
**Effect of Board Independence, Current Ratio and Earnings Per Share on Dividend Policy:
Moderating Role of Government Policy**

Mohammed Nasiru YUSUF

Department of Finance, Business School, ABU, Zaria, Nigeria. Email:
mnyusuf@businessschool.abu.edu.ng

Tijjani Bashir Musa

Department of Finance, Business School, ABU, Zaria, Nigeris. Email: dokaje@yahoo.com

Muhammad Kabir Lawal

Department of Finance, Business School, ABU, Zaria, Nigeria. Email: enessylawal@yahoo.com.

Nasiru Yunusa

Department of Accounting, Business School, ABU, Zaria, Nigeria. Email:
nasiruyunusa80@yahoo.com

Abstract

Prevalent exchange rate fluctuation and high inflation rate constrain earnings of information and communication technology companies in Nigeria. This study examined the effect of board independence, current ratio, government policy, earnings per share and the moderating role of government policy on Dividend Policy of information and communication technology companies in Nigeria. Nine hypotheses were formulated in a null form. Ex-post facto research design was used based on secondary data. Data were extracted from annual reports and accounts of eight information and communication technology companies from 2014 to 2023. The major theory underpinning this study is dividend supremacy theory. Panel conditional fixed-effect logistic regression was employed for the analysis. Findings from the study revealed that Current ratio and auxiliary explanatory variable BI*GP have indirect positive and significant effect on Dividend Policy. Board independence and government policy have indirect negative and significant effect on Dividend Policy of information and communication technology companies in Nigeria. The study therefore concludes that current ratio and auxiliary explanatory variable BI*GP have indirect positive effect while board independence and government policy have indirect negative effect on Dividend Policy of information and communication technology companies in Nigeria. The study recommends that executives of information and communications technology companies would increase participation of independent non-executive directors that would likely lead to increased earnings which in turn result to increased dividend payment. Policy makers would formulate policies that would likely result in cost reduction.

Keywords: Panel logistic regression, BI, Dividend policy, Government policy, ICT

JEL Classification: C23, G3, I28, L8, L63

1. Introduction

Dividend policy is one of the most debated topics within corporate financial literature. It attracts attention of scholars, policy makers, information and communications technology (ICT) companies' management, economists, accountants and financial managers. Globally, a company decides either to pay out profits to shareholders or retain profits for business expansion. If a company decides to pay dividends, the funds that will be used to expand the business are reduced.

In Nigeria, ICT companies pay stable dividends that commensurate with their income. Shareholders consider dividends as positive signal that ICT company's prospects are good. Dividend Policy is used in synonymous with Dividend Payout in this study. This study focuses on board independence, current ratio, earnings per share and government policy as explanatory variables. Also, earnings per share serve as a mediator and government policy serves as a moderator.

Information and communications technology companies rely hugely on earnings per share for dividend payment to their shareholders. This implies that earnings per share are dividends. Current ratio implies ICT Company's ability to maintain adequate level of liquidity for dividend payment to its shareholders. Independent non-executive directors ensure effective monitoring, cost reduction and control that lead to increased earnings which results in dividend payment to shareholders. Government policy refers to a set of guidelines for board structure, composition and duties. ICT sector plays a key role in development of the economy in the area of growth domestic product (GDP) in Nigeria.

Contribution of ICT sector to real GDP stood at 8.66 per cent in 2017. It increased from 8.66 per cent in 2017 to 9.46 per cent in 2018. It increased from 9.46 per cent in 2018 to 10.30 per cent in 2019. It increased from 10.30 per cent in 2019 to 12.18 per cent in 2020. It increased from 12.18 per cent in 2020 to 12.63 per cent in 2021. It increased from 12.63 per cent to 12.85 per cent in 2022 (CBN, 2023). Next is statement of problems.

The prevalence of exchange rate fluctuation negatively affected earnings of ICT companies in Nigeria. Exchange rate now stood at 305 naira per United States dollar (USD) in 2017. It increased from 305 naira per USD in 2017 to 306 naira per USD in 2018. It increased from 306 naira per USD in 2019 to 379 naira per USD in 2020. It increased from 379 naira per USD in 2020 to 412 naira per USD in 2021. It increased from 412 naira per USD in 2021 to 448 naira per USD in 2022. It increased from 448 naira per USD in 2022 to 845 naira per USD in 2023 (Central Bank of Nigeria, CBN 2023; Mobile Telecommunication of Nigeria, MTN, 2023). Similarly, high inflation rate negatively affected earnings of ICT companies in Nigeria. Consumer price index 12 months average stood at 233.35 in 2017. It increased from 233.35 in 2017 to 261.58 in 2018. It increased from 261.58 in 2018 to 291.39 in 2019. It increased from 291.39 in 2019 to 329.95 in 2020. It increased from 329.95 in 2020 to 385.93 in 2021. It increased from 385.93 in 2021 to 451.34 in 2022, (CBN, 2023; MTN, 2023). This study created both theoretical and methodological gaps.

