

OWNERSHIP STRUCTURE, FREE CASH FLOW AND DIVIDEND POLICY OF LISTED CONSUMER GOODS COMPANIES IN NIGERIA

***AMBIKYA, Nathan**

Accounting Department, Federal University, Wukari-Taraba State Nigeria

ambikya@fuwukari.edu.ng

+2348061688106

MASOYI, Wusni

Accounting Department, Federal University, Wukari - Taraba State Nigeria

wusnimasoyi2021@gmail.com

+2349064038475

SARKINKWAMBO, Suleiman

Accounting Department, Federal University, Wukari - Taraba State Nigeria

sarkinkwambo@fuwukari.edu.ng

+2348035259316

Corresponding Author Email: ambikya@fuwukari.edu.ng

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Abstract

This study investigated how ownership structure, free cash flow, and dividend policy influence the performance of listed consumer goods companies in Nigeria over a thirteen-year period from 2012 to 2024. An ex-post facto research design was adopted, relying entirely on secondary data obtained from seventeen (17) out of the twenty-one (21) consumer goods firms listed on the Nigerian Exchange Group as of 31 December 2024. The analysis employed multiple regression techniques alongside descriptive statistics and Spearman correlation. The findings show that managerial ownership (MO) and institutional ownership (IO) each exert a significant positive effect on the dividend payments of listed consumer goods firms. Free cash flow (FCF) also demonstrates a significant effect, though in a negative direction, indicating that higher free cash flow is associated with lower dividend payouts within the sector. However, ownership concentration (OC) was found to have a positive but statistically insignificant influence on dividend payout, suggesting that concentrated shareholding does not meaningfully shape dividend decisions among these companies. Based on these results, the study concludes that ownership structure particularly managerial and institutional ownership as well as free cash flow meaningfully affect dividend payment behaviour, whereas ownership concentration does not. Consequently, the study recommends that consumer goods firms strengthen managerial and institutional equity holdings and enhance free cash flow management in ways that align

managerial interests with the overall goals of the firm while reducing the gap between ownership and control through lower levels of concentrated shareholding.

Keywords: Dividend policy, Ownership structure, Free cash flow, Ownership concentration, Institutional ownership.

1. Background to the Study

Dividend payout decision is the crucial component of corporate policy and has been seen as an issue of consideration in financial literature. The shareholders (owners) when investing their money expects return on investment in the form of capital gain or dividend. Capital gain is an income generated from the difference between the purchase price and the selling price of the shares, while dividends are part of the net profit that will be shared to shareholders (Angelia & Toni, 2020). The amount of dividends distributed by the company is subject to the policies or rules set by the company. The rules and policies of companies are diverse because there are no regulations governing the dividend policy that must be used. The decision regarding whether the company distributes dividend or not, as well as the amount of dividends to be paid is decided at the General Meeting of Shareholders (GMS) (Widyasti & DwijaPutri, 2021). Dividend policy is the decision of the companies' managements to distribute profits to shareholders as dividends or to retain it in the form of retained earnings to finance future investments (Putri & Rokhim, 2016). Dividend policy of the company is reflected in the dividend pay-out ratio that is the percentage if earnings distributed in the form of cash dividends, means that the size of the dividend pay-out ratio will affect the investment decisions of shareholders and also the company's financial condition (Sakir & Fadli, 2014). Dividend policy is an influential control vehicle to reduce the conflict of interest between management and shareholders, as management will want low dividend distribution that will provide benefit to them as managers, while shareholders will want their profits to be divided in the form of dividends (Ullah et al., 2012).

Dividend policy and ownership structure have been a subject of major concern for other stakeholders other than management and have been study by many researchers globally (Bamigboye & Akinadewo, 2020). Other stakeholders like shareholders, employers, customers and suppliers etc., are of the opinion that management smoothed dividend in order to achieve their private gain (Obaidat, 2018). Similarly, they believe that management has first-hand information, which enables them to manipulate for their private benefit (Arshad et al., 2013;

Elijah & Famous, 2019). Dividend pay-out decisions can be used to mitigate this conflict because it will serve as a communicator to transmit significant information about a company's potential expectations to stakeholders (Karunaratne et al., 2021).

