non Influence	120 (60%)	100(50%)					

Value In Parentheses Are Percentages (X2 = 41.12, Df = 1, P = 0.05>0.000)

On Table 2, The Inferential Statistics Of Chi-Square Were Applied To Test The Hypothesis And The Result Showed That 60% Of The Respondents Agreed That Dividend Payout Has A Greater Influence On Share Pricing As Against 40% Respondents Who Disagreed.

Table 2 Above Showed That The Chi-Square Calculated Value Of 41.12 Is Greater Than The Chi-Square Tabulated Value Of 3.82 Checked At 0.05 Level Of Significance And 1 Degree Of Freedom. The Null Hypothesis Which States That Dividend Payout Does Not Significantly Influence Share Pricing Is Rejected. This Implies That The Alternative Hypothesis Is Accepted Indicating That Dividend Payout Has A Significant Influence On The Share Pricing In The Stock Market.

Table 3: Chi-Square Test Of The Relationship Between Economic Outlook Of A Nation And Share Price In The Nigerian Capital Market.

Opinion	Observed Frequency	Expected Frequency	Df	Level Of Significant	X2-Cal	X2_Tab	Decision
Influence	60(30%)	100 (50%)	1	0.05	80.54	3.82	Significant
Non Influence	140 (70%)	100 (50%)					

Value In Parentheses Are Percentages (X2 = 80.54, Df = 1, P = 0.05>0.000)

On Table 3, The Inferential Statistics Of Chi-Square Were Used To Test The Hypothesis And The Result Showed That 70% Of The Respondents Agreed That Economic Outlook Of A Nation Has A Great Influence On Share Pricing As Against 30 % Respondents Who Disagreed.

Table 3 Above Showed That The Chi-Square Calculated Value Of 80.54 Is Greater Than The Chi-Square Tabulated Value Of 3.82 Checked At 0.05 Level Of Significance And 1 Degree Of Freedom. The Null Hypothesis Which States That The Economic Outlooks Of A Nation Do Not Significantly Impact On Share Pricing In The Nigerian Stock Exchange Market Is Rejected. This Implies That The Alternative Hypothesis Is Accepted Indicating That The Economic Outlooks Of A Nation Have Significantly Impact On Share Pricing In The Nigerian Stock Exchange Market

Table 4: Chi-Square Test Of The Influence Of A Well Balanced Policy Between Retained Earnings And Dividend Pay-Out On Share Pricing In The Nigeria Capital Market.

Opinion	Observed Frequency	Expected Frequency	Df	Level Of Significant	X2-Cal	X2_Tab	Decision
Influence	180(90%)	100 50%)					
Non Influence	20(10%)	100(50%)	1	0.05	128.58	3.82	Significant

Value In Parentheses Are Percentages (X2 = 128.58, Df = 1, P = 0.05>0.000)

On Table 4, The Inferential Statistics Of Chi-Square Were Used To Test The Hypothesis And The Result Shows That 90% Of The Respondents Agreed That A Well Balanced Policy Between Retained Earnings And Dividend Pay-Out On Share Pricing In The Nigeria Capital Market As Against The 10% Respondents Who Disagreed.

Table 4 Above Shows That The Chi-Square Calculated Value Of 128.58 Is Greater Than The Chi-Square Tabulated Value Of 3.82 Checked At 0.05 Level Of Significance And 1 Degree Of Freedom. The Null Hypothesis Which States That A Well Balanced Policy Between Retained Earnings And Dividend Pay-Out Do Not Significantly On Share Pricing In The Nigeria Capital Market Is Rejected. This Implies That The

Alternative Hypothesis Is Accepted Indicating That That A Well Balanced Policy Between Retained Earnings And Dividend Pay-Out Significantly Have Influence On Share Pricing In The Nigeria Capital Market.

VII. Discussion Of Findings

The First Finding Of This Research Shows That Fluctuation In Interest Rates Affect The Share Pricing Negatively. The Study Also Revealed That The Economic Outlook Of A Nation Has A Direct Impact On Share Pricing. This Implies That An Upward In The Economic Outlook Will Improve The Prices Of Shares At The Stock Exchange Market While Downward Will Do Otherwise. Just Like Fluctuation In Interest Rates, Inflation Also Affects The Prices Of Share Positively By Improving The Price While Deflation Tends To Reduce The Price Of Shares.

The Kind Of Policy Embarked Upon By A Nation Has A Direct Influence On The Price Of Shares In That Nation. If Such Nation Embarks On A Favourable Policy, There Is Tendency That Share Price Will Improve Tremendously While Adverse Policy Will Have A Negative Impact. The Study Also Discovered That There Exists A Relationship Between Dividend Payout And Share Pricing. The Hypothesis Tested Also Confirmed This Relationship As Indicated In The Rejection Of Null Hypothesis. However, Anticipated Takeover/Merger Is Said To Improve The Prices Of Shares As Stakeholders Envisage An Upward Movement In The Price Of Such Stock. Whereas, Purported Change In Management Has A Negative Influence, This Is Due To Uncertainty Which Seems To Surround The Ability Of Incoming Management.

Lastly, It Is Discovered That The General Trends Of Share Pricing At The Nigerian Stock Exchange Have Been On Downward Slope. The Study Also Revealed That There Is Price Of Shares Tends To Improve Where There Is A Balance Between Dividend Payout And Retained Earnings.

VIII. Conclusion

Dividend Policy Is One Of The Foremost Decisions That A Firm Is Involved In. It Is The Percentage Earnings That The Company Pays To Its Shareholders Out Of The Company's Profit And Since This Reduced The Amount To Be Retained, Dividend Policy Is Therefore Concerned With The Allocation Of Earnings Between Dividend And Retained Earnings. To Maximize The Wealth Of Shareholders The Firms Do Make Judicious Allocation Of Earnings To Dividend And Retained Earnings.

In The Study, The Views Of Scholars On Whether Dividend Policy Is Relevant Or Not To The Price Of The Shares Were Appraised. It Was However Revealed That The Payment Of Dividend Plays A Key Role In Determining The Market Value Of The Shares While Retention Of Earning Is Necessary For Financing The Growth Of The Affected Firm.

IX. Recommendation

Based On The Findings Of The Study, The Following Recommendations Are Made:

a. That The Government Should Maintain Stable Interest Rates Through A Well Planned. Monitored Fiscal And Monetary Policies In Order To Maintain A Stable Interest Rate.
b. Government Should Try As Much As Possible To Develop And Maintain A Well Diversified Economic Portfolio In Order To Avoid A Re-Occurrent Of Serious Economic Meltdown Which May A Have Adverse Effects On The Capital Market;
c. The Key Players Or Stakeholders At The Financial Sector Should Maintain A Balance Between Dividend Payout And Retained Earnings.

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