In the articles; Chijuka and Hussein (2023), Devi and Manuari (2023) and Onuora (2023) among others current ratio has statistically insignificant relationship with dividend policy and neither corporate governance variables nor mediating variable and nor panel logistic regression with aid of Stata 14 software package were used for the analysis. Similarly, Awen et al (2023), Awwad (2023) and Damayati et al (2023) among others maintained that board independence has statistically insignificant relationship with dividend policy and neither liquidity ratios nor mediating variable and nor Panel logistic regression were used. In addition, in these articles; Awwad (2023), Damayati et al (2023) and Sihombing and Widono (2023) there is inconsistency in insignificant relationship between board independence and dividend policy. Conversely, absence of significant relationship between explanatory variable and response variable suggests inclusion of mediator. Mediating variable serves as both explanatory variable and dependent variable. Presence of inconsistency in insignificant relationship between explanatory variable and

response variable implies hidden moderating effect to specific group. Moderator functions as both explanatory and auxiliary explanatory variable when mediating role is causal in nature (Wu & Zumbo, 2008; Baron & Kenny, 1986). Corporate Governance (2021) unveiled that board of directors is responsible for making Dividend Policy. Panel logistic regression model is appropriate for binary response variable (Wu and Zumbo, 2008; Gujarati, 2004). Although, there are numerous studies on Dividend Policy but few studies explored ICT Sector. Next is filling in the gaps.

This study filled in the gaps with board independence, earnings per share and government policy as explanatory variables. Earnings per share and government policy also serve as mediator and moderator respectively. Return on equity and capital expenditure serve as control variables and panel logistic regression model with aid of Stata 14.0 software package as technique of data analysis. It also explored eight listed companies; Mtn Nigeria Telecommunications plc, Airtel Telecommunication Africa, Omatek Ventures plc, Etranzact International plc, Charms Holding Company plc, Computer Warehouse Group plc, Court Ville Business Solutions plc and NRC Nigeria plc from ICT sector of Nigerian Stock Exchange plc from 2014 to 2023. Next are primary objective and specific objectives.

The primary objective of this study is to examine the effect of board independence, current ratio, government policy, earnings per share and the moderating role of government policy on Dividend Policy of ICT companies in Nigeria. This study achieved the following specific objectives:

- To find out the effect of earnings per share on Dividend Policy of ICT companies in Nigeria.
- To ascertain the effect of current ratio on Dividend Policy of ICT companies in Nigeria.
- To determine the effect of board independence on Dividend Policy of ICT companies in Nigeria.
- To find out the effect of government policy on Dividend Policy of ICT companies in Nigeria.
- To ascertain the moderating role of government policy on relationship between board independence and Dividend Policy of ICT companies in Nigeria.
- To determine the mediating effect of earnings per share on relationship between board independence and Dividend Policy of ICT companies in Nigeria.
- To find out the mediating effect of earnings per share on relationship between government policy and Dividend Policy of ICT companies in Nigeria.
- To ascertain the mediating effect of earnings per share on relationship between current ratio and Dividend Policy of ICT companies in Nigeria.
- To determine the moderating role of government policy on relationship between board independence and earnings per share of ICT companies in Nigeria. Next are hypotheses.

The following hypotheses were formulated and tested based on research questions and specific objectives:

- **H01:** Earnings per share have no significant effect on Dividend Policy of ICT companies in Nigeria.
- **H02:** Current ratio has no significant effect on Dividend Policy of ICT companies in Nigeria.
- **H03:** Board independence has no significant effect on Dividend Policy of ICT companies in Nigeria.
- **H04:** Government policy has no significant effect on Dividend Policy of ICT companies in Nigeria.
- **H05:** Government policy has no significant moderating role on relationship between board independence and Dividend Policy of ICT companies in Nigeria.

- **H06:** Earnings per share have no significant mediating effect on relationship between board independence and Dividend Policy of ICT companies in Nigeria.
- **H07:** Earnings per share have no significant mediating effect on relationship between Government policy and Dividend Policy of ICT companies in Nigeria.
- **H08:** Earnings per share have no significant mediating effect on relationship between current ratio and Dividend Policy of ICT companies in Nigeria.
- **H09:** Government policy has no significant moderating role on relationship between board independence and earnings per share of ICT companies in Nigeria. The remaining part of this article is devoted to literature review, methodology, result and discussion of findings, policy implications, conclusion and recommendations. Next is literature review.

2. Literature Review

Dividend Policy implies important aspect of ICT companies' decisions toward distribution of some portion of their earnings to shareholders and investment policy for future development and prospects. It is measured as binary variable which equals 1 if ICT company paid dividend, 0 otherwise (Tan, Xiaoli & Xioayu, 2024). Others include Chaudhary and Sohail, (2023), Sihombing and Widono (2023) and Safitri, Ambarwati and Yacobus (2023).

Current ratio refers to as ICT Company's ability to maintain adequate level of liquidity for dividend payment to its shareholders. It is measured as ratio of current assets of ICT Company divided by its current liabilities (Devid & Manuri, 2023). Others include Onuorah (2023) and Lalithchandra and Rajendhiran, (2021).

Board Independence is defined as quality of good corporate governance of ICT Companies to reduce agency cost for high dividend payment to shareholders. It is measured as ratio of ICT Companies' independent and non-executive directors scaled by total board size and number of independent directors (Sihombing & Widono, 2023).

