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DIVIDEND POLICY AND CORPORATE PERFORMANCE: A MULTIPLE MODEL ANALYSIS

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ABSTRACT

Dividend policy of an organization and how it affects their performance has remained one of the hottest and keenly debated issues till date. In spite of growing bodies of literatures and empirical findings, there has not been any general acceptance or conclusion on the extent dividend policy may influence corporate performance. This study examined dividend policy and corporate performance. The study adopted multiple regression models to examine the selected companies namely Nigerian Breweries Plc, Zenith Bank Nigeria Plc and Guaranty Trust Bank Plc from 2011-2015. The result of the analysis showed that for Nigerian Breweries, profit after tax and return on asset are positively related to dividend while earnings per share has negative relationship with dividend. The result for Zenith Bank shows that earnings per share and return on asset are positively related to dividend while profit after tax has negative relationship with dividend. The result for Guaranty Trust Bank shows that profit after tax has positive relationship with dividend while earnings per share and return on asset are negatively related to dividend. From the findings, the study concludes by agreeing with most of the dividend relevant proponents that dividend matters to corporate performance even though with varying results that tends to support other theories such as dividend residual theory. It therefore recommends that managers must review the opinion of their core investors in deciding dividend policy that meets with their expectations.

Keywords: Dividend; Policy; Corporate Performance; Zenith Bank; GTB.

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1.1 Introduction

Dividend policy of an organization and how it affects their performance has remained one of the hottest and keenly debated issues till date. In spite of growing bodies of literatures and empirical findings, there has not been any general acceptance or conclusion on the extent dividend policy may influence corporate performance.

First and foremost, dividend policy can be referred to as the decision that affects earnings payable to shareholders after all cost and taxes have been removed by the firm from its total earnings. In order words, it is the profit accruable to all common stocks within a particular period of time mostly yearly basis. Every investment under taken by investors has a sole purpose of maximizing wealth; and shareholders tend to invest in order to make profit. Dividend is one of the avenue through which investors in a company are rewarded for their investment.

To this end, Kapoor (2009) sees dividends as the distribution of earnings (past or present) in real assets among the shareholders of a firm in proportion to their ownership. Which makes people globally, think that Dividend policy has strong impact on the firm performance. According to Khan, Nadeem, Islam, Salman and Gill (2016), risks and uncertainty are always associated with an investment which cannot be predicted exactly, except up to certain limits and a lot of information, not only associated with the performance of the company, but also the information such as the economic situation and the political conditions in a country which an investor needs to know to reduce the risks intensity and uncertainty that possibly can happen. These authors noted further that information about the company's performance is normally received from the financial reports during annual general meetings and these reports enables the investors to easily understand the company's performance and its ability to raise profits.

It is this Annual General Meetings that company declared amount of profit that will be distributed among shareholder as income gain. Dividends are considered important since they will show what earnings a firm generates. Mizuno (2007) supports the idea that a firm has to pay dividends to its shareholders' if it has not been able to come up with viable investments that bring higher returns. A firm pays dividends if it performs well financially, therefore the performance will determine when, how and how much dividend to be paid out. When a firm thinks of engaging in future investments, it means low dividend payout.

Dividend or profit allocation decision is one of the four decision areas in finance. Dividend decisions are important because they determine what funds flow to investors and what funds are retained by the firm for investment (Ross, Westerfield and Jaffe, 2002; Alobari, Paago, Igbara, and Emmah, 2016; Morrison, Ajoku, Nwikiabeh and Leekaaga, 2016). More so, they provide information to stakeholders concerning the company's performance. Firm investments determine future earnings and future potential dividends, and influence the cost of capital (Adeyemi and Fagbemi, 2010). Dividend policy of a firm is therefore an important one in the current business environment as it remains one of the most important financial policies not only from the viewpoint of the company, but also from that of the shareholders, the consumers, employees, regulatory bodies and the Government (Alii, 1993). Dividend policy is a pivotal policy around which other financial policies rotate.

