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Corporate Characteristic and Dividend Policy of Quoted Commercial Banks in Nigeria

Saborogha, Uchechi Boneri (PhD)[1]; Dr. Bob-Manuel, Grace Boma[2]

[1]Department of Finance, Faculty of Administration and Management, Ignatius Ajuru University of Education, Port Harcourt, Rivers State.
[2]Department of Banking and Finance, Faculty of Management Sciences, Federal University Otuoke, Bayelsa State.

***Corresponding Author**: Saborogha, Uchechi Boneri (PhD)
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Abstract

This study aimed to analyze the influence of corporate factors on the dividend payment decisions of publicly listed commercial banks in Nigeria. Cross-sectional data were collected from the publicly available financial statements of thirteen (13) listed commercial banks. The dividend payout ratio was determined based on the firm's size, profitability, capital structure, and investment. We used descriptive statistics, regression coefficients, R-square, probability values, the Durbin–Watson statistic, and the Pedroni Residual Cointegration Test to look at how corporate attributes and the dividend payout ratio are related over time. The estimated model showed that the features of the companies were responsible for 64.7% and 43.5% of the changes in the dividend payout ratio of publicly traded commercial banks. The results reveal that the size of a company, how profitable it is, and how much it invests all have a positive and substantial effect on the dividend payout ratio. On the other hand, the capital structure has a negative and significant effect on the dividend policy. The study suggests that managers of commercial banks should keep their profits consistent and growing in order to boost dividends, gain market share, and strengthen their capital base.

Keyword: *Corporate Characteristic, Dividend Policy. Firm Size, profitability, Capital Structure Commercial Banks.*

INTRODUCTION

Corporate finance managers make a lot of decisions that are all connected and are meant to maximize profits and increase the wealth of shareholders. These choices are mostly about getting money, putting it into useful assets, and giving shareholders their part of the profits. These are called finance decisions, investment decisions, and dividend decisions. The dividend choice is especially important since it decides how much of the company's revenues will be given to shareholders and how much will be kept in the company for future investments. Dividend policy is a company's guiding principle for figuring out how much to pay in dividends and how much of its profits to keep for new investment possibilities (Hashemijoo et al., 2012). This policy centers on how to appropriate a company‘s net earnings (profit after tax) between the owners of the company and new investment opportunities. Dividend policy connotes the payout policy which managers pursue in deciding the size and pattern of cash distribution to shareholders over time. In reality, management of corporate organizations is consistently confronted with this hard decision of whether to distribute all earned profits to shareholders or to retain them or distribute a portion and retain the balance.

The proportion of profits distributed as dividends is called the dividend payment ratio while the retained portion of profits is known as retention ratio. The optimum dividend policy is one that maximizes the market value of the firm‘s shares (Pandey, 2010). Dividend policy is one of the very challenging issues in corporate finance but its effect on corporate value is increasingly assuming a controversial context in finance literature. It is determined by external factors such exchange rate, state of the economy and internal factors such as corporate size, profitability and investment. Dividend policy remains one of the most

controversial issues in corporate finance. The decision whether paying dividends or keep as retained earnings has been taken very carefully by both investors and the management of the firm. Many studies such as Al-Najjar (2016); Gizelle, Marcus, Allen and Shelton (2013) have conducted studies regarding the dividend policy has been done and provided empirical evidence regarding the determinants of dividend policy. Yet, there is no indisputable explanation on what factors influence the dividend policy. The question of why firms pay dividends from their earnings still remains unexplained. This is known as the dividend puzzle in finance literature (Hussein, Shamsabadi & Richard, 2016). Many hypotheses have been drawn to shed some light on this puzzle but the problem still exists. Ever since the work of Choi and Doowon (2014) followed by the work of Miller and Modigliani cited in Febriela, and Sylvia (2014), dividend policy remains a controversial issue. Some of the questions that remain unanswered include; what are the factors that determine dividend policy? Is dividend policy determined dependently or independently? Among a number of researchers, Febriela, and Sylvia (2014), Vivek, and Xiaorong, (2012) found dividend payout are the function of firm's profitability, while Ali, et al., (2015) found liquidity to be noteworthy determinants.

Corporate characteristics are associated with a variety of terminologies. Its meaning and context differ across the industrial sector. Lack of consensus regarding the definition and substance of firm characteristics makes it highly contentious and debatable amongst practitioners and academics as noted by Ali, et al., (2015). Firm structure, market and capital structures are intricately linked to form firm characteristics. Firm size, firm age and firm ownership are the most common features of structural firm characteristics. Similarly, market-related variables take account of the industry type, environmental uncertainty and market environment. Moreover, capital-related variables include liquidity and capital intensity (Wang, 2017). Apart from asset and profit, the company's debt policy also influences changes in firm value. The total value of the firm is equal to the capitalized value of the total earnings stream plus the firm's assets at a particular time minus the capital of the firm at the threshold level or mean value of the firm's assets (Sethi & Taksar, 2002). However, Wang, (2017) opined that firm value equates to the present value of all the company's investments. Traditionally, firm value represents a major determinant of deriving stock prices and several valuation models established this position.

There is a close relationship between most firm characteristics and financial performance. The size of the firm, its leverage, its age, and its liquidity are all financial and non-financial factors that can have an impact on organizational growth, either positively or negatively (Dogan, 2013; Yazdanfar, 2013; Dogan, 2013). As a general rule, Galbreath and Galvins (2008) state that companies' data is utilized to evaluate the traits and efficiency of the organizations. A company's age is a measure of how long it has been in business (Dellavigna & Pollet, 2009).The number of years that the company has been in operation is being used to calculate its age. In comparison to newer enterprises, older ones have already made a name for themselves in the industry and are actively participating in the market. Given the above, the purpose of this research was to analyze the impact of corporate characteristics and dividend policies on Nigerian commercial banks that are listed.

LITERATURE REVIEW

Corporate Characteristics

It is well-known that factors pertaining to a company have a substantial impact on the choice to invest. According to Shehu (2012), a firm's features are its consistent motivational and structural variables. According to Shehu (2013) and Shehu and Bello (2013), structural firm characteristics are essential to corporate attributes. These characteristics are unique to each organization and pertain to the internal structure of organizations. Leverage, company age, and firm size are structural variables that have a substantial impact on the reliability of financial reports. In their study, Lang and Lundholm (1993) identified several characteristics of corporations. These include their ownership structure, age, level of diversification, profitability, liquidity, institutional ownership, and the tangibility of their assets. Some aspects of a company's character are within the purview of managers' choice or manipulation, while others are beyond their control. Financial statements reveal a lot about a company's health and accounting practices, which in turn reveal a lot about the company's characteristics (Lang & Lundholm, 1993). One alternative is to think of them as long-term patterns of corporate conduct that aid companies in accomplishing their objectives.

