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Ownership Structure and Dividend Policy: Evidence from Listed Manufacturing Firms in Nigeria

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Abstract
The study examined the effect ownership structure on dividend policy of listed manufacturing firms in Nigeria using panel data collected from the audited annual financial statements of forty (40) listed manufacturing firms for a period of 2018-2025. Ex-post facto research design and the Generalized Least Squares method was used in its estimations with the aid of STATA Software Version 14. Dividend policy is the dependent variable measured by dividend yield, Ownership Structure is the independent variable measured by Managerial Ownership, Institutional Ownership, Foreign Ownership, and Family Ownership while Firm Size and Leverage are the control variables. The study found that Managerial Ownership, Institutional Ownership, Foreign Ownership, and Family Ownership have significant positive effect on dividend policy of listed manufacturing firms in Nigeria. However, the study recommends that managements of manufacturing firms in Nigeria should encourage dispersed ownership structure in order to provide effective monitoring roles and reduce managers' control over the resources in order to pay higher dividends.

Keywords: Dividend policy, firm size, leverage, manufacturing firms, ownership structure.

Introduction

In modern corporate finance, dividend policies are one of the most controversial issues. Dividends are paid to equity shareholders to compensate them for investing in the firm and supporting its inherent risks. To maintain shareholder trust,

and to finance its growth and expansion, the management must be very vigilant about its profit-sharing policies and the amount of dividends that will be distributed. According to Jensen and Meckling (1976), information asymmetry between 'insiders' and 'outsiders' may be related to agency costs. Also, it has been argued that the firm's dividend policy can help reduce agency costs by resolving conflicts between stakeholders. This is because higher dividend payouts increase the likelihood of firms relying on external finance, which facilitates monitoring by external capital markets (Easterbrook, 1984). Firm ownership structure can be classified into foreign ownership, government ownership, institutional ownership, or individual ownership (Brian, Robert, & Laszlo, 2010). However, firms' dividend policy may be affected by these structures. A firm's ownership structure refers to how its shares are distributed among its owners (Gisbert & Navallas, 2013). In today's firms, ownership and management are separated (Sing & Sirmans, 2008). From the perspective of resource dependence theory, ownership can be used to reinforce or oppose management depending on its concentration and how it is used (Pfeffer & Slanick, 1979). Therefore, Fazlzadeh et al. (2011) concluded that ownership structure plays a crucial role in corporate governance and provides insight for policy makers seeking to improve the system. In addition, the ownership structure is crucial to aligning the relationship between owners and managers.

Previous empirical studies on the relationship between ownership structure and firms performance appears to be mixed and inconsistent. For example, studies by Maina and Nasieku (2023), Buigut (2023), Tayachi, Hunjra, Jones, Mehmood, and Al-Faryan (2023), Aslam, Masood, Ul Hassan, and Yaqub (2023), Tnushi, Yahaya, and Agbi (2023), Hasan, Wahid, Amin, and Hossain (2023), Subramaniam (2018), and Adjaoud and Hermassi (2017) reported a significant positive association between ownership structure variables and dividend policy while studies by Tayachi, Hunjra, Jones, Mehmood, and Al-Faryan (2023), Tnushi, Yahaya, and Agbi (2023), Boshnak (2023), Hasan et al. (2023), Wijaya and Murhadi (2023), Maina and Nasieku (2023), Khan (2022), Bataineh (2021), and Al-Najjar, and Kilincarslan (2016), and Reyna (2017) reported a significant negative association between ownership structure variables and dividend policy. Also, studies by Alekneviciene and Vilimaite (2023), Boshnak (2023), Khan (2022), Bataineh (2021), Al-Najjar, and Kilincarslan (2016) and Al-Nawaiseh (2013) found no significant relationship between ownership structure and dividend policy

Also, empirical studies on ownership structure-dividend policy relationship were mostly investigated in developed economies where financial markets are well regulated and ownership is widely distributed compared to developing countries like Nigeria where ownership structure-dividend policy relationship remain underexplored. Therefore, in Nigeria a small number of studies have examined ownership structure-dividend policy relationship despite a substantial body of previous empirical researches on the topic.