According to Solomon (2016), investors resources although serve as both short and long term finances for companies, their purpose of being at the market is to make returns which the firm offers through dividend or increase in share price. When companies make profit, they tend to pay interest on loans from creditors while the remaining outstanding profit is declared and shared according to the number of outstanding shares held by the investors (shareholders). The shares are therefore calculated through earning per share formulae and paid out as dividend which is profit available to the ordinary shareholders according to the number of ordinary shares held.

Literatures have shown that payment of dividend is an important issue since it suggests to the investing public about the financial well-being of the company and performance of the company as well. As rightly noted by Jais, Karim, Funaoka and Abidin, (2010), company's dividend decision or policy on a regular interval that involves with whether to payout earnings to shareholders is important as it helps avoid agency problem. On the investors' side, those who are looking to secure current income invest their fund in securities of the companies that are paying high dividend on a regular basis. Companies having long-standing history of dividend payout would be negatively affected by reducing dividend distribution and would positively be affected by increasing the same. Furthermore, companies without a dividend history are generally viewed favourably when they declare new dividends (Jais *et al*., 2010). Thus, dividend announcement is considered as one of the most influential factors for corporate performance.

Statement of the Problem

Dividend policy is most focused research area in finance. Although a lot of work has been done throughout the world about dividend policy, but still it is puzzle in finance. In Nigeria, most of the firms listed in the stock exchange pay dividends annually. There is no legal requirement that firms adopt a specific dividend policy schedule, however dividend distribution do face legal restrictions for instance they should not be paid out of capital unless liquidating. The dividends and dividend policy have been subject of many studies for many years from past to present. Owing to various inconclusive literatures on the effect of dividend policy on corporate performance, this study has identified this problem with the hope of ascertaining what relationship exists between the two.

Objectives of the Study

The main aim of this study is to investigate the relationship between dividend policy and firm's performance in Nigeria. Other objectives are stated as follows:

i. to investigate the relationship between profit after tax and dividend policy of corporate organizations.
ii. to analyse the relationship between returns on assets and dividend policy of corporate organizations.
iii. to find the relationship between earnings per share and dividend policy of corporate organizations.

Research Hypotheses

The following hypotheses have been postulated to guide the study.

$H_{0\,1}$: Profit after tax has no significant relationship with dividend policy of corporate organizations.

$H_{0\,2}$: Return on assets has no significant relationship with dividend policy of corporate organizations.

$H_{0\,3}$: Earnings per share ratio has no significant relationship with dividend policy of corporate organizations

Scope of the Study

The focus of this study is on the relationship between dividend policy proxy by dividend payout and corporate performance proxy by profit after tax, earnings per share and return on assets. Three companies were selected for examination which is Zenith Bank of Nigeria Plc, Nigeria Breweries Plc and Guaranty Trust Bank Plc covering a time frame of 2011-2015.

Conceptual Framework

Dividends have been seen differently by different writes. According to Arthur and Sheffrin, (2003) they are payments by a corporation to its shareholder members; that part of corporate profits that paid out to shareholders. In this understanding, when a corporation earns a profit or surplus, that money can be put to two uses: it can either be re-invested in the business, or it can be distributed to shareholders. Some research reports (De Cesari, Espenlaub, Khurshed and Simkovic 2001; Simkovic, 2009) supports two ways to distribute cash to shareholders which includes: share repurchases or dividends. Managers avoid reduction in dividend because of the sticky signal it sends to the investors and shareholders. It may be a hallmark of incompetent management or a tip of an iceberg of future failure (Odia and Ogiedu 2013).

The corporate dividend plans varies over time but also across the different countries, especially between industrialized, unindustrialized and evolving Capital markets. Dividend policy directly affects a company's cost of investment (Khan *et al.*, 2016). Dividends are usually paid out of the current year's profit and sometimes out of general reserves. They are normally paid in cash, and this form of dividend payment is known as cash dividend. Another option available to a company for the distribution of earnings is by stock dividend (bonus issue) which is supplementary to cash dividend. When cash dividend is paid to shareholders, it has an adverse effect on the liquidity position and the reserves of the firm as it tends to reduce both of them (cash and reserves). Unlike cash lend, stock dividend does not affect the total net work of the firm, as it is a capitalization of owners' equity portion (Adefila, Oladipo, and Adeoti, 1999).