Measures of Corporate Characteristic

Corporate Profitability

The correlation between profitability and leverage serves as a significant examination of the Pecking Order Theory proposed by Myers and Majluf (1984). The theory asserts that companies follow a structured hierarchy of financing options. When there is an information gap, it costs a lot to issue securities that outside investors don't know much about. So, the least expensive way to get money for investment initiatives is to use funds that come from within the company. Debt holders have priority claims over firm assets compared to stock holders and receive fixed interest

payments. This means that information asymmetry has less of an effect on debt instruments than on equity.

Because of this, companies are likely to choose internal finance over debt and debt over equity when they need money. The Pecking Order Theory suggests that organizations with higher profits tend to have lower leverage ratios because they mostly use retained earnings to pay for their operations. However, companies with a lot of cash flow may also have agency problems because of free cash flow, as Jensen (1986) pointed out. In these circumstances, managers might seek personal advantages that are at odds with the objectives of shareholders. So, higher leverage can be a way to punish managers by limiting their freedom to make decisions and their use of perks.

Capital Structure

The capital structure composition of a company is the specific mix of debt and equity it uses to pay for its activities. Equity financing also includes retained earnings that have built up over time. Debt financing, on the other hand, includes both short-term and long-term liabilities. Short-term debt is money that needs to be paid back within a year, whereas long-term debt is money that needs to be paid back after a year (Hall et al., 2004). There are many various ways to explain the choice of capital structure, such as the life-cycle approach, the pecking order hypothesis, signaling theory, and the unequal taxation of revenue sources.

Small and Medium Scale Enterprises (SMEs) have always depended on money from owners and close friends and family. These companies frequently stay away from outside funding since it can limit their managers' freedom, make it harder for them to get non-monetary advantages (Jensen & Meckling, 1976), and add more monitoring and control systems. Moreover, when small and medium-sized enterprises (SMEs) have the option to choose between internal funds and external debt without any restrictions, they usually choose internal financing to keep their independence and control (Bell & Vos, 2009). This inclination makes it very hard for potential investors to figure out how much these kinds of businesses are worth and make smart investment choices. Chepkemoi (2013) noted that equity and return on equity are problematic to quantify or distinctly delineate for the majority of SMEs, complicating the estimation and use of the cost of equity in capital structure decisions. Profit does not necessarily provide rapid funding, as it reflects an accounting result rather than cash availability, and there is typically a delay between profit recognition and cash generation (Moro & Fink, 2010).

Firm Size

For a long time, people have thought that the size of a company is a significant factor in decisions on capital structure. Bigger companies usually have more diverse businesses and less volatile earnings, which makes it easier for them to handle greater debt (Castanias, 1983; Titman & Wessels, 1988; Wald, 1999). Smaller businesses, on the other hand, typically have to pay more to deal with information asymmetries with lenders. This might make it harder for them to get debt financing and lower their leverage ratios (Castanias, 1983). Creditors tend to trust that bigger companies would pay back their debts, which lowers the costs of having debt and makes it easier for them to borrow more. As a result, bigger companies are more likely to use debt to pay for things.

Another reason why smaller companies have less leverage is that bankruptcy expenses are thought to be inversely related to company size (Titman & Wessels, 1988). Prasad et al. (2001) show that larger companies have lower per-unit bankruptcy expenses than smaller ones, which helps them save money in bankruptcy. Castanias (1983) contended that when a significant proportion of default costs is fixed, the marginal default cost per unit of debt escalates at a slower rate for larger enterprises. Moreover, the visible traits of big companies are generally seen as signs of lesser risk (Kim & Sorensen, 1986). Cosh and Hughes (1994) also said that if operational risk goes down as a business gets bigger, smaller businesses should use less debt.

Empirical research often indicates a positive correlation between firm size and leverage. A plethora of studies have established that larger enterprises often utilize greater debt financing, whereas smaller enterprises depend more on equity (Friend & Lang, 1988; Barton et al., 1989; Mackie-Mason, 1990; Barclay & Smith, 1996; Kim et al., 1998; Al-Sakran, 2001; Hovakimian et al., 2004; Sogorb-Mira, 2005). These data collectively indicate that firm size significantly influences capital structure decisions, with larger firms demonstrating a pronounced preference for debt issuance over equity.

Empirical Review

Among Nigerian consumer goods companies listed on public exchanges, Jeremiah et al. (2024) looked at how several company traits affected dividend payouts. Despite prior studies mostly concentrating on profit levels and ignoring other firm-specific attributes shown in financial statements, this study was motivated by the realization that dividend decisions are impacted by factors beyond profitability. Therefore, the purpose of the study was to assess the impact and magnitude of company attributes on the choices to pay dividends. Because secondary data was

relied upon, an ex post facto study design was employed. We used liquidity and cash flow as stand-ins for company characteristics, and dividend payout ratio as our dependent variable. The board's dimensions served as a control variable. Seventeen companies were chosen for the study based on the data that was available, out of a total of twenty-two consumer products companies listed on the Nigerian Exchange Group as of 31 December 2023. Panel data spanning 2013–2022, analyzed using descriptive statistics and fixed-effects panel regression. The results demonstrated that the dividend payout ratio was significantly and favorably affected by liquidity and cash flow. According to the study's findings, consumer goods companies should change their lending policies to increase operational cash inflows so they can keep paying dividends. The study also found that firm-specific variables significantly impact dividend payment decisions.

Onuorah (2023) examined dividend payout behavior and its determinants in the Nigerian banking sector. The research concentrated on pinpointing the principal determinants affecting dividend distribution among deposit money banks in Nigeria, utilizing a sample of eight banks selected from the twenty-one listed banks throughout the period 2009–2018. The criteria that were looked at were profitability, bank size, liquidity, and the loan-to-deposit ratio. We got the data from the financial statements of the institutions we looked at and used descriptive statistics and ordinary least squares regression to look at it. The findings demonstrated that profitability and bank size exerted positive and statistically significant influences on dividend payout, but liquidity and the loan-to-deposit ratio exhibited positive although negligible correlations with dividend payment.

The impact of company attributes on the financial success of publicly listed Nigerian consumer goods companies was studied by Nangih, Turakpe, and Effe-Nnamdi (2023). The dynamic capability hypothesis served as the basis for the research, which employed an ex post facto design. Sixteen companies were selected using a purposive sample method, and data was culled from their annual financial reports covering the years 2013–2022. Data was analyzed using panel regression, correlation analysis, and descriptive statistics. A company's age has a small negative impact on profits per share and a large negative effect on return on assets, according to the data. Profits per share were positively and significantly affected by firm size, however return on assets was significantly negatively affected. The study's takeaway is that consumer products companies shouldn't put all their profit-maximizing eggs in one basket—but they should acknowledge that company age is a key factor in understanding asset-based profitability variations.