Ownership structure simply means having a voting right or controlling interest to determine and make decisions on the company policy making. Ownership structure is the compositions of owners in a company. This composition of ownership combines the power of control which is owned by shareholders from different types of owners such as managerial ownership, ownership concentration, foreign ownership, institutional ownership, family ownership and government ownership (Ozer & Comlekci, 2014). Managerial ownership is the percentage of shares own by the management of the company that actively participates in control and conduct of the entity (Agustia et al., 2019). Institutional ownership is the percentage of shares owned by institutional investors such as banks, properties agencies and other companies (Tahiretal., 2020). Ownership concentration relates to the percentage of shares owned by the major shareholder (Bamigboye & Akinadewo, 2020). These holdings form a basis of control that can be used to support the existence of management or otherwise. Saheed and Aishat (2017), states that the separation of ownership from control is one of the essential doctrines of a free market society because it allows for diversification and specialization. The agency theory suggests that when ownership is separated from control, conflict of interest emanate between shareholders and managements as a result of dividend pay-out decision and other incentives (Jensen, 1986). The management decision may not always be in the interest of all classes of shareholders, since management may wish to invest substantially in an asset to expand the scale of their operation. Shareholders, on the other hand, may prefer getting more from the earnings inform of cash dividend (Tijjani & Sani, 2016). One key aspect of shareholders' wealth maximization is the payment of regular and sustainable dividend (Abdullah et al, 2012) and increase in share price.

Free cash flow is cash available within a company that can be used for payments to shareholders after the company has invested to maintain ongoing operations (Padmini & Ratnandi, 2020). In the work of Jensen and Meckling (1976) as cited by Padmini and Ratnandi (2020), affirms that if free cash flow in a company is not invested to maximize shareholders' wealth in the form of profitable investments, it will increase agency problems. This is so as Managers will tend to act opportunistically to benefit themselves by investing in projects that are less profitable, while

shareholders will preferred the free cash flow to be share to them in the form of dividend. The free cash flow theory of Jensen (1986) states that companies with substantial free cash flow always tend to face conflicts of interest between manager and shareholders. Managers want the company to hold its profit for the sake of company's expansion, while shareholders want a return on their investments. Companies with more free cash flows will be better in performance than other companies because these companies can take advantage of various opportunities that other companies may not be able to get (Padmini & Ratnandi, 2020). This indicates that free cash flow is able to affect the level of dividend policy implemented by the company for shareholders. Taleb (2012) as cited by Putri and Rokhim (2016) affirmed that free cash flow could affect dividend policy. Company could use free cash flow to invest in projects that have positive net present value (Jensen, 1986) as cited by (Putri & Rokhim, 2016). The more free cash flow the more dividends will be expected. It means free cash flow could be used as one of the ways to mitigate agency problem by increasing the amount of dividend pay-out to the owners the shareholders.

Consumer goods companies are companies that produce products which are bought for consumption by consumers. These companies products are sold to consumers for use in their homes, offices, clinics, schools, or personally. The listed consumer goods companies in Nigeria Exchange Group (NGX) are governed by their listing rules and the provisions of sections 331 to 335 of Companies and Allied Matters Act (CAMA, 2020), which states that a company should provide annual financial statement which contain the amount of dividends to be declared and paid to shareholders. These companies also have a separation between management and owners (shareholders) which create the agency problems between them and among shareholders. Finally, it is against this background that this study entitled ownership structure and free cash flow on dividend pay-out policy of listed consumer goods companies in Nigeria was conducted.

Statement of the Research Problem

The path to a progressive and successful development of any nation's economy may be tied to the ability of all sectors of it economy to perform competently in all standards. Therefore, ownership structure, free cash flow and dividend pay-out decision in corporate organization in both developed and developing nation's still raises debate between researchers, capital market practitioners and especially by investors globally. The listing rules of Nigeria exchange group

and the provisions of section 65 of CAMA 2020, state that the management of a corporate organization are separated from their ownership. This means that there is a separation between ownership and control. This creates problems as the decision of the management may not always benefit the shareholders, who are the owners of the firms. The agency theory state that, if ownership is separated from control, conflict of interest arises between management and shareholders (Jensen 1986). This is because shareholders tend to prefer companies to share profits in the form of dividends to improve their well-being, while management must also pay attention to the continuity of the company by holding back profit to be reinvested in the future. These differences in interest, give rise to agency problem. The free cash flow hypothesis is based on the opinion that there is a conflict of interest between shareholders and management. Management may allocate the firm resources to benefit themselves rather than acting in shareholder best interest (Jensen & Meckling, 1976). Manager's selfish interest can make them to use free cash flow to finance negative Net Present Value (NPV) projects, which may create agency problem.