According to section 370 sub-section (1) of CAMA, a company may in the annual general meeting, declare dividend only on the recommendation of the Directors. The Company may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the company. According to sub-section (3), the general meetings shall have power to decrease the amount of dividend recommended by the directors, but shall have no power to increase the amount recommended. While sub-section (5) stated that, subject to the provisions of these act, dividend shall be payable only out of the distributable profit of the company. Furthermore, section 381 of CAMA states that a company shall not declare or pay dividends if there are reasonable grounds for believing the company is or would be, after the payment, unable to meet up with or pay its liabilities as they become due.

Dividend policy is also considered as the regulations and guidelines that a company uses to decide to make dividend payments to shareholders (Nissim & Ziv, 2001). The dividend policy decisions of firms in the view of Uwuigbe, Jafaru & Ajayi (2012) are the primary element of corporate policy. However, the dividend payout of firm's is not only the source of cash flow to the shareholders but it also offers information relating to firm's current and future performance.

Abor and Bokpin (2010) noted that current and past years' profits are important factors in influencing dividend payments. Firms which continually post good profits are in a better position to pay dividends to their shareholders. On the contrary, companies that perform poorly over many years are unable to sustain dividend payments to their shareholders.

Dividend is determined by different factors in an organization. Basically, these factors include financing limitations, investment chances and choices, firm size, pressure from shareholders and regulatory regimes (Ajanthan, 2013). Dividend policy can be different for different countries because of different tax policies, rules, regulations and different institutions and capital markets (Zameer, Rasool, Iqbal and Arshad, 2013). To arrive at dividend, the earnings per share is calculated using:

Earnings per share = N/T
where N= Net profit after tax and T= Total number of outstanding shares/stocks.

Dividend per share shows the actual amount paid to each stock as dividend from the profit allocated to the total shares held.
Dividend per share (DPS) = No of common share outstanding

Dividend Payout Ratio measures the earnings accrued to each share and the actual

Dividend payout ratio = Dividend per Share/Earnings per Share
There are two metrics which are commonly used to gauge the sustainability of a firm's dividend policy (Wikipedia, 2016).

Payout ratio: is calculated by dividing the company's dividend by the earnings per share. A payout ratio greater than 1 means the company is paying out more in dividends for the year than it earned.

Dividend cover: is calculated by dividing the company's cash flow from operations by the dividend. This ratio is apparently popular with analysts of income trusts in Canada.

Arthur and Sheffrin, (2003) provided insights into various dividend policies and dates. These include:

- **Declaration date:** is the day the Board of Directors announces its intention to pay a dividend.

- **In-dividend date:** is the last day, which existing holders of the stock and anyone who buys it on this day will receive the dividend, whereas any holders selling the stock lose their right to the dividend. After this date the stock becomes *ex dividend*.

- **Ex-dividend date:** is the day on which all shares bought and sold no longer come attached with the right to be paid the most recently declared dividend. Existing holders of the stock will receive the dividend even if they now sell the stock, whereas anyone who now buys the stock will not receive the dividend.

- **Book closure Date:** Whenever a company announces a dividend pay-out, it also announces a date on which the company will ideally temporarily close its books for fresh transfers of stock.

- **Record date:** Shareholders registered in the **stockholders of record** on or before the date of record will receive the dividend. Shareholders who are not registered as of this date will not receive the dividend. Registration in most countries is essentially automatic for shares purchased before the ex-dividend date.

- **Payment date:** is the day when the dividend checks will actually be mailed to the shareholders of a company or credited to brokerage accounts.