Government Policy refers to as sets of rules and practices with regard to board structure, composition and duties (Corporate governance, 2021). This implies government fiscal policy. It means sets of guidelines in respect to board composition, duties and types (Sihombing & Widono, 2023). The appropriate measurement for moderating variable is binary measurement (Mackinnon, Cox & Braldi, 2012).

Earnings per Share connote dividend as ICT companies rely on EPS for dividend payment to their shareholders. It is measured as basic earnings per share (Linh, Hung & Van, 2024). Earnings of ICT Company are determinants of dividend policy. It is measured as net income of ICT Company scaled by its total number of shares outstanding (Tan, Xiaoli & Xioayu, 2024). Next is empirical review.

Chijuka and Hussein (2023) examined the relationship between current ratio and Dividend Policy of twenty-eight sample firms of consumer goods sector in Nigeria from 2017 to 2021. Panel data which is secondary in nature were collected from annual reports and accounts of the sample firms. The result unveiled that current ratio has positive and insignificant relationship with Dividend Policy of firms in consumer goods sector in Nigeria. Devi and Manuari (2023) investigated the relationship between Current ratio and Dividend Policy from 2018 to 2020. The study selected 40 sample manufacturing firms listed on Indonesia Stock Exchange. The result uncovered that current ratio has positive and insignificant relationship with Dividend Policy of listed manufacturing firms

on Indonesia Stock Exchange. Other literature include Cepoi and Leonida (2022), Onuora (2023) Sari, Primasari and Farida (2023) and Balarabe, Abdulkadir and Benson (2022). Therefore, in the literature; Chijuka and Hussein (2023), Devi and Manuari (2023) and Onuora (2023) current ratio has insignificant relationships Dividend Policy which calls for use of intervening variable (Wu & Zumbo, 2008; Baron & Kenny, 1986). There is no convincing evidence that unit root test is conducted in the literature; Chijuka and Hussein (2023), Devi and Manuari (2023), Onuora (2023), Sari, Primasari and Farida (2023), Balarabe, Abdulkadir and Benson (2022) and Cepoi and Leonida (2022). There are no convincing evidences residuals of the studies Sari et al. (2023) and Onuora (2023) are subjected to normality test. The time frame for the studies Sari et al. (2023) and Onuora (2023) was very short. Sari et al. (2023), Primasari and Farida (2023), Devi and Manuari (2023) are all foreign studies. The time frame for the study Balarabe, Abdulkadir and Benson (2022) is short. Next is board independence and dividend policy.

Awen, Lamido and Yahaya (2023) investigated the relationship between board independence and Dividend Policy of 112 sample firms listed on Nigerian Stock Exchange from 2012 to 2021. The result uncovered that board independence has negative and significant relationship with Dividend Policy of listed firms in Nigeria. Awwad (2023) investigated relationship between board independence and Dividend Policy of seven sample insurance companies and six sample banks listed on Palestine Stock Exchange from 2012 to 2021. The result unveiled that board independence has negative and insignificant relationship with dividend Policy of sample insurance companies and banks in Palestine. Others include Damayanti and Palinggi (2023) and Sihombing and Widono (2023). In the literature; Awen, Lamido and Yahaya (2023), Awwad (2023), Damayanti and Palinggi (2023) and Sihombing and Widono (2023) there are no convincing evidences that residuals of the variable board independence are subjected to rigorous diagnostic tests such as normality and unit root test. The time frame for the studies Awwad (2023), Damayanti and Palinggi (2023) and Sihombing and Widono (2023) is very short. In the literature; Awwad (2023) and Sihombing and Widono (2023) the variable board independence is statistically insignificant. Absence of relationship between board independence and Dividend Policy is corrected by employing mediating variable (Baron & Kenny, 1986). Next are earnings per share and dividend policy.

Riaz, Sheikh, Hussain and Mushtaq (2023) investigated the relationship between dividend payout and earnings per share of 50 sample companies listed on Karachi stock exchange Pakistan from 2011 to 2019. The study employed multiple OLS regression for analysis. The result revealed that earnings per share have positive and insignificant relationship with dividend payout of 50 sample companies in Pakistan. Yusuf (2022) examined the relationship between dividend payout and earnings per share of 12 sample manufacturing firms in Nigeria from 2014 to 2018. The study conducted normality test, unit root test, multicollinearity test and hetescedasticity test among others using panel multinomial logistic regression with aid of stata 13 software package for analysis. The result revealed that earnings per share have negative and significant relationship with dividend payout of 12 sample manufacturing firms in Nigeria. Therefore, in the literature Riaz et al (2023) earnings per share have no significant relationship with dividend payout which is evidence of hidden moderating effect. In the literature Yusuf (2022) earnings per share have negative effect on dividend payout which calls for mediating variable (Wu & Zumbo, 2008; Baron & Kenny, 1986). Next is theoretical framework.