In view of this, this study examines the effect of ownership structure on dividend policy of listed manufacturing firms in Nigeria.

The remainder of this paper is as follows. The next section provides a literature review and hypothesis development for the paper. Section 3 discusses methodology and variables

employed in this study. Section 4 presents the results and the discussion of the analysis. Section 5 contains conclusion and recommendations.

Managerial Ownership and Dividend Policy

Managerial ownership is a portion of the executive directors' equity ownership out of the total number of shares issued (Bekiris, 2013). Managerial ownership may synchronise the management's and shareholders' interests; and, therefore, decrease the overall agency conflicts. The relationship between managerial ownership and agency costs is linear, and the peak point for the business is attained once the executives obtain all the shares of the firm (Jensen & Meckling, 1976). Once managers turn out to be the business owners, they must have a similar extent of incentive with the other shareholders. Such managers will probably not take risks that will be risky for the shareholders. Therefore, it is expected that the larger the managerial ownership in the business, the less will be the agency problems. Prior empirical studies on the relationship between managerial ownership and dividend policy revealed inconsistent findings. For example, study by Maina and Nasieku (2023), found that managerial ownership is positively associated with dividend policy while studies by Tayachi, Hunjra, Jones, Mehmood, and Al-Faryan (2023), Tnushi, Yahaya, and Agbi (2023), Boshnak (2023), and Khan (2022) found that managerial ownership is negatively associated with dividend policy. However, study by Alekneviciene and Vilimaite (2023) shows no significant relationship between managerial ownership and dividend policy. Therefore, the following null hypothesis is proposed:

H_1: There is no significant effect of managerial ownership on dividend policy of listed manufacturing firms in Nigeria.

Institutional Ownership and Dividend Policy

Institutional shareholders, such as banks, pension funds, insurance companies, and mutual funds, play an important and significant role in corporate governance and actively participate in defining their dividend policies (Mehdi et al., 2017). Institutional ownership is the ownership interest in a company held by significant financial institutions that hold a sizable number of stocks (Cornett et al., 2007). The empirical literature on the relationship between institutional ownership and dividend payout is mixed. For example, studies by Buigut (2023), Tayachi, Hunjra, Jones, Mehmood, and Al-Faryan (2023), Aslam, Masood, Ul Hassan, and Yaqub (2023), Tnushi, Yahaya, and Agbi (2023), Boshnak (2023), Khan (2022), Bataineh (2021), Reyna (2017) and Al-Nawaiseh (2013) found a significant positive relationship between institutional ownership and payment of dividends while studies by Hasan et al.(2023), Wijaya and Murhadi (2023), Maina and Nasieku (2023), Hasan, Wahid, Amin, and Hossain (2023), and Al-Najjar, and Kilincarslan (2016) found that institutional ownership is negatively associated with and payment of dividends. However, studies by Alekneviciene and Vilimaite (2023) and Al-Najjar, and Kilincarslan (2016) show no significant relationship between institutional ownership and payment of dividends. Therefore, the following null hypothesis is proposed:

H_2: There is no significant effect of institutional ownership on dividend policy of listed manufacturing firms in Nigeria

Foreign Ownership and Dividend Policy

Foreign ownership refers to the percentage of foreign owners out of the total capital shares. Foreign ownership has important effect on the dividend policy of firm (Chai, 2010). In contrast to local investors who are more knowledgeable and may be able to get the financial information they require, foreign investors, who are likely to be less informed investors and come from more transparent regimes, may demand excessive disclosure of financial information. However, foreign investors prefer to become insider shareholders when they have influence over the firm and behave like other local investors, which results in improved business performance (Ananchoticul, 2007, Mangena & Tauringana, 2007). Examining previous empirical studies concerning the relationship between foreign ownership and dividend policy found mixed evidence. For example, studies by Aslam, Masood, Ul Hassan, and Yaqub (2023), Tnushi, Yahaya, and Agbi (2023), Boshnak (2023), and Maina and Nasieku (2023) found a positive relationship between foreign ownership and dividend policy. Contrary wise, empirical studies by Khan (2022), Bataineh (2021), and Al-Najjar, and Kilincarslan (2016) found that foreign ownership has significant negative affect on dividend policy. Based on the above arguments, the following null hypothesis is proposed:

H_3: There is no significant effect of foreign ownership on dividend policy of listed manufacturing firms in Nigeria.