Using a sample of Nigerian Pension Fund Administrators (PFAs), Sabiya and Joel (2023) analyzed the correlation between company traits and financial results. Ten PFAs were chosen using purposive sampling after the National Pension Commission's (PenCom) post-recapitalization exercise, and the study encompassed all PFAs functioning in Nigeria from 2018 to 2022. The financial statements and annual reports of the PFAs that were part of the sample were used as secondary sources of data. With the help of STATA version 13, the produced panel data were examined by means of multiple regression, descriptive statistics, and Pearson correlation. A p-value of 0.0001, which is less than the 5% significance level, indicates that the regression model is statistically significant. When looking at financial performance as assessed by unit price, the results demonstrated that firm age had a positive and statistically significant effect. In addition, with an adjusted R-squared value of 0.970853, the following factors collectively explained over 97% of the variance in financial performance: density of contributions, liquidity, business age, board size, and fund expenditure. Researchers in Nigeria found that pension fund administrators' bottom lines are heavily impacted by certain company traits.

In their study on Indonesian business performance, Handoyo, Mulyani, Ghani, and Soedarsono (2023) looked at the role of firm age, size, ownership structure, and industry type. From 2014 to 2021, 128 manufacturing enterprises registered on the Indonesia Stock Exchange provided the 1,024 observations used in the study. We used independent t-tests and panel regression analysis to analyze the data. The results showed that competition intensity, industry type, and company size were the most important factors affecting firm performance, according to the Miles and Snow strategy typology framework.
The effect of business size, liquidity, profitability, and capital structure on firm value was studied by Fadhilah, Kurniati, and Suherman (2022) in the Indonesian manufacturing sector. By employing a purposive sampling strategy, secondary data was collected from fifty businesses that were listed on the Indonesia Stock Exchange between 2016 and 2019. When panel regression analysis was used, the results showed that profitability significantly affected firm value in a positive way, but firm size, liquidity, and capital structure had no effect.

Mwendwa (2022) looked at how certain company characteristics affected the bottom lines of construction and manufacturing firms traded on the Nairobi Securities Exchange. Nine manufacturing enterprises and five construction and associated firms had their financial statements analyzed using a descriptive research design. Prior to estimate, a battery of diagnostic tests were run, including tests for normality, autocorrelation,

heteroscedasticity, unit root, multicollinearity, and the Hausman specification. The findings revealed that manufacturing enterprises' financial performance was negatively correlated with leverage and negatively correlated with liquidity, but the latter two variables were statistically insignificant. On the other hand, construction and allied enterprises' performance was positively and significantly correlated with liquidity. Bencharles and Osifo (2022) studied listed Nigerian oil and gas companies and banking businesses to determine the impact of equity and leverage ratios on firm value. Use of Tobin's Q, a market-based measure of business value, and panel data covering twenty-one years (2000–2020) were both utilized in the study. Data analysis involved the use of panel least squares regression in conjunction with preliminary diagnostic tests. Firm value was positively and statistically significantly correlated with equity and leverage ratios, according to the results.

In their 2022 study, Akhalumeh, Izevbekhai, and Ohenhen examined 91 non-financial companies listed on the Nigerian Stock Exchange to determine what factors contribute to a company's growth in Nigeria. The data was evaluated using the ordinary least squares estimate technique, which was derived from audited financial accounts. Factors such company age, size, innovativeness, managerial effectiveness, capital intensity, profitability, institutional ownership, and worldwide affiliation were analyzed in the study. company age and capital intensity had negative but negligible effects on company growth, whereas innovativeness and management efficiency had positive and significant effects. The positive but statistically insignificant connections between business growth and leverage, firm size, institutional ownership, and international affiliation were also evident.

Abba, Lawal, and Sadah (2020) investigated the financial determinants affecting business value among publicly listed deposit money institutions in Nigeria. Tobin's Q was used as a proxy for firm value, and the explanatory factors were profitability, investment choices, financing choices, dividend payout ratio, and firm size. The research spanned six years, from 2013 to 2018, utilizing various panel regression methodologies for data analysis. The empirical findings demonstrated that profitability, financing choices, and dividend policy had a positive and statistically significant impact on the company value of deposit money banks in Nigeria. On the other hand, it was determined that investment choices had no real effect on the value of the company. The study suggested that bank management should focus on increasing profits, keeping the right amount of debt, and using growth tactics that make the company bigger in order to raise the overall worth of the organization.

In their 2018 study, Awwad and Hamdan looked at the energy industry in the Gulf and how corporate governance procedures and dividend policy relate to one another. Studying the energy markets of six GCC countries (UAE, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and Qatar) from 2008 to 2017 allowed the researchers to see eight different energy providers. Leverage and business expansion acted as moderators among the corporate governance factors examined, which included management ownership, board size, board independence, and CEO duality. The dependent variable in this case was the dividend payout ratio. Using logistic regression and simple least squares methods, the researchers found that firms with stronger corporate governance structures were more inclined to distribute earnings to shareholders, reducing agency costs and avoiding conflicts of interest. According to the findings, dividend policy is positively and significantly impacted by corporate governance.

Buigut and Soi (2020) examined the impact of business characteristics on dividend policy within companies registered on the Nairobi Securities Exchange in Kenya. The study especially evaluated the mediating influence of corporate characteristics in influencing dividend decisions. The population comprised forty-three banks selected from the records of the Central Bank of Kenya and the Nairobi Securities Exchange. We used both fixed-effect and random-effect models to analyze the panel data. The random-effects analysis showed that dividend policy was strongly affected by the company's profitability, ownership structure, leverage, and liquidity. The results indicated that companies exhibiting greater profitability and enhanced liquidity were more inclined to provide dividends. Also, banks with a lot of ownership concentration and liquidity were more likely to pay dividends.

Yousaf, Ali, and Hassan (2019) examined the impact of family ownership on dividend policy among enterprises in Pakistan. The research included panel data from fifty-four family-controlled enterprises and forty-nine non-family enterprises spanning the years 2009 to 2016. The study not only looked at ownership structure, but it also looked at whether family control changed the link between firm-specific traits and dividend policy. The analysis utilized the generalized method of moments (GMM) estimator. Mean difference studies showed that family and non-family businesses had quite different financial characteristics. Moreover, multivariate analysis indicated that family-controlled enterprises allocated lesser dividends in comparison to non-family firms. The study found that family control, firm size, and asset tangibility were the most important factors that affected dividend policy in Pakistan.

Elisabete et al. (2020) examined the factors influencing dividend payouts in the telecommunications sector. The

study sought to evaluate the impact of firm-specific factors on dividend distribution decisions. The panel data methodology employed the generalized method of moments (GMM) estimate technique on a sample of thirty-four telecoms businesses listed in Western Europe and North America from 2007 to 2016. The results showed that fixed asset investments, debt levels, the price-to-book value ratio, free cash flow, liquidity, and lagged dividend payments were all important factors that affected dividend behavior during the study period.

Endri and Fathony (2020) investigated the influence of selected firm-specific factors on the value of financial sector firms listed on the Indonesia Stock Exchange over the period 2013–2017. The study adopted a quantitative research approach and utilized purposive sampling to select twenty-one financial sector companies. Panel data regression techniques were employed for empirical analysis. Firm value was specified as the dependent variable, while profitability, firm size, leverage, and growth served as the explanatory variables. The empirical findings indicated that dividend policy and profitability exerted a positive and statistically significant effect on firm value among financial sector firms during the study period. In contrast, firm size, leverage, and growth were found to have no significant influence on firm value.