- **Dividend-reinvestment:** Some companies have dividend reinvestment plans, or DRIPs, not to be confused with scrips. DRIPs allow shareholders to use dividends to systematically buy small amounts of stock, usually with no commission and sometimes at a slight discount. In some cases, the shareholder might not need to pay taxes on these re-invested dividends, but in most cases they do.

- **Dividend Taxation:** In many countries, such as the U.S.A. and Nigeria, income from dividends is taxed, albeit at a lower rate than ordinary income. Though in most cases, the lower tax rate is due to profits being taxed initially as corporate tax.

Evaluating Corporate Performance

Financial performance as documented by (Copisarow, 2000) is considered as how good is the position of a firm, and how efficiently a firm is using its assets to earn more revenues and enlarge its operations. Giang and Tuan (2016) in analyzing how dividend policy is arrived at documented that at the end of fiscal years, the results of financial management in corporations with other business activities are reflected on firms' financial statements and measured by financial indicators.

The income distribution according to Giang and Tuan (2016) can be divided into two sub-decisions: "cost covering decisions" and "dividend payment" decisions. In the stock market, the financial decision to which investors pay much attention is the dividend decision. The decision reflects comprehensively the firm's financial performance; the firm's intention in developing investor relationships, and its sustainability in the stock market. Khan *et al*. (2016) noted that different techniques are used to measure the financial performance. Revenue from operational activities, total units sold and market share of a firm can be an indicator of performance.

Measurement can be done through several financial ways such as profit after tax, ratios, return on equity, and return on assets, return on investments (ROI), earnings per share and other acceptable ratios. ROA measures how profitable an asset is in generating revenue, a firm's ability to generate income from proper utilization of the resources available (Bodie, Kane and Marcus, 2011). It is a ratio of net income to its average total asset. A higher return on assets shows a firms efficiency to utilize its assets. Return on equity (ROE) measures the profitability of a firm from its ability to utilize the shareholders' investment. It's the return on shareholders' investment.

Relationship between Dividend Policy and Corporate Performance

Every decision that a business makes has financial implications, and any decision which affects the finances of a business is a corporate finance decision. Studies have shown that the financial manager has three main types of financial decisions to make and these are as summarized by Giang and Tuan (2016):

(1) Investment decisions: "Where do they invest the scarce resources of their business? And what makes a good investment?"

(2) Finance decisions: "Where do they raise funds for these investments? What mix of owner's money (equity) or borrowed money (debt) do they use?" and

(3) Profit distribution decisions: "How much funds should be reinvested in the business and how much should be returned to the owners?" While making these decisions, corporate finance is single-minded about the ultimate objective, which is assumed to be maximizing the value of the business.

Dividend decisions are important because they determine what funds flow to investors and what funds are retained by the firm for investment (Ross, Westerfield, & Jaffe, 2002). More so, they provide information to stakeholders concerning the company's performance. Firm investments determine future earnings and future potential dividends, and influence the cost of capital (Foong, Zakaria, & Tan, 2007).

According Manum, Hoque, Mohammad and Manum (2013), there is no gain to investors due to dividend declaration. They argued that investors' wealth deteriorates due to shares prices declines pre and pro dividend declaration. This was attributed to continued market corrections as per regulatory requirements to minimize the chances of bullish market. Firm performance can be measured by the earnings generated by the company in terms of profitability. There is therefore constant debate and great concern on the relationship between dividend policy and corporate performance in both developed and developing countries. Several theories have been proposed to explain the relevance of dividend policy and whether it affects firm value, but there has not been any universal agreement.

Review of Empirical Studies

Adelegan (2003) evaluated the asymmetric information of dividend, given earnings by shareholders in Nigeria. Using a study on 882 firms by analysing the dividend policy and its effect on wealth maximization on a sample of 62 quoted firms in Nigeria over a wider testing period of 1984–1997, the study found a significant result and concluded that dividend policy does affect wealth maximization.

Nazir, Abdullah and Nawaz (2011) in their study utilized Multi linear regression analysis to examine the effect of dividend policy on share price volatility among financial sector listed firms in Karachi securities exchange. The findings in this study depicted that there was a significant negative relationship between dividend yield and price volatility as well as between dividend payout and price volatility. The study concluded that dividend policy adopted by firms in the financial sector had a significant influence on share price volatility.