Shareholders and potential investors look into a company's capability to initiate a dividend. A sound dividend policy is important for investors who value the profit stability of the company. A high and regular corporate dividend policy indicates that the company is doing well (Monika & Sudjarni, 2018).Widyasti & DwijaPutri, (2021) opined that every shareholder wants to get maximum return on their investment in as much as companies' management also want to gain maximally from all income they generated from their business,when this is not achieved, certain issues may arise like lack of trust and overall decrease in the performance of the board and the investment decision of shareholders. Numerous studies have been undertaken to explain ownership structure, free cash flow and dividend payout policy but there are still polemic views among the researchers on ownership structure, free cash flow and dividend pay-out policy. Some studies (Pawel & Andrzej, 2017; Jatmiko & Kusumastuti, 2017; Daadaa & Jouini, 2018; Alhileen, 2020; Shafai & Shafai 2020; and Bamigboye & Akinadewo, 2020) are limited to ownership structure and dividend policy without considering free cash flow. Some of the studies (Padmini & Ratnadi, 2020 and Widyasti & DwijaPutri, 2021) are limited to free cash flow and dividend policy without considering ownership structure. Finally, most of the studies (Lisa and Yuli 2018; Fitriya & Khafid, 2019;Bamigboye&Akinadewo, 2020 and Tahiret al., 2020) are limited to just few years between one to five years which implies that the time frame is too short to generalise

the findings. Most of the existing studies have focused on the dividend behaviours of companies in the foreign economies like Japan and South Asia (Pawel & Andrzej, 2017; Fitriyani and Khafid, 2019; Chosiah et al., 2019; Alhileen, 2020; Gulet al., 2020; and Tahiret al., 2020), but the studies that focus on the dividend behaviours of companies in the Nigerian economy is very limited. Some of the local studies focus on the impact of ownership structure on dividend policy in the money deposit banks in Nigeria (Masoyi et al., 2016; Muhammed & Aishat, 2019 and Bamigboye & Akinadewo, 2020). Their study did not consider the cash flow aspect which is also a potential factor affecting dividend policy (e.g. De Angelo et al., 2011). While Saheed and Aishat (2017) which is also a local study which focused on the oil and gas industries for the period of eleven years also study the impact of ownership structure on dividend policy with free cash flow as moderating variable.

This study therefore, focuses on the ownership structure, free cash flow and dividend payout of consumer goods firms listed in the Nigerian Exchange Group Ltd. although the effect of ownership structure, free cash flow and dividend payout ratio have been discussed in previous studies in isolation. Therefore, the specific objective of this study is to analyze this component of ownership structure (MO; IO; and OC), free cash flow and dividend policy of consumer goods firm listed in the Nigerian Exchange Group. Based on the above objective the following null hypotheses (H_0) are developed to guide this study in order to meet the objective:

***H₀₁** Managerial ownership does not have significant effect on dividend policy of listed consumer goods companies in Nigeria.*

***H₀₂** Institutional ownership does not have significant effect on dividend policy of listed consumer goods companies in Nigeria.*

***H₀₃** Ownership concentration does not have significant effect on dividend policy of listed consumer goods companies in Nigeria.*

***H₀₄** Free cash flow does not have significant effect on dividend policy of listed consumer goods companies in Nigeria.*

2. Literature review

Conceptual review

Concept of Dividend Policy

Dividend policy is a decision that determines the amount of earnings to be distributed to shareholders and the amount that should be retained by the company (Bello & Olarinde, 2020). Dividend on the other hand is the payment made out of firm's earnings, usually current earnings to its owners the shareholders in the form of cash or stock for their participation in the capital of the company (Mossadak et al., 2016). Dividends policy form a significant part of a company's strategic decision making processes as it triggers the fact whether the company is doing well financially or not (Karunarathne et al., 2021). The dividend policy decisions of companies are the primary elements of corporate policy, dividend which is basically the benefit of shareholders in return for their risk and investment is determined by different factors in an organization. Basically, these factors include financing limitations, investment chances and choices, firm's size, pressure from shareholders and regulatory regimes. However, the dividend pay-out of companies is not only the source of cash flow to the shareholders but it also offers information relating to firm's current and future performance.