In their 2020 study, Franc-Dąbrowska et al. investigated what factors influence the choice to pay dividends by publicly traded food companies in developing economies. Finding out what variables at the business level affect dividend distribution behavior was the primary goal of the research. Panel data acquired from fifteen companies' financial statements covering the period 2005-2018 was used to examine the sample. The dependent variable in this study was the dividend payout ratio, while the independent factors included business size, growth, liquidity, profitability, and free cash flow. For this data, we used a random effects panel regression model. Throughout the study period, the results showed that firm size, growth, liquidity, profitability, and free cash flow were major factors in determining dividend distribution decisions.

The value of listed insurance businesses in Nigeria was examined by Hameed and Tsoho (2020) in relation to financial performance and firm size. Data for the study came from the yearly financial reports of twenty-one insurance companies registered on the Nigerian Stock Exchange as of December 31, 2020. The study used a longitudinal panel research approach that lasted eight years, from 2012 to 2019. The financial performance was evaluated using Return on Assets (ROA) and Return on Equity (ROE). The size of the firm was represented by the natural logarithm of total assets, and Tobin's Q was used as a proxy for firm value. The age of the firm was considered a control variable. We used STATA version 15 for descriptive statistics and regression analysis to examine the data. Based on the regression results, Tobin's Q was positively and significantly affected by every explanatory variable with the exception of return on assets (ROA), firm size, and firm age. There was shown to be no statistically significant correlation between return on equity and firm valuation.

In the Nigerian financial services subsector, Jeroh (2020) investigated the connection between corporate characteristics and business value. From 2010 to 2018, thirty-two listed corporations' financial statements provided the secondary data used in the study. The mentioned hypotheses were tested using descriptive, diagnostic, and inferential statistical approaches, using multivariate regression analysis. The results showed that two metrics for company value, Tobin's Q and share price, were significantly impacted by business characteristics such profitability, sales growth, earnings, leverage, firm size, and asset tangibility. The chosen company characteristics did not, however, correlate with the share price-to-book value ratio in any meaningful way.

Companies included in Indonesia's LQ45 index were studied by Jihadi et al. (2021) to determine how business value is affected by liquidity, operational activity, debt, and profitability. A total of twenty-two organizations were selected for the study between 2014 and 2019 using a purposive sample method. To do multiple linear regression on the data, we utilized SPSS version 18. All four of the financial metrics examined (activity, liquidity, leverage, and profitability) were found to significantly impact company value. The study's hypothesis was validated by this. In addition, the relationship between financial performance metrics and company value was found to be moderated by corporate social responsibility (CSR), with firm size serving as a control variable.

Using data collected from Bahraini enterprises between 2014 and 2016, Juhmani (2020) analyzed how different corporate governance traits affected dividend distribution decisions. Board size, independence, frequency of meetings, institutional ownership, management ownership, and blockholder ownership were the independent variables, while the dividend payout ratio was the dependent variable. A number of ordinary least squares regression studies found a positive link between board size and dividend payout decisions, and a strong negative correlation between board independence and dividend payout decisions. Decisions regarding dividend payments were unaffected by other aspects of governance, such as ownership structure and the frequency of board meetings.

Kajola et al. (2019) investigated the impact of female representation on corporate boards regarding dividend

policy across nineteen publicly listed consumer goods and industrial companies in Nigeria from 2010 to 2016. The dependent variable was the dividend payout ratio, while the independent variable was the percentage and total number of female directors on the board. We used firm size, board size, and profitability as control variables. The study employed the Random Effects Generalized Least Squares (REGLS) estimation technique, revealing a positive and statistically significant correlation between female board representation and dividend payment policies.

La Ode (2018) examined the correlation between corporate governance procedures and dividend payout ratios of publicly listed companies in Indonesia from 2013 to 2016. Panel regression analysis was utilized to investigate the impact of ownership structure and governance characteristics on dividend payment decisions. The findings demonstrated that board independence, board size, institutional ownership, business size, and profitability before interest and tax positively affected dividend payout ratios. Conversely, CEO duality, managerial ownership, ownership concentration, and leverage demonstrated adverse correlations with dividend distributions.

Nguyen, Tan, and Nguyen (2021) investigated the factors influencing firm value among trading organizations registered on the Vietnam Stock Exchange, utilizing 925 company-year observations from 2011 to 2019. Equity value was used as a proxy for company value, whereas firm size, capital structure, profitability, sales, and liquidity were used as explanatory factors. Regression research indicated that firm size was the most critical factor influencing firm value, with larger enterprises demonstrating elevated valuations. The capital structure was found to have a negative effect on the value of the company. Profitability, sales growth, and liquidity did not have a statistically significant effect. The research determined that the dimensions of a firm and its financial framework are primary determinants of its worth in Vietnam's trading sector.

Nwidobie (2020) examined the short- and long-term impacts of board diversity on dividends per share across publicly traded non-financial companies in Nigeria. The breakdown of board diversity showed how many male, female, and minority members there were. The research examined panel data from nine companies spanning 2010 to 2018, employing a multivariate log-linear regression model. The findings revealed that a greater percentage of male directors positively influenced dividend per share, but enhanced representation of female and minority board members produced adverse effects in both the short and long term. The research indicated that stockholders desiring increased dividend distributions could prefer boards predominantly composed of male directors.

Oyeyemi, Enyi, and Emmanuel (2019) investigated the correlation between shareholder returns and company value within manufacturing companies listed on the Nigerian Stock Exchange. The research examined 720 firm-year observations obtained from thirty-six firms across a two-decade span from 2007 to 2016. We used fixed-effects multivariate regression analysis to estimate market capitalization as a function of historical dividends, agency expenses, debt-to-equity ratio, business size, earnings per share, and sales growth. The results indicated that historical dividends, agency expenses, leverage, and company size exerted significant positive influences on firm value, whereas profits per share and sales growth shown negative yet statistically insignificant impacts. The research determined that managers ought to reconcile dividend signaling with the interests of a wider array of stakeholders and strategies for long-term growth.

Among manufacturing companies registered on the Indonesia Stock Exchange over a five-year period, Sampurna and Romawati (2020) performed an empirical investigation of the determinants impacting company value. Factors that were primarily studied included institutional ownership, firm size, profitability, leverage, and investment potential. We examined 84 different businesses and uncovered 420 observations using panel data approaches. The results showed that the market-to-book equity ratio, return on assets, and company size all had significant positive effects on firm value. However, there was a negative and statistically significant effect of the debt-to-total-assets ratio. In order to increase the value of their firms, industrial organizations should grow in size and profitability while reducing their debt levels, according to the report.