Baker and Powell (2012) adopted survey technique to take the opinion of Indonesian managers about the factors influencing dividend policy, dividend issues, and explanations for paying dividends. Results of their survey show that Indonesian managers consider stability of earnings and level of current and expected future earnings are the most important determinants of dividend policy.

Hashemijoo (2012) carried out a study to investigate the impact of dividend policy on share price volatility in the Malaysian Stock Market. The study findings depicted that there is a negative significant relationship between both dividend yield and payout ratio with share price volatility.

Lee, Lin, Chiang and Kuo (2012) investigated the intra-industry effects of cash dividend announcements for U.S. real estate investment trusts (REITs). The results suggest that REIT dividend announcements have contagion effects. In addition, consistent with the existing literature, these contagion effects are found to be asymmetric and more prevalent for dividend-decreasing events.

Miko and Kamardin, (2015) employing pooled panel data analysis to examine the impact of ownership structure on dividend policy of eight conglomerate firms consisting of 80 firm-observations in Nigeria, discover that there is a positive association between dividend pay-out and institutional ownership as well as block-holders ownership. The result also revealed that management ownership has a negative association with firms dividend pay-out. They concluded that dividend policy is used by managers to expropriate the shareholders wealth.

M'rabet and Boujjat (2016) in Morocco assessed the relationship between dividend policies and financial performance of selected listed firms in Morocco. Using data from the annual reports of the sampled quoted firms and analysed using panel data regression model, the study reveals that dividend policy is an important factor affecting firm performance and their relationship was also strong and positive which therefore showed that dividend policy was relevant.

Ozuomba, Anichebe and Okoye (2016) in their study sought to find out how share value cum shareholders wealth is affected by dividend policies. Based on survey design that cover a one-year period with a sample of 10 quoted companies in the Nigeria stock exchange with the use of Anova analysis, this study shows the relevance of dividend and further proves that dividend .policies of public limited companies influence the wealth of shareholders in Nigeria.

Ugwuegbe, Ugochukwu, and Ezeaku (2016) studying the effect of board interest (insider ownership) on dividend payout of the Nigerian manufacturing sector for the period of

2009 to 2015 with the aid of data generated from the annual report of five randomly selected firms from the manufacturing sector in Nigeria economy and analyzed using pooled panel least square model revealed that board interest has a negative and insignificant impact on dividend payout of the firms investigated. The empirical result also indicates that firm size has a positive and significant effect on dividend payout among Nigerian manufacturing firms.

In Pakistan, Mudassar (2015) investigated the relationship between dividend payout ratio and profitability of a firm. For this, two main sectors of Pakistan are selected, energy and textile. The study covers a time span of 1996-2008. Firm performance is measured by earning per share (EPS) and return on assets (ROA). The results of logarithmic regression show that no matter what industry is, there is a negative impact of dividend payout ratio on next year earnings of a firm.

Research Methodology

The research design used in this study is the quasi-experimental design also referred to as empirical survey; using mainly secondary data. The data utilized is extracted from the comprehensive income and statement of financial position of three companies which are two banks (Zenith Bank Nigeria plc and Guaranty Trust Bank Plc) and a manufacturing firm (Nigerian Breweries Plc). The time frame considered for this study is five (5) years covering the period from 2011 to 2015. This study in testing the research hypothesis made use of the ordinary least square (OLS) in the estimation of the regression equation under consideration. The OLS analysis makes use of a major tool which is the linear regression. In linear regression, the model specification is that the independent variable (x) proxy by profit after tax, return on equity, earnings per share is a linear combination of the parameters (but need not be linear in the independent variables) with the dependent variable (y) (Freedman, 2005).

Straight line: $y = b_0 + b_1x_1 + Ei$, i= 1,…,n.