Ownership Structure

Ownership structure is a mechanism that aligns the interest of shareholders and managers (Huda & Abdullah, 2014). Thus, ownership structure need to be organized so as to provide an incentive mechanism that align the interest of those owners and the managers, and to encourage the agents to take appropriate actions, hence, ensuring the efficient allocation of resources. Base on Sugiarto (2009), as cited by Tahir, et al., (2020) ownership structure is a comparison of the number of shares owned by investors. This can be considered in this research using managerial ownership, ownership concentration and institutional ownership. Jensen and Meckling (1976) pointed out that ownership structure are the limited amount of ownership claims held by insider (Management) and outsiders (Investors) with no direct rule in the management of the company.

Managerial Ownership

Tahiret al., (2020) state that managerial ownership is the percentage of share ownership by the management that actively participates in corporate decision-making. It is a situation where the managers own the company's shares. Managerial ownership can help to align the interest of managers with that of shareholders by constraining the use of perks and the involvement of sub-

optimal investment policies, and also to boast dividend payment made to owners. Managerial ownership permits managers to dominate the company and decide which strategies and policies the company will take because in this scenario the managers also act as the owners (Khan et al., 2013). These will reduce the agency problem because the owners are also part of the management decision making unit which will decide which policy that will be of immense benefit to all classes of shareholders.

Institutional Ownership

Institutional ownership is ownership of shares of companies which are majorly owned by institution or institutions such as insurance companies, banks, investment companies, asset management and other institutional ownership that manage funds on behalf of others (Tahir et al., 2020). Three scenarios can be used to describe the role played by institutional investors, which includes active monitoring, passive monitoring and taking side with management to exploit smaller shareholders (Elyasiani & Jia, 2010). Institutional ownership can improve a company's performance by pressuring management to change the executive compensation structure to better align the interest of the managers with those of the shareholders (Shleifer & Vishny, 1986).

EMPIRICAL REVIEW

Shafai and Shafai (2020) focus their study on ownership structure and dividend policy of Malaysia from 2007 to 2016. Descriptive statistics, Pearson correlation, dynamic panel model Robustness test was used for analysis. It is discovered that ownership concentration and foreign ownership has positive and significant effect on dividend policy, while managerial ownership, institutional ownership and government ownership has a positive but not significant effect on dividend policy. Bamigboye and Akinadewo (2020) focused their study on ownership structure and dividend policy of Nigeria deposit money banks for one-year period of 2019. Multiple regression analysis was use. Ownership concentrations do have significant relationship with dividend policy, institutional ownership exhibit positive relationship with dividend pay-out. Managerial ownership also contributed positively to the dividend pay-out of listed deposit money banks in Nigeria. Alhileen (2020) examined the effect of ownership structure on dividend policy of Jordan for five years period from 2014 to 2018. Descriptive statistics, simple and multiple linear regression analysis, and correlation matrix was used for analysis. In its findings it shows that the independent variables and control variables have a significant relationship with the

dependent variable. There is a significant relationship between the government ownership and growth opportunity with dividend policy. The study used free cash flow as control variable.

Shaheen and Ullah (2018) examined the effect of institutional and insider ownership on dividend policy evidence from Pakistan. Data was collected through secondary source from the annual report of the sampled companies from 2009 to 2013. Panel data, pooled ordinary least square, random effect and fixed effect Breuseh pagan LM test, Chow test, and Hausman test and descriptive statistics was used for analysis. It was discovered that institutional ownership has positive relationship with dividend pay-out, while insider ownership has negative relationship with dividend pay-out. The study used free cash flow as control variable. Daadaa and Jouini (2018) conducted a study on the topic: Does ownership structure affect dividend policy? A panel data analysis of the French market for four years period from 2010 to 2014 was employed. Descriptive statistics, Pearson correlation matrix, regression analysis was used for analysis. The study show that negative relationship exists between family ownership and dividend policy, family firm may have a significant different dividend policy from non-family companies. The study also revealed that there is also negative relationship between institutional ownership and dividend policy.