Setiawan and Vivien (2021) investigated the factors influencing dividend policy in Indonesian consumer goods companies, focusing specifically on the probability of dividend distribution and the extent of dividend disbursement. The research examined panel data from 2015 to 2018, derived from the financial statements of the selected firms. Profitability, business size, investment prospects, capital structure, and stock liquidity were some of the most important factors that explained the situation. For data analysis, we used descriptive statistics and linear regression approaches. The results showed that profitability and business size had a big effect on both the likelihood of paying dividends and the dividend payout ratio. Investment possibilities and capital structure considerably impacted the dividend payment ratio, although they did not exert a notable influence on the choice to distribute dividends. On the other hand, stock liquidity was not statistically significant in either model, which means it didn't support the dividend liquidity hypothesis.

Shuaibu, Ali, and Amin (2019) examined the impact of firm-specific characteristics on the valuation of publicly traded consumer products businesses in Nigeria from 2005 to 2014. We used secondary data and a cluster sampling method to choose the study sample. The investigation utilized diagnostic tests, including the Shapiro–Wilk normality test and the Hausman specification test, succeeded by random-effects regression estimation employing STATA version 11.1. The findings demonstrated that firm growth and company size had a positive and statistically significant impact on firm value, whereas leverage showed a positive but statistically negligible correlation. Based on these findings, the study advocated effective debt management, appropriate capital structure decisions, strategic asset purchase, and sales expansion to boost firm value and lower the risk of financial hardship.

Singla and Samanta (2019) performed a panel data research to ascertain the factors influencing dividend payout across publicly traded construction firms in India. The research employed panel data from forty-five construction companies across a six-year duration from 2011 to 2016. The dependent variable was dividend per share, while the independent variables were profitability, earnings volatility, institutional ownership, cash flow, asset tangibility, liquidity, growth prospects, company age, life-cycle stage, leverage, firm size, and taxation. After checking for stationarity, we used fixed- and random-effects regression models with strong estimators. The findings indicated that profitability, business life cycle, and firm size exerted positive and significant influences on dividend payments, while cash flow demonstrated a negative and significant impact. Other explanatory variables were determined to be statistically negligible.

Sulaiman, Mijinyawa, and Isa (2019) examined the influence of financial performance, capital structure, and firm size on the valuation of publicly traded consumer products companies in Nigeria over a twelve-year span from 2006 to 2017. Return on assets and return on equity were used to measure financial performance, short-term and long-term debt were used to measure capital structure, and the natural logarithm of total assets was used to measure business size. Tobin's Q was used to measure firm value, while firm growth was used as a control variable. The research utilized pooled ordinary least squares with fixed- and random-effects panel estimators. The empirical findings demonstrated that return on assets, short-term debt, and long-term debt exerted positive and statistically significant influences on company value, while return on equity exhibited a negative and significant correlation with Tobin's Q. Conversely, firm size and expansion were determined to exert no substantial influence on firm value. The study found that capital structure and performance indicators are essential factors that affect a company's worth. It also suggested that companies should use debt wisely and grow their assets to increase their value.

Literature Gap

There is a lot of literature that looks at how dividend policy is related to company characteristics. Some studies have looked at the relationship between business characteristics and dividend payments, such as Jeremiah et al. (2024) and Onuorah (2023), which looked at the banking sector in Nigeria and the factors that affect dividend distribution. Also, among the companies registered on the Nairobi Securities Exchange in Kenya, Setiawan and Vivien (2021) looked at what factors influence dividend policy, and Buigut and Soi (2020) did the same thing. Despite the useful empirical insights provided by these research, most of them center on industries outside of banking or on general business environments. Therefore, there is a dearth of data from the Nigerian banking sector that focuses on the correlation between company traits and dividend policy. To address this knowledge vacuum, this research looks at the dividend policy of Nigerian commercial banks that are publicly traded to examine how different company traits affect it.

METHODOLOGY

This study utilized an ex-post facto research strategy to provide a comprehensive analysis of prevailing conditions and to permit the assessment of causal links without the alteration of study variables. Descriptive research methods mainly show how things happen, while the ex-post facto strategy looks at previous data and established relationships to figure out why things happen (Fraenkel et al., 2012). This design is suitable for fulfilling the study's purpose, which is to examine the impact of exchange rate changes on the corporate investment decisions of publicly listed companies in Nigeria. The study's population consisted of twenty-two publicly traded food and beverage manufacturing companies listed on the Nigerian Exchange Group (NGX) throughout the financial years 2014 to 2023. According to Amabel (2019), data collection is the systematic gathering of empirical facts to get a clear picture of a phenomenon and answer the research questions that led to the study. Secondary data were sourced from the published annual financial statements of the selected organizations and systematically structured using a document review methodology to guarantee consistency and precision in the study. The use of secondary data made the study stronger by giving it reliable, verifiable, and long-term information that supported a full quantitative analysis of the research problem.

Model Specification, Estimation and Rationale of Variables

This study utilized a panel data regression framework evaluated by the Ordinary Least Squares (OLS) method. The dataset included both time-series and cross-sectional observations, which were combined to create a balanced panel and examined by panel regression techniques. Regression analysis is a powerful statistical method for investigating the interrelationships among variables, allowing the researcher to assess the degree to which alterations in one variable account for fluctuations in another. To mitigate the impact of outliers and diminish heteroscedasticity, an initial univariate analysis was performed, and all pertinent variables were converted into their native logarithmic representations. Subsequently, multiple regression analysis was employed to evaluate the concurrent impacts of several explanatory variables on the dependent variable within a unified estimate framework.

There are three basic ways to estimate panel data: pooled ordinary least squares, fixed effects, and random effects models. The pooled OLS model presumes homogeneity among cross-sectional units and temporal dimensions, indicating the absence of individual-specific and time-specific effects. The fixed effects model, on the other hand, takes into account unobserved differences by letting each cross-sectional unit have its own intercept that captures features that don't change over time. The random effects model posits that individual-specific effects are stochastic, time-invariant, and uncorrelated with the explanatory factors, hence facilitating the generalization of findings to a larger population. The study utilized the Hausman specification test to ascertain the best suitable estimate technique, assessing the consistency and efficiency of the fixed versus random effects estimator (Borenstein et al., 2010). The model that best met the basic assumptions of panel data estimation was chosen for empirical analysis based on the test results.

$$Y = \beta_0 + \beta_1 X + e \quad (1)$$

Step 2 conducted a simple regression analysis with X (exchange rate fluctuation) predicting M (corporate investment) to test for path a, using the below equation

$$Y = \beta_0 + \beta_1 X + e \quad (2)$$

Step 3 conducted a simple regression analysis with M (foreign exchange rate) predicting Y (corporate investment) to test the significance of path b alone, using the below equation;

$$Y = \beta_0 + \beta_1 M + e \quad (3)$$

Step 4 used a multiple regression analysis with X (business investment) and M (foreign exchange rate) to see if path c' was important. Path c' is the direct effect. In complete mediation, variable X has no effect on Y after controlling for M, which means that path c' is zero. When the mediator is added, the path from X to Y gets shorter, but it is still different from zero. This is called partial mediation.

$$Y = \beta_0 + \beta_1 X + \beta_2 M + e \quad (4)$$

Where:

β are the intercepts

e the model fit errors while

a, b, c and c` terms are the regression coefficients capturing the relationships between the three focal variables.