Family Ownership and Dividend Policy

Due to significant ownership concentration, family-controlled firms play a powerful role in most developing market economies (Rajverma et al., 2019). Family shareholders can oversee managers to avoid agency problems by appointing family members to top management and board representation positions (Setia-Atmaja, 2017, Gonzalez et al., 2014). Also, family ownership serves as a monitoring tool that can be utilized to govern a company's internal control mechanism as well as a proxy to track all actions and decisions that can help to minimize and resolve the Agency's issues (Shah et al., 2015). However, family control can reduce the effect of agency problem between stockholders and managers (Jwailes et al., 2020, Abu Zraiq and Fadzil, 2018). Therefore, recent empirical studies have found mixed evidence concerning the association between family ownership and dividend policy. For example, studies by Hasan, Wahid, Amin, and Hossain (2023), Subramaniam (2018), Adjaoud and Hermassi (2017); Pindado et al., (2012) reported a significant positive association between family ownership and dividend policy while studies by Reyna (2017), Wijaya and Murhadi (2023), and Al-Najjar, and Kilincarslan (2016) reported a significant negative association between family ownership and dividend policy. However, studies by Boshnak (2023), Khan (2022), Bataineh (2021), Al-Najjar, and Kilincarslan (2016), Al-Nawaiseh (2013) found no significant relationship between family ownership and dividend policy. Based on the above arguments, the following null hypothesis is proposed:

H_4: There is no significant effect of family ownership on dividend policy of listed manufacturing firms in Nigeria.

Theoretical framework

Agency theory refers to interest conflicts between the manager (agent) and owner (employment). The first time, Jensen and Mackling (1976) discussed the principles of agency theory. Dividend policies are depending on the alignment of ownership and control incentives. Agency problems that arise from diversion of these incentives will therefore affect payout dividend policy. The role played by the institutional framework and related ownership structures is thus important when dividend policies are to be investigated (Wiberg, 2008). The payment of dividends may act to help in reducing agency costs because: (1) management is forced for creating enough cash to pay dividends, (2) management is forced for funding projects refers to their capital market and naturally provide more information in the market and (3) free cash flow decreases and does not waste (Laporta et al., 2000). Jensen's (1986) suggested that extra cash is better to pay as dividend in order to reduce managerial discretionary funds and agency costs.

Methodology

Ex post facto research design which is the usage of historical facts to make a judgment (Simon & Goes, 2013) was used while a census sample was employed in order to generate sufficient number of observations that will facilitate the conduct of data analysis. The population of the study comprises manufacturing firms listed on the Nigerian Stock Exchange as at 31 December, 2022 under 3 sectors as follows, Conglomerates (6), Consumer goods firms (21), and Industrial Goods firms (13). Hence, the population of the study is the 40 manufacturing firms listed on the floor of Nigerian stock exchange as at 31st December, 2022. However, Panel data from the financial statements of all the 40 listed manufacturing firms in Nigeria that have the required data available for the period 2018–2022 was extracted. The selection of these years was based on the availability of data over the study period. A total of 200 observations were made for five years.

Measurement of Variables and Model Specification

The definition and measurements of the dependent, independent, and control variables are presented in Table 1 below:

Table 1: Measurement of Variables

	Variable Name	Symbol	Measurement	Source
Dependent Variable	Dividend Policy	DDP	Dividend per share divided by the closing market price per share	Subramaniam (2018), Setia-Atmaja (2017), Mehdi et al. (2017), Dandagoet al.(2015), Al-Nawaiseh (2013),
Independent Variables	Managerial Ownership	MLO		