Widyasti and DwijaPutri (2021) investigate the effect of profitability, liquidity, leverage, free cash flow and good corporate governance on dividend policies of Indonesia for three years period from 2017 to 2019. Multiple linear regression analysis was used. The analysis show that profitability, liquidity and good corporate governance do not affect dividend policy, while leverage has a negative effect on dividend policy. Free cash flow has a positive effect on dividend policy. Padmini and Ratnadi (2020) investigate the effect of free cash flow, dividend policy and financial leverage on earnings management in Indonesia for two years from 2017 to 2018. Multiple linear regression techniques were used for analysis. The result shows that free cash flow and dividend policy has a negative effect on earning management, while financial leverage has no effect on earnings management. Chosiah et al., (2019) conducted a study on dividend policy, investment opportunity set, free cash flow and company performance. The study is based on the agricultural sector of Indonesia from 2010 to 2016. Descriptive statistics, panel data regression analysis using the help of Eview 9 application to analyse the data collected. It was revealed that the dividend policy variable has a significant negative effect on company performance, while free cash flow has a significant positive effect on company performance, it

was also revealed that the use of moderating variables in the form of free cash flow and institutional ownership structure show that only institutional ownership can moderate the effect of dividend policy on company performance.

3. METHODOLOGY

This study used the expo-facto research design to examine ownership structure, free cash flow and dividend pay-out of listed consumer goods companies in Nigeria. The population of the study consist of all the twenty one (21) listed consumer goods companies listed in the Nigeria exchange group as at 31st December, 2024 for the period of thirteen years (13) from 2012 - 2024. The sample size of this study is seventeen (17) companies. This is arrived base on certain criteria to filter the entire population. The filtering criteria that were employed include the following: (i) the company must have the data required to achieve the objective of the study, (ii) the company must be listed throughout the period of the study. (iii) The company must remain listed through the period of the study. Based on these criteria, four (4) companies (BUA food plc, DN tyre and rubber plc, golden Guinness breweries plc, and multi-trex integrated food plc.) were filtered out leaves us with seventeen companies they include; (Cadbury Nigeria PLC, Champion Breweries PLC, Dangote Sugar Refinery PLC, Flour Mill Nigeria PLC, Guinness Nigeria PLC, Honeywell Flour Mills PLC, Nascon Allied Industries PLC, Nestle Nigeria PLC, Unilever Nigeria PLC, Union Dicon Salt PLC, Vita Foam Nigeria PLC, Mc Nicholas PLC, Nigeria breweries PLC, International Breweries PLC, PZ Cussons Nigeria PLC, Nigeria Enamelwa PLC, and Northern Nigeria Flour Mills PLC). Data that was collected from annual financial statement of the sampled companies have been analysed using descriptive statistics, spearman correlation matrix, multicollinearity and regression analysis.

Model Specifications

For the purpose of this study, ownership structure, free cash flow and dividend pay-out ratio, the researcher developed the model for the dependent, independent and control variables.

$$DPR_{it} = \beta_0 + \beta_1 MO_{it} + \beta_2 IO_{it} + \beta_3 OC_{it} + \beta_4 FCF_{it} + e_{it} \dots \dots \dots (1)$$

Where:

DPR = Dividend Payout Ratio = DPS/EPS

β_0 = Constant or intercept; $\beta_1 - \beta_4$ = Beta coefficient to be estimated; it = Time dimension of the variable; and e = Error term

MO = Managerial Ownership = management shareholding/total shareholding; IO = Institutional Ownership = institutional shareholding/total shareholding; OC = Ownership Concentration = % of shares owned by the five largest shareholders; FCF = Free Cash flow = PAT – FA – change in working capital/TA.

4. Results and discussions

The descriptive statistics displayed in table 4.1 below provides the measures of central tendency such as mean as well as measure of dispersion such as the standard deviation, maximum and minimum for each of the variables used for the aggregate sample consumer goods companies in

Nigeria. The result provides some insight into the nature of the selected company's data used for the study. The table shows the direction of the variables used in the study.