For the purpose of this study the model specification are as follows:

DIV= F (PAT, ROE, EPS, μ)

Where; DIV= Dividend

PAT= Profit after tax

ROE= Return on equity

EPS= Earnings per share

μ =unexplained variable

Thus the estimated model can be rewritten as

$DIV=b_0 + b_1PAT_t+ b_2ROE_t+ b_SEPS_t+ \mu$

Where, b_0 = Constant or Intercept.

t= Time dimension of the Variables

b_1, b_2, b_S = Coefficients to be estimated or the Coefficients of slope parameters.

Analysis and Discussion

The companies under study are Nigerian Breweries Plc, Zenith Bank Nigeria plc and Guaranty Trust Bank Plc. Since the aim of the study is to examine a multiple model analysis on the relationship between dividend policy and corporate performance, the OLS model was adopted while data analysis was carried out using the e-views. The result of the analysis is presented below:

Table 1. OLS analysis for Nigerian Breweries Plc

Dependent Variable: LOG(DIV)				
Method: Least Squares				
Date: 03/28/17 Time: 14:19				
Sample: 2011 2015				
Included observations: 5				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-400.7732	1198.853	-0.334297	0.7946
LOG(PAT)	71.32092	232.0432	0.307360	0.8102
LOG(ROA)	0.476673	3.191309	0.149366	0.9056
LOG(EPS)	-55.55955	200.7355	-0.276780	0.8281
R-squared	0.425154	Mean dependent var		5.748596
Adjusted R-squared	-1.299383	S.D. dependent var		0.587628
S.E. of regression	0.891062	Akaike info criterion		2.597756
Sum squared resid	0.793991	Schwarz criterion		2.285306
Log likelihood	-2.494390	Hannan-Quinn criter.		1.759172
F-statistic	0.246532	Durbin-Watson stat		1.604859
Prob(F-statistic)	0.862551			

Source: Computed from E-Views 8.0

The result of the multiple OLS model for Nigerian Breweries shows that profit after tax and return on asset are positively related to dividend implying that the higher the profit and return on assets, the higher the dividend. Although, earnings per share has negative relationship with dividend which suggests that the company ploughs back most of its earnings into future investments thus operating dividend residual theory principle. The regression model yielded a R square value of 42.52% which supports the dividend relevance school of thought which postulates that dividend payout is relevant to a firm's financial performance.

Table 2. OLS analysis for Zenith Bank of Nigeria Plc

Dependent Variable: LOG(DIVZ)	
Method: Least Squares	
Date: 03/28/17 Time: 14:27	
Sample: 2011 2015	

Included observations: 5				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	482.7243	196.9513	2.450983	0.2466
LOG(PATZ)	-79.16400	33.56873	-2.358266	0.2553
LOG(ROAZ)	3.892317	3.133960	1.241980	0.4316
LOG(EPSZ)	77.50581	33.50414	2.313320	0.2598
R-squared	0.862774	Mean dependent var		4.252960
Adjusted R-squared	0.451095	S.D. dependent var		1.431242
S.E. of regression	1.060380	Akaike info criterion		2.945694
Sum squared resid	1.124406	Schwarz criterion		2.633245
Log likelihood	-3.364236	Hannan-Quinn criter.		2.107110
F-statistic	2.095745	Durbin-Watson stat		2.839403
Prob(F-statistic)	0.460639			

Source: Computed from E-Views 8.0

The result of the multiple OLS model for Zenith Bank shows that earnings per share and return on asset are positively related to dividend implying that the earnings per share and return on assets, the higher the dividend. Profit after tax has negative relationship with dividend which suggests that the company maintains a policy of dividend payments inspite fluctuations in its profits and thus operates dividend relevance theory principle. The regression model yielded a R-square value of 86.28% supporting the dividend relevance school of thought which postulates that dividend payout is relevant to a firm's financial performance.