The following four requirements must be satisfied for there to be a complete mediating effect, as stated by Baron and Kenny (1986). If there is a direct relationship between business investment and the foreign exchange rate, then the first criterion is met. If the foreign exchange rate influences the dependent variable (business investment), then the second condition is met. The third need will be met when, after removing the mediator, the dependent variable (business investment) is directly affected by the independent variable (capital flight).

Effect of Exchange Rate Fluctuation, corporate characteristic on dividend policy

The study hypotheses were evaluated using a panel data regression framework in which corporate investment was specified as the dependent variable, while indicators of exchange rate fluctuations served as the independent variables. Hypothesis testing was conducted through the estimation of the following regression model:

$$DP = \alpha + \beta 1 FS_{it} + \beta 2 PF_{it} + \beta 3 CS_{it} + \beta 4 FI_t + \mu_{it} \quad (5)$$

DP = Dividend policy measured Dividend Payout Ratio
FS = Firm Size measured by the log of total assets
PF = Profitability measured by log of profit after tax
CS = Capital structure measured by debt equity ratio
FI = Firm Investment measured by log of fixed assets
α = is the intercept
β_i = Is the parameter of explanatory variables
μ_i = Is the disturbance term

many regression analysis is a prevalent statistical method utilized to investigate correlations featuring many explanatory variables and a singular dependant variable (Nimon & Oswald, 2013). The strategy allows researchers to identify important predictors and measure how much and in what direction they affect the result variable (Hair et al., 2019). Because it can model complicated associations and

help with predictive analysis, multiple regression is still an important analytical technique in empirical research. Field (2018) further underscored that the clarity and extensive applicability of multiple regression results augment its utility in elucidating links and formulating predictions across many domains of inquiry.

ANALYSIS AND INTERPRETATION OF RESULTS

The section was assigned for presenting the findings of the present study, so that as mentioned earlier; E-View 12.0 was used to analyze the existing data. In order to answer the research objective as well as to analyze the relationship between corporate characteristic and dividend policy of quoted commercial banks in Nigeria.

Table 1: Descriptive Statistics

	DP	FS	PF	CS	FI
Mean	9.792846	6.229000	13.55400	15.66700	12.75400
Median	3.720000	5.265000	13.75000	15.51500	12.45000
Maximum	80.74000	13.50000	15.00000	28.92000	21.40000
Minimum	-36.06000	0.630000	11.43000	8.000000	7.500000
Std. Dev.	16.70655	4.521733	1.173103	5.887074	3.760168
Skewness	1.865429	0.255106	-0.439674	0.859646	0.766372
Kurtosis	7.783492	1.634546	1.986323	3.152539	3.516404
Jarque-Bera	199.3392	11.50924	9.754299	16.13751	14.16988
Probability	0.000000	0.003168	0.007619	0.000313	0.000838
Sum	1273.070	809.7700	1762.020	2036.710	1658.020
Sum Sq. Dev.	36005.04	2637.543	177.5259	4470.835	1823.914
Observations	130	130	130	130	130

Source: *Researchers' Computation (2026)*

As presented in Table 1, dividend policy recorded a mean value of 9.7 percent, indicating that, on average, quoted commercial banks in Nigeria distributed approximately 9.7 percent of earnings as dividends during the study period. The median value of 3.72 percent suggests that half of the observations fell below this level, reflecting a relatively low central tendency in dividend payments. The maximum dividend payout observed was 80.74 percent, while the minimum value stood at −36.06 percent, indicating instances of dividend reductions or losses. The standard deviation of 77.21 percent reveals substantial dispersion around the mean, suggesting wide variability in dividend policy among the sampled banks over the period examined.

Firm size exhibited a mean value of 6.2 percent, implying that the average size of quoted commercial banks in Nigeria during the study period was 6.2 percent. The median firm size was 3.7 percent, indicating that the midpoint of the data distribution clustered around this value. The maximum firm size recorded was 13.5 percent, while the minimum stood at 0.63 percent. A standard deviation of 4.5 percent indicates a considerable degree of variation in firm size across the sampled banks during the period under review.

Profitability reported a mean value of 13.5 percent, suggesting that quoted commercial banks in Nigeria achieved an average profitability level of 13.5 percent over the study period. The median profitability value of 13.7 percent indicates a fairly symmetrical distribution around the mean. Profitability ranged from a maximum of 115.0 percent to a minimum of 11.4 percent. The standard deviation of 1.1 percent reflects noticeable variability in profitability levels among the banks, although the dispersion is relatively moderate compared to other variables.

Capital structure recorded an average value of 15.66 percent, indicating that quoted commercial banks in Nigeria maintained a mean leverage level of approximately 15.7 percent during the study period. The median value of 15.51 percent further confirms the central tendency of the data. The maximum capital structure ratio observed was 28.9 percent, while the minimum was 8.0 percent. The standard deviation of 5.8 percent signifies a relatively high level of variation in capital structure decisions among the banks over the period examined.

Table 2: Covariance Analysis: Ordinary

Covariance Correlation Probability	DP	FS	PF	CS	FI
DP	276.9618				
	1.000000				
FS	-18.45403	20.28879			
	-0.246180	1.000000			
	0.0048	-----			
PF	-4.007136	3.720264	1.365584		
	-0.206046	0.706784	1.000000		
	0.0187	0.0000	-----		
CS	6.407433	-5.955773	-4.870718	34.39104	
	0.065653	-0.225469	-0.710741	1.000000	
	0.4580	0.0099	0.0000	-----	
FI	10.60134	-8.861116	-3.879766	19.85068	14.03010
	0.170067	-0.525206	-0.886372	0.903696	1.000000
	0.0331	0.0000	0.0000	0.0000	-----

Source: *Researchers' Computation (2026)*

Table 2 above indicated that firm size is negatively correlated with dividend payout ratio of Nigerian quoted commercial banks up to 18.4% and it is significant at 1%. It showed that firm size and dividend payout did not move in the same direction. It can be explained that the larger the size of commercial banks, the more it can impact positively it dividend payout. Profitability is negatively correlated to dividend payout of Nigerian quoted commercial banks by 4.0% and it is significant at 5% level of significance. It showed that the explained and the explanatory variable did not move in the same direction. It implies that, as quoted commercial banks do not generate higher profits, it stand a better chance of declaring dividend to it fund providers. Capital structure yielded a positive relationship with dividend payout by 10.6% and the relationship was significant at 1% level of significance. Investment and dividend payout move in same direction by 46% and it is significant at 5% level of significance. It showed that commercial banks with debt prefer to offset its obligation rather than committing it resources to paying dividend.