Table 4.1: Descriptive Statistics

Variables	Obs.	Mean	Stand. Dev.	Min.	Max.
DPR	221	0.37	1.89	-22.91	9.64
MO	221	0.03	0.05	0.00	0.17
IO	221	0.49	0.05	0.00	0.19
OC	221	0.69	0.16	0.13	0.89
FCF	221	0.69	3.09	-7.85	18.77

Source: STATA 14, (2025)

The results of the descriptive statistics tests result in table 4.1 above showed an observation of 221 for the entire sampled firm over the period of the study. The minimum value of dividend payout ratio (DPR) for the listed consumer goods companies in Nigeria is -22.91 and the maximum DPR value of 9.64. The minimum value of DPR indicate that there are significant losses in earnings experience in some companies during the period of the study, while the maximum value of DPR show that there is a company that paid dividend up 9.6365 in the period under review. The average value of DPR for the listed consumer goods companies in Nigeria during the period covered by the study is 0.37. This shows that on the average, sampled consumer goods companies paid 0.37as dividend per naira value of to it shareholders. The standard deviation of 1.89 indicates a wide variation from the mean since the standard deviation is greater than the mean. This also means the average DPR of the sampled consumer goods companies is significantly different between companies and years.

The mean for institutional ownership (IO) is 0.49. This means that institutional ownership of consumer goods companies is about 49% which is an indication of fair portion of the companies share are held by institutional ownership, with a minimum value of 0 and a maximum value of 0.19. This shows that institutional ownership holding in the sample companies range from 0 to .19 per cent among the selected companies for the period under review (2011-2023). While the standard deviation of 0.05 suggest that, there is no significant variation in institutional ownership among the sampled companies and the distribution of the institutional ownership are well clustered around the mean. Ownership concentration (OC) has a mean value of 0.69 which indicates that on the average ownership concentration of the companies in the distributions is about 69% indicating that 69 out of 100 shares are held by largest shareholders in Nigeria listed consumer goods companies. The maximum and minimum values are 0.89 and 0.13 respectively,

indicating that some companies are having up to 89% of ownership concentration in their ownership structure while some are having 13% concentrated ownership in their ownership structures. The result reveals that OC has standard deviations of 0.16. The standard deviation of 16% suggests a considerable level of clustered of OC during the years under review.

4.3 Spearman Correlation Matrix

Table 4.2 below is the correlation coefficient table shows the range of the relationship between the independent variables and the dependent variable as well as between independent variables themselves.

Table 4.2 Spearman correlation matrix

Variables	DPR	MO	IO	OC	FCF
DPR	1.00				
MO	-0.02	1.00			
IO	-0.04	0.02	1.00		
OC	-0.03	-0.16	0.22	1.00	
FCF	-0.12	-0.39	0.18	0.04	1.00

Source: STATA 14, (2025)

The range of values of the correlation matrix is from -1 to 1 which indicates the direction of the relationship (positive or negative), the absolute values of the correlation coefficient indicate the strength, and with values 0.5 to +1 or -1 indicate a strong correlation (Muhammad et al., 213).

Regression Analysis

The regression analysis was used to examine the relationship between ownership structure, free cash flow and dividend pay-out ratio of listed consumer goods companies in Nigeria. The determinants of dividend pay-out ratio are estimated using panel data methodology. The regression results show the summary of the random effects for the models estimation techniques are presented. Table 4.3 presents the random effects regression results of the models.

Table 4.3 Regression Analysis

Variables	Coefficient	Std error	z-stat	p> /z/
MO	1.57	0.65	2.43	0.02
IO	0.06	0.02	3.47	0.00
OC	0.12	0.22	0.55	0.58
FCF	-0.01	0.00	-2.52	0.01
Constant	0.20	0.06	3.44	0.00
R ² within			0.1487	
Between			0.1814	
Overall			0.1616	
Wald chi2 (6)			11.28	
Prob> chi2			0.0800	

Source: STATA 14, (2025)

Test of Hypotheses

The hypotheses formulated are tested in this section using the research techniques as shown below in a null form (H₀). The decision rule used was that if the value of significant z test (p-value) is greater than the significant level of 0.05 (5%), the hypothesis is accepted but if the value of significant z test (P-value) is less than the significant level of 0.05 (5%), then the hypothesis is rejected.