The theories underpinning this study were drawn from attribution theory, attitude theory, agency theory and dividend supremacy theory. The major theory underpinning this study is dividend

supremacy theory. Attribution theory was developed by Kelley in 1967. He buttressed his point about the causal behavioral factors: inconsistent results, weak relationship between independent variable and dependent variable and the need for government policy to interact for strengthening and changing the direction of the relationship. Ajzen and Fishbein in 1975 uncovered that when there is a weak consistency between independent variable and dependent variable, causal interaction will increase consistency between itself and dependent variable while decreasing inconsistency between independent variable and dependent variable. Baron and Kenny in 1986 unveiled that interacting variable affects the direction and strength of the relation thereby changing the direction of the relationship. Moderating effect also connotes inverse relationship between a moderator and specific group of explanatory variables where policy causes costs reduction and increased earnings for corporate governance. Moderator functions as both explanatory and auxiliary explanatory variable when mediating role is causal in nature. Next is attitude theory.

Attitude theory was developed by Heider in 1946 which revealed that earnings per share cause dividend policy and current ratio, board independence, government policy cause earnings per share. Wu and Zumbo in 2008 asserted that earnings per share serve double roles. It serves as both explanatory variable and dependent variable. Next is agency theory.

Agency theory was developed by Rozeff in 1982. He unveiled that board independence determine Dividend Policy. This is because independence nonexecutive directors minimize ICT Companies' agency costs. Minimized agency costs imply increased earnings. Increased earnings connote increased dividend payment by ICT Companies to their shareholders. Next is dividend supremacy theory.

Dividend supremacy theory was developed by Gordon in 1962. He uncovered that increased current assets of ICT companies emanated from reinvestment of retained earnings result in dividend payment in the long run. This is because increased cash flows, stocks, marketable securities and other short term assets over a period of time lead to increased earnings. Increased earnings result to increased dividend payment to ICT companies' shareholders. This is because the primary motive for every business entity is maximization of shareholders' wealth. Next is conceptual framework.

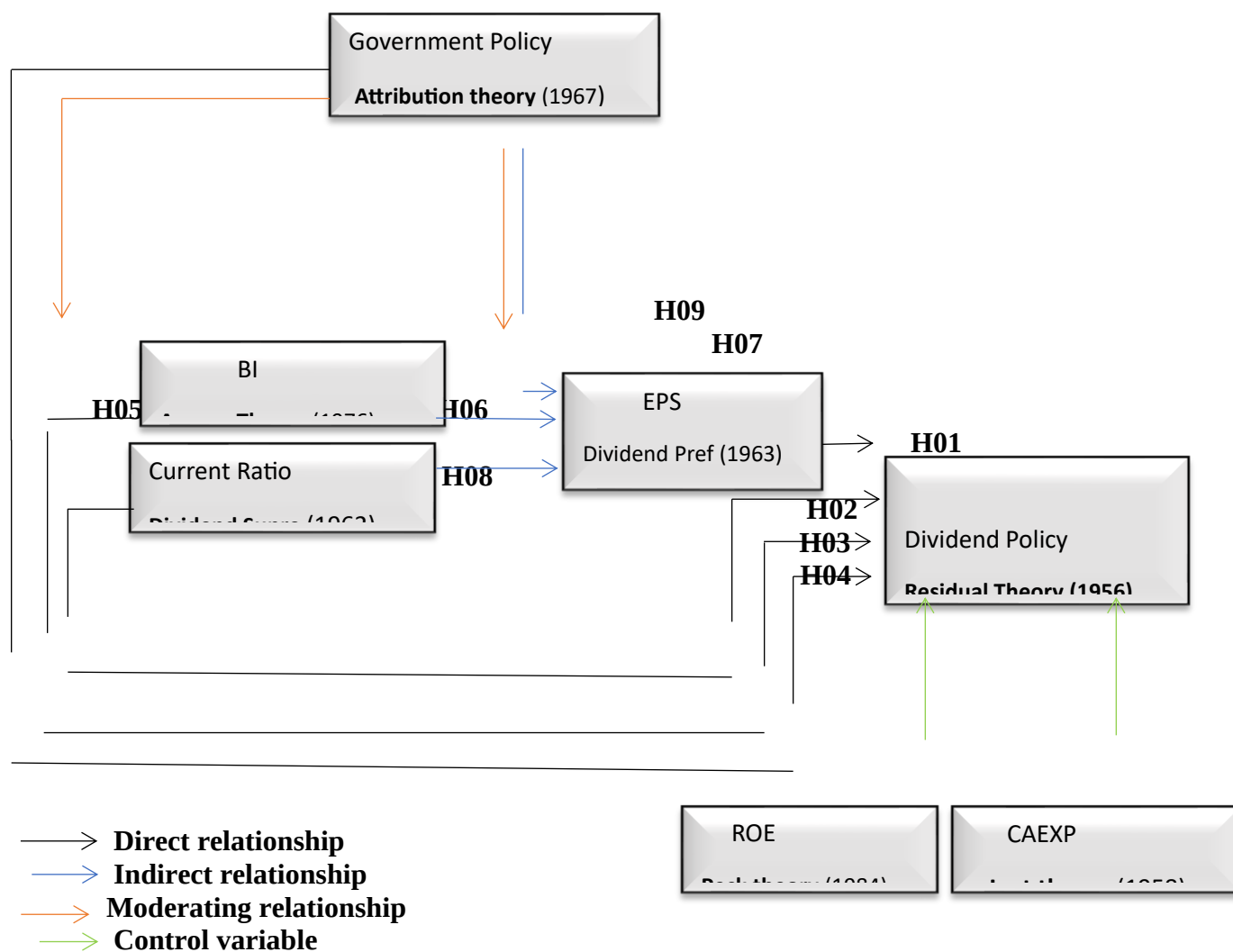


Figure 1: Conceptual Framework (adapted from Baron and Kenny 1986)