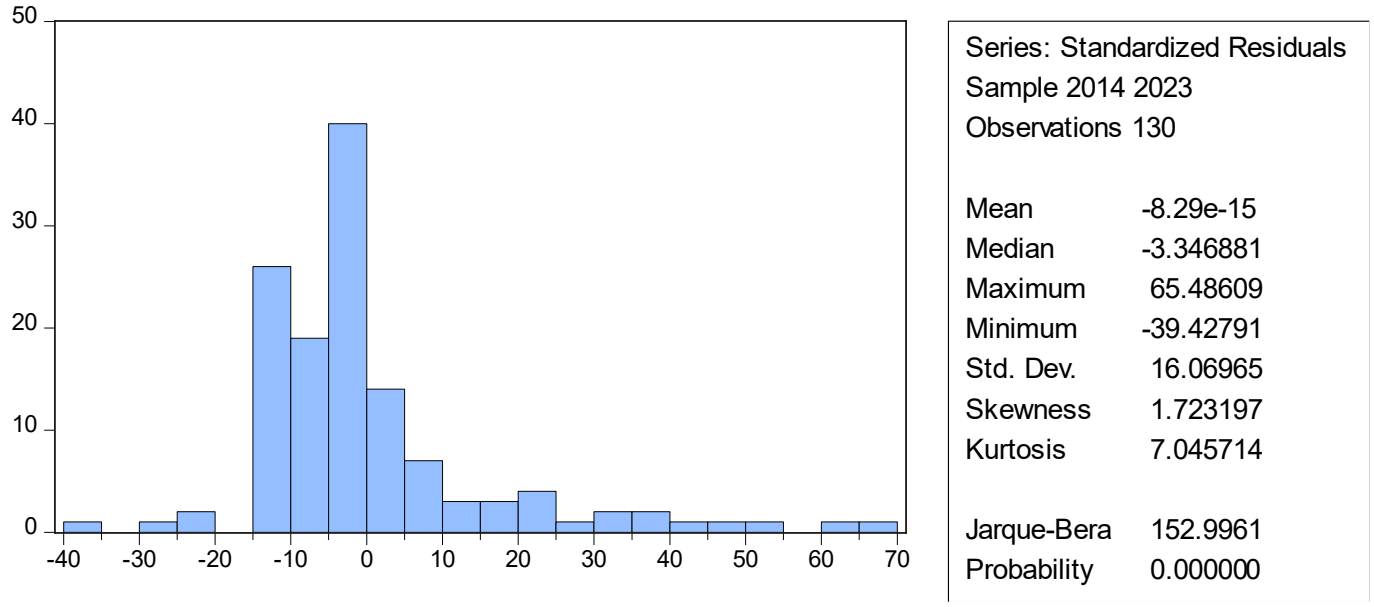

Figure 1: Normality test

The Jarque–Bera test was used to see if the residuals were normal. The test statistic came out to be 15.2, and the probability value was 0.0000, which is less than the 5 percent level of significance. So, the null hypothesis that the residuals were regularly distributed was not true. This result shows that the residuals are not normal since they have skewness and excess kurtosis that are higher than what is predicted for a normal distribution, even though the residuals are stationary.

Table 3: Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Pooled Effect Model				
FS	0.458380	0.731177	0.626907	0.5320
PF	2.629878	3.503249	0.750697	0.4544
CS	-1.564464	0.825463	-1.895257	0.0607
FI	3.232596	1.526178	2.118099	0.0364
C	-54.12491	55.75540	-0.970756	0.3338
R-squared	0.266145	Mean dependent var		0.851111
Adjusted R-squared	0.233089	S.D. dependent var		17.37343
S.E. of regression	15.21452	Akaike info criterion		8.332297
Sum squared resid	25694.45	Schwarz criterion		8.473947
Log likelihood	-481.4394	Hannan-Quinn criter.		8.389805
F-statistic	8.051227	Durbin-Watson stat		2.081156
Prob(F-statistic)	0.000002			
Fixed Effect Model				
FS	0.557717	0.730947	2.763006	0.0473
PF	2.285600	0.500572	2.652922	0.0153
CS	-1.616484	0.824592	-1.960344	0.0428
FI	3.296263	0.524395	2.162343	0.0330
C	50.02745	55.70067	0.898148	0.3713
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.647126	Mean dependent var		0.851111
Adjusted R-squared	0.435017	S.D. dependent var		17.37343
S.E. of regression	15.19538	Akaike info criterion		8.420498
Sum squared resid	22859.06	Schwarz criterion		8.845448
Log likelihood	-474.5991	Hannan-Quinn criter.		8.593023
F-statistic	4.096314	Durbin-Watson stat		2.009019
Prob(F-statistic)	0.000024			
Random Effect Model				
FS	0.458380	0.730257	0.627697	0.5315
PF	2.629878	3.498843	0.751642	0.4539
CS	-1.564464	0.824425	-1.897644	0.04403
FI	3.232596	1.524259	2.120766	0.0362
C	-54.12491	55.68528	-0.971979	0.3332
	Effects Specification			
			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			15.19538	1.0000
	Weighted Statistics			
R-squared	0.266145	Mean dependent var		0.851111
Adjusted R-squared	0.233089	S.D. dependent var		17.37343
S.E. of regression	15.21452	Sum squared resid		25694.45
F-statistic	8.051227	Durbin-Watson stat		2.081156
Prob(F-statistic)	0.000002			
	Unweighted Statistics			
R-squared	0.266145	Mean dependent var		0.851111
Sum squared resid	25694.45	Durbin-Watson stat		2.081156
Correlated Random Effects - Hausman Test				
Test Summary		Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random		12.887203	3	0.0049

Source: *Researchers' Computation (2026)*

The Hausman specification test was employed to identify the most appropriate panel estimation technique between the fixed effects and random effects models, with the random effects model specified as the null hypothesis (Anton et al., 2016). As reported in Table 3, the test outcome led to the rejection of the null hypothesis, thereby indicating that the fixed effects model offers a more consistent and reliable estimation for the dataset. The coefficient of determination (R^2) shows the extent to which variations in the dividend payout ratio are collectively explained by the explanatory variables. The R^2 value of 64.7 percent suggests that firm-specific characteristics account for a substantial proportion of the observed variation in dividend payout behavior among quoted commercial banks in Nigeria. After adjusting for degrees of freedom, the adjusted R^2 of 43.5 percent further confirms the explanatory power of the model. Consequently, the unexplained variation amounted to 35.3 percent and 56.5 percent for the R^2 and adjusted R^2 respectively, indicating that while other factors may exist, the selected variables meaningfully explain dividend payout decisions.