Table 3. OLS analysis for Guaranty Trust Bank of Nigeria Plc

Dependent Variable: LOG(DIVG)	
Method: Least Squares	
Date: 03/28/17 Time: 14:22	

Sample: 2011 2015				
Included observations: 5				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-31.25418	10.24944	-3.049355	0.2017
LOG(PATG)	3.268381	0.963023	3.393876	0.1824
LOG(ROAG)	-0.417650	0.145303	-2.874341	0.2131
LOG(EPSG)	-2.072962	0.906988	-2.285543	0.2626
R-squared	0.996753	Mean dependent var		4.861638
Adjusted R-squared	0.987014	S.D. dependent var		0.241471
S.E. of regression	0.027517	Akaike info criterion		-4.357460
Sum squared resid	0.000757	Schwarz criterion		-4.669909
Log likelihood	14.89365	Hannan-Quinn criter.		-5.196044
F-statistic	102.3413	Durbin-Watson stat		3.191476
Prob(F-statistic)	0.072507			

Source: Computed from E-Views 8.0

The result of the multiple OLS model for GTB Bank shows that profit after tax has positive relationship with dividend which shows that the company's profitability influences its dividend policy that is the higher the profit after tax, the higher the dividend payment. Earnings per share and return on asset are negatively related to dividend implying that the higher the earnings per share and return on assets, the lower the dividend which supports the dividend residual theory. The regression model yielded a R-square value of 99.67% supporting the view that dividend policy has relationship with corporate financial performance.

Summary and Conclusion

The focus of this study is the relationship between dividend policy and corporate performance. The study adopted multiple regression models to examine the selected companies namely Nigerian Breweries Plc, Zenith Bank Nigeria plc and Guaranty Trust Bank plc. Findings provided mixed results which thus supports various theories that were reviewed earlier in the study thereby supporting earlier assertion that there is no general conclusion on the issue of dividend policy and corporate performance. For example, it was observed that Nigerian Breweries Plc and GTB operated dividend relevance principles as their dividends payout do not reflect the position of their net earnings. It was observed that even though their earnings per share rose, their dividend payout were not in consonance thus suggesting that the two companies were retaining most of their earnings for future investment. On the other hand, Zenith bank profit negatively relates with its dividend while its earnings per share shows positive relationship with dividend an indication that company seeks to please its shareholders by paying more dividend rather than improving their capital gain or plough back most of its earnings as retained earnings.

This study thus confirms the assertion by Black (1976) that the harder we look at the dividend picture; the more it seems like a puzzle, with pieces that just don't fit together. From the present study, the findings agree with most of the dividend relevant proponents that dividend matters to corporate performance even though with varying results that tends to support other theories such as dividend residual theory. From the foregoing, companies are advised to adopt the dividend policy that suits their investors most. Managers must review the opinion of their core investors in deciding dividend policy that meets with their expectations.

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Table 1: Data for Analysis (₦'000)

Year	Profit after tax	Returns on assets	EPS	DIVIDEND
GUARANTY TRUST BANK				
2011	**51653**	**1523528/0.034**	**1.77**	**85**
2012	**85264**	**1620317/0.053**	**2.90**	**130**
2013	**85546**	**1940366/0.044**	**2.91**	**145**
2014	**89171**	**2126608/0.042**	**3.03**	**150**
2015	**94308**	**2277629/0.041**	**3.35**	**150**
ZENITH BANK OF NIGERIA PLC				
2011	**41301**	**2169073/0.019**	**132**	**66**
2012	**95813**	**2436886/0.039**	**305**	**160**
2013	**83853**	**2878693/0.029**	**266**	**175**
2014	**95028**	**3423819/0.027**	**295**	**-**
2015	**97032**	**3750327/0.025**	**315**	**155**
	NIGERIAN BREWERIES PLC			
2011	**38409**	**78307/0.49**	**508**	**125**
2012	**38062**	**93448/0.41**	**503**	**300**
2013	**41498**	**112359/2.71**	**570**	**300**
2014	**42105**	**117883/0.35**	**562**	**575**
2015	**37212**	**172233/0.21**	**482**	**470**

Source**:** *GTB, Zenith Bank and Nigerian Breweries Plc Financial summary 2015*