3. Methodology

Epistemology implies origin of knowledge. It encompasses types, sources, methods of acquiring and interpretation of knowledge. It is referred to as theory of knowledge. It enabled this study examined the effect of all variables namely; board independence, current ratio, earnings per share and government policy on dividend policy of ICT Companies. This was achieved based on positivism and interpretivism. Positivism refers to a doctrine that employed ex-post facto research design. Ex-post facto research implies quantitative panel data which is secondary in nature. The data were extracted from annual reports and accounts of ICT companies from 2014-2023. For details about the data used by the study, see appendix "I". Interpretivism refers to as doctrine that employed panel conditional fixed-effect logistic regression model based on hausman test as a technique and path analysis of data interpretation for better understanding of dividend policy. Panel conditional fixed-effect logistic regression is appropriate model for a response variable measured as binary. The path analysis interprets direct and indirect relationships among variables of interest. Next is population of the study.

This study has a total population of nine information and communications technology Companies listed on the floor of Nigerian stock exchange as at 31 December, 2023. The total population of this study is drawn from ICT sector. Information communications and technology sector comprises of eight companies as re-classified by the Nigerian Stock Exchange, (NSE, 2023). The companies are; MTN Nigeria tele communications plc, Airtel Telecommunication Africa, Omatek Ventures plc, Etranzact International plc, Charms Holding company plc, Computer Warehouse Group plc, Court Ville Business Solutions plc and NRC Nigeria plc. Next is model specification.

This study adapted its econometrical model from Tan, Xiaoli and Xioayu 2024. The binary model of panel logistic regression is econometrically expressed as follows:

$$DP = f(EPS, CR, BI, GP, ROE, CAPEX) \text{-----eqn(1)}$$

$$DPR_{it} = \alpha + \beta_1 EPS_{it} + \beta_2 CR_{it} + \beta_3 BI * GP_{it} + \beta_4 GP_{it} + \beta_5 ROE_{it} + \beta_6 capex_{it} + \varepsilon_{it} \text{-----eqn(2)}$$

$$EPS_{it} = \alpha + \beta_1 CR_{it} + \beta_2 BI * GP_{it} + \beta_3 GP_{it} + \beta_4 ROE_{it} + \beta_5 capex_{it} + \varepsilon_{it} \text{-----eqn(3)}$$

4. Results and Discussion of Findings

Table 2: Descriptive statistics

Variables	Obs	Mean	Std. Dev.	Min	Max
DP	80	0.089	0.51	0	1
BI	80	0.17	0.19	0	0.78
CR	80	6.17	3.54	1.01	14
EPS	80	9.79	11.82	0	79
GP	80	0.73	0.45	0	1
BI*GP	80	17.76	20.75	2	100
ROE	80	24.13	25.65	6	60
CAPEX	80	10.96	15.50	1.03	50

Source: Stata 14 .0 output (2024)

Based on the results in table 2, number of observation is 80. It is obtained by multiplying the number of periods covered which is 10 years by number of ICT companies which is eight. Dividend policy has mean value of nine percent, standard deviation of 51 percent with minimum and maximum values of 0 and 1 respectively. This implies that dividend policy is worthy of investigating. Moreover, board independence has mean value of 17 percent, standard deviation of 19 percent with minimum and maximum values of 0 and 78 percent. This implies that board of ICT companies is independent. Current ratio has mean value of 6.17, standard deviation of 4 with minimum and maximum values of 1 and 14 respectively. This connotes that ICT companies are liquid. Earnings per share have mean value of 9.79, standard deviation of 12 with minimum and maximum values of 0 and 79 respectively. This implies that ICT companies generate more earnings. Government policy has mean value of 73 percent, standard deviation of 45 percent with minimum and maximum values of 0 and 1 respectively. Auxiliary explanatory variable BI*GP has mean value of 18 percent, standard deviation of 21 percent with minimum and maximum values of 2 and 100 respectively. This implies that ICT companies adhere strictly with corporate governance policy of board independence. For detail, see appendix “II”. Next is pairwise correlation matrix.

Table 3: Pairwise correlations matrix

Variables	DP	BI	CR	EPS	GP	BI*GP	ROE	CAPE X
DP	1.000							
BI	0.3673* (0.0008)	1.000						
CR			1.000					
EPS		0.2116 (0.0595)		1.000				
GP	0.4232* (0.0001)	0.5402* (0.0000)			1.000			
BI*GP	0.3868* (0.0004)	0.9723* (0.0000)		0.2042 (0.0693)	0.5477* (0.000)	1.000		
ROE		0.2186 (0.0514)		0.9488* (0.0000)		0.2137 (0.0570)	1.000	
CAPEX	0.1976 (0.0789)	0.3875* (0.0004)	0.2296* (0.0405)		0.2066 (0.0659)	0.3788* (0.0005)		1000

* $p < 0.05$ Source: Stata 14 output (2024)

Based on the pairwise correlations result in table 3, board independence, government policy and moderating role of government policy are significantly correlated with dividend policy of ICT companies. Earnings per share, government policy and auxiliary explanatory variable BI*GP are significantly correlated with board independence of ICT companies. Auxiliary explanatory variable BI*GP is significantly correlated with government policy. For detail, see appendix “III”. Next are results of diagnostic tests.