The statistical significance of the model is reinforced by the F-statistic of 4.096314 with a probability value of 0.000024, confirming that the explanatory variables jointly exert a significant influence on dividend payout ratio and that the estimated relationships are not attributable to chance. The Durbin–Watson statistic of 2.009019 indicates the absence of first-order autocorrelation, further validating the robustness of the model. Results from the fixed effects regression reveal that firm size has a positive and statistically significant effect on dividend payout ratio, implying that larger banks are more likely to distribute dividends. Profitability also conforms to theoretical expectations, as a one percent increase in profitability leads to approximately a 2.2 percent rise in dividend payout ratio. Conversely, capital structure exhibits a negative and significant relationship with dividend payout ratio, suggesting that higher leverage constrains dividend distribution. Firm investment, however, shows a positive and significant influence on dividend payout ratio. The constant term, estimated at 50.02 percent, was found to be statistically insignificant, indicating that dividend payout is primarily driven by the firm-specific characteristics included in the model rather than by autonomous factors.

Table 4: Pedroni Residual Cointegration Test

Alternative hypothesis: common AR coefs. (within-dimension)

	Statistic	Prob.	Wewighted Statistic	Prob.
Panel v-Statistic	-2.430464	0.9925	-2.286095	0.0089
Panel rho-Statistic	2.456803	0.9930	2.279852	0.0007
Panel PP-Statistic	-8.632807	0.0000	-11.21999	0.0000
Panel ADF-Statistic	-2.404411	0.0081	-3.275627	0.0005

Alternative hypothesis: individual AR coefs. (between-dimension)

	Statistic	Prob.
Group rho-Statistic	3.937685	0.0000
Group PP-Statistic	-12.57330	0.0000
Group ADF-Statistic	-1.989037	0.0233

Cross section specific results

Phillips-Peron results (non-parametric)

Cross ID	AR(1)	Variance	HAC	Bandwidth	Obs
ACCESS	-0.109	70.87178	53.57208	3.00	9
ECOBANK	-0.428	1.189164	0.313014	8.00	9
FCMB	0.086	6.575394	1.224334	8.00	9
FIDELITY	-0.334	2.854656	0.711602	8.00	9
GTB	-0.180	23.80466	20.81967	2.00	9
FIRSTBANK	-0.577	21.17422	21.17422	0.00	9
STANBIC	-0.336	42.96562	15.88576	8.00	9
STERLING	-0.549	1.423118	1.003241	4.00	9
UBA	-0.684	0.014799	0.011310	5.00	9
UNIONBANK	-0.121	98.58870	67.40384	5.00	9
UNITYBANK	-0.097	1.070056	0.439253	8.00	9
WEMABANK	-0.315	221.4410	43.21317	7.00	9
ZENITHBANK	-0.613	59.64214	9.580154	6.00	9

Augmented Dickey-Fuller results (parametric)

Cross ID	AR(1)	Variance	Lag	Max lag	Obs

ACCESS	-0.875	62.19127	1	--	8
ECOBANK	-0.683	0.528215	1	--	8
FCMB	-0.505	4.282406	1	--	8
FIDELITY	-1.049	2.291037	1	--	8
GTB	-0.857	21.99651	1	--	8
FIRSTBANK	-0.074	21.37998	1	--	8
STANBIC	-1.127	36.58562	1	--	8
STERLING	-0.784	1.104727	1	--	8
UBA	-0.577	0.010832	1	--	8
UNIONBANK	-1.067	75.93851	1	--	8
UNITYBANK	-0.971	0.787185	1	--	8
WEMABANK	-0.624	164.5719	1	--	8
ZENITHBANK	-1.676	37.49583	1	--	8

Source: *Researchers' Computation (2026)*

Because this study looks at the long term, tests were done to see if there is a stochastic trend to see if the corporate features and dividend payment ratios of Nigeria's mentioned commercial banks are linked by a stable long-term relationship. Consequently, Pedroni and Kao panel cointegration tests were utilized to investigate the existence of cointegration between the dependent and independent variables within the designated model. These tests utilize estimators that aggregate autoregressive coefficients from cross-sectional units and assess the unit root characteristics of the computed residuals. The null hypothesis for both tests asserts that there is no cointegration among the variables. The findings in Table 4 indicate that all Pedroni residual-based statistics achieve statistical significance at the 1 percent level for both within-dimension (panel) and between-dimension (group) testing. The rho, Phillips–Perron (PP), and Augmented Dickey–Fuller (ADF) statistics are significant across all test dimensions, which means that the null hypothesis of no cointegration is rejected and there is a long-run equilibrium relationship between the variables.

To start the stationarity study, first-generation panel unit root tests were used. These tests were the Levin–Lin–Chu (LLC), Im–Pesaran–Shin (IPS), Maddala–Wu (MW), and Choi tests. They were based on the idea that businesses are independent of each other in a cross-sectional way. The results in Table 4.8 reveal that we couldn't reject the null hypothesis of non-stationarity in any of these tests. This result is different from what Song and Wu (1998) found when they used firm-level annual data using the Levin and Lin (1992) unit root test to show that there was no hysteresis. However, additional diagnostics employing the cross-sectional dependence (CD) test indicated considerable interaction among enterprises, thus contravening the assumptions inherent in first-generation unit root tests. As a result, these tests cannot reject the null hypothesis because they do not take into account cross-sectional dependence or any structural fractures, making them not useful for the current dataset.

CONCLUSION

This research examined the influence of corporate attributes on dividend distributions among publicly listed commercial banks in Nigeria. We got panel data from the published financial statements of the banks we looked at for the years 2015 to 2024. The estimated regression findings indicated that corporate characteristics collectively elucidated approximately 64.7 percent of the overall variation in the dividend payout ratio, whilst the adjusted model represented 43.5 percent of the variation. The results show that the size of the company, its profitability, and its investments all had positive and statistically significant influence on the dividend payment ratio of mentioned commercial banks in Nigeria. Conversely, capital structure exhibited a negative and significant impact on dividend policy during the analyzed period. These findings indicate that the dividend policies of Nigerian commercial banks are significantly influenced by firm-specific attributes over the study period.

RECOMMENDATIONS

i. Management of listed commercial banks should put in place effective plans to keep and boost profits, since this is necessary to reach the financial goal of maximizing shareholder value through dividend payments. Banks should consequently develop intentional and consistent dividend policies that make sure a fair amount of profits is given to shareholders. Setting up a solid and long-lasting way to distribute dividends will not only make investors more confident, but it will also increase the banks' long-term value.

ii. Managers of commercial banks should ensure that they have stable and improved profitability so as to

increase their payout ratio in order to increase the market share and also have more capital.

iii. Investors and other relevant stakeholders are advised to carefully examine the historical dividend records of commercial banks, as such information provides valuable insight into dividend payout patterns and consistency over time. A clear understanding of past dividend behavior enables stakeholders to make more informed investment and financial decisions based on reliable performance indicators.

iv. Decisions regarding dividend payments should not be based solely on the leverage position of commercial banks. Bank management should adopt a forward-looking approach by planning for dividend distributions through adequate cash accumulation or, where necessary, sourcing funds from the financial market. Resorting to external financing for dividend payments may also serve as a positive signal to shareholders, indicating financial strength and market confidence, since access to borrowing would be constrained if the bank's financial condition were weak.

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