H₀₁: Managerial ownership does not have significant effect on dividend pay-out ratio of Listed Consumer goods companies in Nigeria.

The results in Table 4.3 show that managerial ownership (MO) has a significance level of 0.02, which is below 0.05, and a regression coefficient of approximately 1.57. This confirms that managerial ownership has a significant positive effect on the dividend payout ratio of listed consumer goods firms in Nigeria. It suggests that higher managerial shareholding can indicate the level of dividends a company is likely to distribute. These findings contradict studies by Afza

and Mirza (2010), Saaheed and Aishat (2017), and Jatmiko and Kusumastuti (2017), but align with, Mohammed and Amiri (2016), and Bamigboye and Akinadewo (2020).

H₀₂: Institutional ownership does not have significant effect on dividend pay-out ratio of listed consumer goods companies in Nigeria.

The result also suggest that institutional ownership (IO) has a coefficient value of 0.06 while the significant level present a P-value of 0.00 which is less than the 0.05 significant thresholds. These results means that institutional ownership have a significant and positive effect on dividend pay-out ratio of listed consumer goods companies in Nigeria. Therefore, there is a statistical evidence to reject the null hypothesis (H₀₂) and conclude that institutional ownership has a significant effect on dividend pay-out ratio of listed consumer goods companies in Nigeria. The result of this study is in disagreement with the study conducted by Meherani et al., (2011), and Mossadak et al., (2016) which prove that institutional ownership does not have a significant effect on dividend pay-out ratio.

H₀₃: Ownership concentration does not have significant effect on dividend pay-out ratio of listed consumer goods companies in Nigeria.

Ownership concentration in the result on table 4.3 showed a P-value of 0.58 which is greater than 0.05 level of significant and the regression coefficient of 0.12. These results shows that ownership concentration does not have a significant effect on dividend pay-out ratio of listed consumer goods companies in Nigeria. The results indicate that the third hypothesis in this study is accepted. High or low level of ownership concentration does not affect the management decision to paid dividend. This means that ownership concentration cannot be used as an indicator that determines the size of the dividends distributed by the company. The result of the study support the research conducted by Banigboye and Akinadewo, 2020, which prove that ownership concentration does not have a significant effect on dividend.

H₀₄: Free cash flow does not have a significant effect on dividend pay-out ratio of listed consumer goods companies of Nigeria.

Free cash flow shows a regression coefficient of -0.01 and a significance value of 0.006 , which is below the 0.05 threshold. This indicates that free cash flow has a significant negative effect on the dividend payout ratio of listed consumer goods firms in Nigeria. Consequently, the fourth hypothesis is rejected, implying that higher free cash flow tends to lower the dividends paid by these firms. This outcome aligns with the findings of Mahadwartha (2008), Kangarlouei et al. (2014), and Khan et al. (2013), who also reported a significant negative relationship. However, it contradicts the results of Nuradeen and Hasnah (2015), and Sakir and Mohammad (2015), who documented a significant positive effect.

Conclusion and Recommendation

From the findings, the study concluded that managerial ownership, and institutional ownership, affected the dividend payout ratio of listed consumer goods companies in Nigeria positively. The study also concludes that free cash flow affected dividend payout ratio negatively. This shows that as free cash flow of the companies increases, their dividend payout ratio decreases, which implies that companies should reduce their free cash flow to increase the worth of their shareholders through dividend payment while ownership concentration has no impact on dividend payment of the listed consumer goods firms in Nigeria.

Having expected some findings associated with ownership structure, free cash flow and dividend payout ratio of listed consumer goods companies in Nigeria. On the basis of the study, it is essential to come up with some recommendation in form of suggestions. For the purpose of this study, the following recommendations are proffered: Board of directors of listed consumer goods companies should increase their managerial ownership by issuing shares to their management in order to improve their performance and the dividend payout to the owners which are the shareholders. Management of Nigeria listed consumer goods companies should increase their institutional ownership by issuing shares to institutional owners in order to increase the dividend payout to their shareholders. The board of directors of listed consumer goods companies should be concerned with the level of free cash flow in the companies in order to improve the dividend payout to the shareholders, as increase in free cash flow will lead to decrease in dividend payout

ratio. Lastly, reducing the separation of ownership from control of the manager through decrease in concentrated shareholding will help improve their dividend payment.

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