Table 4: Results of Diagnostic Tests

Serial	Tests	Value
1	Normality of Residuals	0.18847
2	Multicollinearity (VIF)	0.129
3	Heteroscedasticity	0.2950
4	Model Specification (_hatsq)	0.554
5	Specification Error (Ovtest)	0.5759
6	Unit Roots	N/A
7	Hausman	0.0022

Stata 14 output (2024)

Based on the result of normality test in table 4, there is sufficient evidence that at 5% significance level to support H_0 : residuals' error terms of information and communication technology companies are normally distributed. This is because Shapiro-wilk p -value of 0.1885 is greater than the alpha level of 5%. The study has 95% confidence level that it does not commit error type II for supporting null hypothesis. For detail about normality test, see appendix “IV”. Next is multicollinearity test.

Based on multicollinearity test in table 4, there is enough evidence to prove that there is no multicollinearity considering the mean VIF value of 1.29 which is less than 2. Board independence has the highest VIF value of 1.69 and lowest tolerance level of 0.5922. Current ratio has the lowest

VIF value of 1.06 and highest tolerance level of 0.9432. The more tolerance level is closer to 1, the more evidence that there is no multicollinearity. For detail about multicollinearity test, see appendix “V”. Next is heteroscedasticity test.

Based on Breusch-Pagan/Cook-Weistberg heteroscedasticity test in table 4, there is sufficient evidence at 5% significance level to reject H_0 : residuals of information and communication technology companies have constant variance and support H_a : residuals of information and communication technology companies do not have constant variance. This study has 95% confidence level that it does not commit error type I for rejecting null hypothesis. For details about heteroscedasticity test, see appendix “VI”. Next are model specification and specification error tests.

Based on result of model specification test in table 4, there is enough evidence at 5% significance level to support H_0 : model of this study is specified correctly. This is because $_hatsq$ has p -value of 0.5759 which is greater than the alpha level of 5%. This study has 95% confidence level that it does not commit error type II for supporting null hypothesis. Similarly, based on result of specification error test in table 4, there is sufficient evidence at 5% significance level to support H_0 : model of this study has no omitted variables. This is because $ovtest$ has χ^2 p -value of 0.5759 which is greater than alpha level of 5%. This study has 95% confidence level that it does not commit error type II for supporting null hypothesis. For details about model specification and specification error tests, see appendix “VII”. Next are unit root and hausman tests.

Based on unit root test, board independence and government policy are stationary at first difference while earnings per share and current ratio contain unit root at first difference. For details about unit root test, see appendix “VIII”. Based on hausman test in table 4, there is sufficient evidence at 5% significance level to reject H_0 : Random effect model is consistent and support H_a : Fixed effect model is consistent. This is because hausman test has p -value of 0.0022 which is lower than alpha level of 5%. This study has 95% confidence level that it does not commit error type I for rejecting null hypothesis. For details about hausman test, see appendix “IX”. Next is conditional fixed-effect logistic regression result for test of hypotheses.

Table 5: Conditional Fixed-Effect Logistic Regression Result for Hypotheses testing

Variables	Model I Dividend Policy			Model II Earnings Per Share		
	Z-score	P-value	Odd-ratio%	Z-score	P-value	Odd-ratio%
BI	-0.08	0.932	2.447	-2.22	0.026	4.419
CR	-0.62	0.538	0.220	2.30	0.021	0.518
EPS	0.21	0.835	3.997	-	-	-
GP	-1.56	0.119	90.746	-3.00	0.003	5.738
BI*GP	1.78	0.075	6.686	3.11	0.002	26.752
ROE	0.93	0.353	2.813	3.26	0.001	28.173
CAPEX	0.34	0.735	2.034	-2.94	0.003	13.437

Stata 14 output (2024)

Based on conditional fixed-effect logistic regression results in table 5, this study tested the hypotheses formulated in line with research questions and objectives. Next is H_{01} .

H01: Earnings per share have no significant effect on Dividend Policy of information and communications technology companies in Nigeria.

From the table, earnings per share have *p-value* of 0.835 and *odd-ratio* of 3.997. At 5% significance level two tail, this study supported H01. This is because *p-value* of 0.835 is greater than alpha level of 5%. The study has 95% confidence level that it does not commit error type II for supporting H01. For every unit increase in EPS all variables held constant, dividend policy decreases by 4 percent. This is in line with Yusuf (2022) who found negative and significant relationship between EPS and dividend payout. Conversely, Raiz et al (2023) found positive and insignificant relationship between EPS and dividend payout. Next is H02.

H02: Current ratio has no significant effect on Dividend Policy of information and communications technology companies in Nigeria.

From the table, current ratio has *p-value* of 0.538 and *odd-ratio* of 0.220. At 5% significance level two tail, this study supported H01. This is because *p-value* of 0.538 is greater than alpha level of 5%. The study has 95% confidence level that it does not commit error type II for supporting H02. For every unit increase in current ratio all variables held constant, dividend policy decreases by 0.220%. This is in line with Onuora (2023) and Sari, Primasari and Farida (2023) who found negative and insignificant relationship between dividend policy and current ratio. However, Chijuka and Hussein (2023), Devi and Manuari (2023) and Cepoi and Leonida (2022) found positive and insignificant relationship between dividend policy and current ratio. Next is H03.