			The ratio between shares held by management and total number of shares.	Amin and Hamdan (2018), Wahba (2014), Ullah, Fida, and Khan (2012),
	Institutional Ownership	ILO	Percentage of institutional investors' shareholding in the firm.	Bataineh (2021), Amin and Hamdan (2018), Reyna (2017), Mehdi et al. (2017), Ibrahim and Shuaibu (2016)
	Foreign Ownership	FNO	Percentage of foreign investors' shareholding in the firm.	Bataineh (2021), Amin and Hamdan (2018), Greenaway, Guariglia, and Yu (2014).
	Family Ownership	FYO	The fractional equity ownership of the founding family and (or) the presence of family members on the board of directors to identify family firm	Amin and Hamdan (2018), Ronald et al, (2003)
Control Variables	Firm Size	FMS	Natural logarithm of total assets	Amin and Hamdan (2018), Wahba (2014), Thanatawee (2013), Ullah, Fida, and Khan (2012), Ramli (2010).
	Leverage	LVE	The ratio of total debt to total assets	Pattiruhu and Paais (2020), Amin and Hamdan (2018), Arshad, Akram, Amjad, and Usman (2013), Thanatawee (2013)

Source: Researcher's Compilation, 2025

In order to examine the effect of ownership structure on dividend policy of listed manufacturing firms in Nigeria, the following model is specified: The original regression model is specified as follows:

$$Y_{it} = \alpha_o + \beta_1 \mathbf{X}_{it} + \varepsilon_{it} \text{ ---------- (1)}$$

Where the dependent variable is denoted by Y_{it} of firm i at time t, α_o is the constant, the coefficient of the independent variable is denoted by β_1 for firm i at time t while ε_{it} is the disturbance or error term. Hence, the functional relationship between these variables is defined below:

$$DDP_{it} = f(MLO, ILO, FNO, FYO, FMS, LVE)_{it} + \epsilon_{it}$$

In view of the above, a detailed model can be expressed as the following formula:

$$DDP_{it} = \alpha_0 + \beta_1 MLO_{it} + \beta_2 ILO_{it} + \beta_3 FNO_{it} + \beta_4 FYO_{it} + \beta_5 FMS_{it} + \beta_6 LVE_{it} + \epsilon_{it} \text{ ---------- (2)}$$

Where:
DDP denotes Dividend Policy; MLO denotes Managerial Ownership, ILO denotes Institutional Ownership, FNO denotes Foreign Ownership; FYO denotes Family Ownership; FMS denotes Firm Size, and LVE denotes Leverage, α_0 represents the fixed intercept element;

$\alpha_{1\text{-}6}$ represents Partial derivatives or the gradient of the independent variables; and ϵ_{it} is the error term.

Results and Discussion

The descriptive and inferential statistics of this study are presented in this section.

Table 2: Descriptive Statistics

Variable	Obs.	Mean	Std. Dev.	Min.	Max.
DDP	200	0.321	0.125	0.227	0.436
MLO	200	0.214	0.141	0.276	0.365
ILO	200	0.192	0.124	0.282	0.441
FNO	200	0.226	0.182	0.343	0.461
FYO	200	0.237	0.171	0.255	0.536
FMS	200	2.113	1.212	1.231	3.422
LVE	200	0.245	0.224	0.315	0.437

Note: DDP = Dividend Policy, MLO = Managerial Ownership, ILO = Institutional Ownership, FNO = Foreign Ownership; FYO = Family Ownership; FMS = Firm Size, and LVE = Leverage,

Table 2 shows the descriptive statistics for the dependent variable (Dividend Policy), independent variables, and the control variables over a period of 2018–2022. Hence, the average dividend yield ratio of the sampled listed manufacturing firms is 32.1%. With respect to ownership structure variables of sampled listed manufacturing firms in Nigeria, 21.4% of the ownership is in the hands of managers ranging from 28 % to 37%, 19.2% is in the hands of institutions ranging from 28% to 44%, ownership is in the hands of foreign investors, and the results also indicate that the foreigners own about 23% of ownership with a range from 34% to 46%. Finally, firm profitability is measured by ROA which varies from 61.39% to 38.6% with an average of 2.6%. Regarding family ownership, Table 2 shows that listed manufacturing firms are moderately concentrated in the hands of families with a percentage 24%. Firm Size, measured as natural log of total assets of firm is approximately 21 per cent of the returns on their total assets invested over the study period. Average value of leverage is 0.245 suggesting that listed manufacturing firms in Nigeria are highly geared. However, in most of the variables, the values show a moderate range of dispersion.

