

**Dividend Policy and Share Price Volatility in Listed Manufacturing Companies
in Nigeria**

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Certification

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Dedication

This research work is dedicated to all those who desire and crave for knowledge but are constrained due to certain limitations – there is always a hope abounding around the corner.

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Abstract

The dividend policy decision is one of the most important decisions in any organization in order to achieve efficient performance and attainment of objectives, as such frequent changes in amount paid as dividend makes share prices volatile. This study adopted a historical research design. The study also utilized panel data which simultaneously combines cross-sectional and time series data. The population of this study consisted of forty-three (43) manufacturing companies, quoted in Nigeria (NSE, 2020). Using simple random sampling technique, 10 manufacturing companies (comprising of consumer goods, industrial goods and agricultural goods manufacturing companies) were selected. The study conducted a descriptive analysis and Ordinary least Square (OLS) regression technique and correlation was adopted to examine the relationship that exists between Dividend Policy and Volatility of Share Prices. The findings of the correlation coefficient results imply that the independent variables (dividend yield and dividend pay-out ratio had a positive relationship with the dependent variable (share price volatility) while independent variable (asset growth rate, firm size and earnings volatility) had a negative relationship with the level of volatility in share prices of the selected manufacturing firms in Nigeria. Given that the study established a statistically significant relationship between the dependent and independent variables, on these grounds, the study concluded that there is a significant relationship between Dividend Policy and Share Price Volatility of listed Manufacturing Companies in Nigeria. The study recommends that managers of dividend-paying companies should structure the dividend policy to have consistent dividend payments in order to minimize share price volatility.

Keywords: Dividend Yield, Dividend Pay-out, Assets, Asset growth rate, Earnings, Share Price, Share price volatility.

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