H03: Board independence has no significant effect on Dividend Policy of information and communications technology companies in Nigeria.

From the table, board independence has *p-value* of 0.932 and *odd-ratio* of 2.447. At 5% significance level two tail, this study supported H03. This is because *p-value* of 0.932 is greater than alpha level of 5%. The study has 95% confidence level that it does not commit error type II for supporting H03. For every unit increase in board independence all variables held constant, dividend policy decreases by 2.447%. This is in line with Awwad (2023) who found negative and insignificant relationship between dividend policy and board independence. Conversely, Sihombing and Widono (2023) found positive and insignificant relationship between dividend policy and board independence. Next is H04.

H04: Government policy has no significant effect on Dividend Policy of information and Communications technology companies in Nigeria.

From the table, government policy has *p-value* of 0.119 and *odd-ratio* of 90.746. At 5% significance level two tail, this study supported H04. This is because *p-value* of 0.119 is greater than alpha level of 5%. The study has 95% confidence level that it does not commit error type II for supporting H04. For every unit increase in government policy all variables held constant, dividend policy decreases by 90.746 %. Next is H05.

H05: Government policy has no significant moderating role on relationship between board independence and Dividend Policy of information and communications technology companies in Nigeria.

From the table, auxiliary explanatory variable BI*GP has *p-value* of 0.075 and *odd-ratio* of 6.686. At 5% significance level two tail, this study supported H05. This is because *p-value* of 0.075 is

greater than alpha level of 5%. The study has 95% confidence level that it does not commit error type II for supporting H05. For every unit increase in board independence*government policy all variables held constant, dividend policy increases by 6.686%. Next is H06.

H06: Earnings per share have no significant mediating effect on relationship between board independence and Dividend Policy of information and communications technology companies in Nigeria.

From the table, board independence has *p-value* of 0.026 and *odd-ratio* of 4.419. At 5% significance level two tail, this study rejected H06. This is because *p-value* of 0.026 is lower than alpha level of 5%. The study has 95% confidence level that it does not commit error type I for rejecting H06. For every unit increase in board independence, earnings per share decrease dividend payment by 4.419% due to increased exchange rate. Next is H07.

H07: Earnings per share have no significant mediating effect on relationship between Government policy and Dividend Policy of information and communications technology companies in Nigeria.

From the table, government policy has *p-value* of 0.003 and *odd-ratio* of 5.738. At 5% significance level two tail, this study rejected H07. This is because *p-value* of 0.003 is lower than alpha level of 5%. The study has 95% confidence level that it does not commit error type I for rejecting H06. For every unit increase in government policy all variables held constant, earnings per share decrease dividend payment by 5.738% due to high inflation rate. Next is H08.

H08: Earnings per share have no significant mediating effect on relationship between current ratio and Dividend Policy of information and communications technology companies in Nigeria.

From the table, current ratio has *p-value* of 0.021 and *odd-ratio* of 0.518. At 5% significance level two tail, this study rejected H08. This is because *p-value* of 0.021 is lower than alpha level of 5%. The study has 95% confidence level that it does not commit error type I for rejecting H08. For every unit increase in current ratio all variables held constant, earnings per share increases dividend payment by 0.518% due to high liquidity emanated from increased earnings. Next is H09.

H09: Government policy has no significant moderating role on relationship between board independence and earnings per share of information and communications technology companies in Nigeria.

From the table, auxiliary explanatory variable BI*GP has *p-value* of 0.002 and *odd-ratio* of 26.752. At 5% significance level two tail, this study rejected H09. This is because *p-value* of 0.002 is lower than alpha level of 5%. The study has 95% confidence level that it does not commit error type I for rejecting H09. For every unit increase in board independence*government policy all variables held constant, earnings per share increases dividend payment by 26.752% due to efficiency and cost reduction that led to increased earnings. Next is policy implication.

5. Policy Implications

Findings of this study are useful for policy makers to formulate policies aimed at stabilizing interest rate and exchange rate fluctuations for increased earnings. Increased earnings would result in dividend payment policy of information and communications technology companies in Nigeria. The findings also call on information and communications technology companies' management to take into cognizance policy of government that affects their operations. This would enable the management of information and communications technology companies to take proactive

strategies for cushioning the effect of the policy for increased earnings which result in dividend payment policy. Next is conclusion and recommendations.

6. Conclusion and Recommendations

In conclusion, based on the findings from the study, current ratio and auxiliary explanatory variable BI*GP have positive and significant indirect relationships with dividend policy while board independence and government policy have negative and significant indirect relationships with dividend policy. This implies that increased current ratio and auxiliary explanatory variable BI*GP result in increased earnings per share, which in turn lead to increased dividend payment by ICT companies to their shareholders. Conversely, increased board independence and government policy result in decreased earnings per share, which in turn lead to decreased dividend payment by ICT companies to their shareholders. Next are recommendations.

The study recommends that: Executives of information and communications technology companies would increase their board independence. Increased board independence may likely lead to increased earnings which in turn would result to increased dividend payment. Information and communications technology companies would increase their liquidity by increased earnings. Increased liquidity may likely result to increased dividend payment. Information and communications technology companies would increase compliance to government policy. Increased compliance with government policy may likely result in cost reduction. Cost reduction leads to increased earnings which in turn increases dividend payment. Policy makers would formulate policies that would likely result in cost reduction. Cost reduction leads to increased earnings which in turn increases dividend payment by information and communications technology companies in Nigeria. Next are references.

References

- Awwad, B. S. A. L. A. (2023). Characteristics boards of directors and cash dividend policy. *International Journal of Profession Business Review*, 8(10), 01-11
- Ajzen, I. & Fishbein, M. (1975). A bayesian analysis of attribution process. *Psychological Bulletin*, 8(2), 261-270
- Awen, B. I., Lamido, A. I., & Yahaya, O. A. (2023). Board size, independence and dividend policy in Nigeria. *International Journal of Economics and Finance*, 15(5), 72-91.
- Balarabe, A.B., Abdulkadir, J. & Benson, I. (2022). Determinants of dividend payout ratio: evidence from listed information and communications technology firms in nigeria. *Gusau Journal of Business Administration*, 1(1), 1-10.
- Baron, R. B. & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: conceptual, strategic and statistical considerations. *Journal of Personality and Social Psychology*, 51(6), 1173-1182
- Berkman, H., Jona, J. & Soderstrom, N. (2024). Firm-specific climate risk and market valuation.
- CBN. (2023). Exchange rate, growth domestic product and inflation rate.

-
- Cepoi, C. C. & Leonida, L. (2022). Investigating the dividend policy determinants using a poisson regression. *Journal of Financial and Monetary Economics, Centre of financial and monetary research*, 10(1), 108-113
- Chaudhary, G. Z. & Sohail, M. (2023). (2023). Determinants of dividend policy: case of pharmaceutical sector of pakistan. *Bulletin of Business and Economics*, 12(1), 64-73.
- Chijuka, I. M. & Hussein, M. (2023). Dividend policy and consumer goods sector in nigeria. *Euro Economica Journal of Business Administration*, 1(42), 38-47.
- Corporate Governance (2021). Responsibilities of the board.
- Damayanti, C.R. & Palinggi, Y. A. (2023). Factors affecting dividend policy: an evidence from indonesian financial companies. *Management Analysis Journal*, 12(1), 1-16.
- Devi, N.L.N.S., & Manuari, I. A. R. (2023). Determinants of dividend policy and ios in manufacturing companies listed on the indonesia stock exchange. *Journal of International Conference Proceedings*, 6(2), 127-135.
- Gujarati, D. N. (2004). *Basic econometrics*. Mcgraw hill.
- Heider, F. (1946). Attitude and cognitive organization. *Journal of Psychology* 21, 107-112
- Kelly, H. H. (1967). Attribution theory in social psychology. *Nebraska Symposium on Motivation* 15, Lincoln.
- Mackinnon, D. P., Cox, S. & Braldi, A. N. (2012). Guidelines for the investigation of mediating variables in business research. *Journal of Business Psychology*, 27(1), 1-14.
- MTN. (2023). Our Story.
- Nurfitri, K., Abadi, R., Udipta, R. P., & Leon, F. M. (2023). Corporate social responsibility and dividend policy in indonesia: advent of firm size as a moderator. *International Journal of Social Science and Human Research*, 6(1), 453-459.
- NSE. (2023) *Re-classified sectors in nigeria*.
- Onuorah, A. C. (2023). Dividend payout and its determinants in the nigerian banking sector. *International Journal of Applied Research in Social Sciences*, 5(3), 40-50.
- Riaz, K., Sheikh, M. R., Hussain, I., & Mushtaq, M. I. (2023). Cash flows, earnings, and dividend payout nexus in pakistan: a case study of kse-100 index. *Audit and Accounting Review*, 3(1), 102-124.
- Rozeff, M.S. (1982). Growth, beta and agency costs as determinants of dividend payout ratios. *Journal of Financial Research*, 5, 249-259.
- Sari1, T. R., Primasari, D. & Farida, Y. N. (2023). The effect of profitability, company size, leverage, liquidity, and free cash flow on dividend policy. *International Journal of Economy and Business*, 2(1), 22-34.

- Sihombing, T & Widono, R. (2023). The effect of audit quality and good corporate governance towards dividend policy in public companies in Indonesia. *Ultima Accounting Journal*, 15(1), 178-185.
- Stata. (2014). *Stat 14 manuals*.
- Tan, Y., Xiaoli, W. & Xioayu, F. (2024). Venture capital and dividend policy. *International Journal and Financial Studies*, 12(27), 1-16.
- Walter, E. J. (1963). Dividend policy: Its influence on the value of enterprise. *Journal of Finance*, 18(1), 280-291
- Wu, A. D & Zumbo B.D. (2008). Understanding and using mediators and moderators. *Social Indicators Research*.
- Yusuf, M. N. (2022). Determinants of dividend payout of manufacturing firms listed on the floor of Nigerian stock exchange (*Master's dissertation, Ahmadu Bello University, Zaria*).