Table 3: Correlation Matrix and VIF Values

	DDP	MLO	ILO	FNO	FYO	FMS	LVE	VIF	TOL.
DDP	1								
MLO	0.422	1						**3.32**	**0.21**
ILO	0.454	0.075	1					**2.51**	**0.27**
FNO	0.323	0.018	0.082	1				**3.26**	**0.34**
FYO	0.351	0.151	0.086	0.091	1			**2.15**	**0.22**
FMS	0.286	0.042	0.064	0.075	0.058	1		**2.64**	**0.32**

LVE	-0.372	0.047	0.073	0.118	0.242	0.064	1	**2.42**	**0.38**
Mean VIF								**3.41**	

Note: DDP = Dividend Policy, MLO = Managerial Ownership, ILO = Institutional Ownership, FNO = Foreign Ownership; FYO = Family Ownership; FMS = Firm Size, and LVE = Leverage,

Correlation analysis is used to describe the strength and direction of the linear relationship between two variables (Pallant, 2005). A high level and strong form of relationship between dependent and individual independent variables is expected in correlation analysis, whereas a low level and weak form of relationship between and among independent variables is expected. However, Table 3 shows that MLO, ILO, FNO, FYO and FMS are positively correlated dividend policy measured by dividend yield while LVE is negatively correlated with dividend policy. Therefore, correlation coefficients between the pairs of the independent, and control variables are less than ±0.8 indicating absent of multicollinearity as suggested by Gujarati and Porter (2009). Also, Table 3 shows that the VIF values range from 2.15 to 3.32 with a mean VIF of 3.41 which is less than the threshold of 10 as recommended by Hair et al. (2014). Also, tolerance value is between 0.21 and 0.38, greater than the threshold of 0.1 as suggested by (Hair et al., 2014). This implies absent of multicollinearity among the variables.

Table 4: Normality Test

Variables	Obs.	W	V	Z	Prob>z
resid	200	0.54724	11.128	3.413	0.00000

Source: Output from STATA 2023

The Shapiro Wilk test for data normality was conducted and the Prob>z for all the variables was found to be significant, that is less than 0.05. Therefore, the null hypothesis that states study data are normally distributed was rejected. However, when using accounting data, it is nearly impossible to use normally distributed data because the distribution is unsystematically randomly distributed between and within firms (Wooldridge, 2013). However, non-normality of data has no effect on the validity of estimations (Shao, 2003).

Table 5: Heteroscedasticity Test

	chi2(1)	Prob.
Variables: fitted values of DDP		
Breusch-Pagan / Cook-Weisberg	21.34	0

Source: STATA Output, 2025

To check for heteroskedasticity, the Breusch-Pagan/Cook-Weisberg test was conducted. In Table 5, the heteroscedasticity test revealed chi2 values of 21.34 with prob. values of 0.000, which is significant for DDP model. Therefore, the null hypothesis is rejected. However, there is heteroscedasticity in the dataset. To address the issue of heteroscedasticity, the robust

standard error for the FE model was used since its estimates automatically correct the problem of heteroscedasticity.

Table 6: Model Specification Test

_hat	_hatsq
0.006***	0.325

Note: ***, ** denotes 1% and 5% level of significance

The link test was used to perform the model specification test. The link test is based on the assumption that if a regression model is adequately specified, the addition of an extra independent variable should not be significant unless by chance. In Table 6, the _hat value, which is the predicted value of the model, is significant, as expected for DDP (0.006) model. Likewise, the _hatsq value for DDP (0.325) model is not significant, indicating that the model is correctly specified.

Test of Hypotheses

The study applied Generalized Least Square of Fixed-Effect and Random-Effect models in order to test the study hypotheses as recommended by Wooldridge (2002). Therefore, Hausman Specification test was conducted in order to choose between fixed effects and random effects models.

Table 7: Hausman Specification Test Analysis

	DDP
Chi^2	5.37
p-value	0.004

Source: STATA output 2025

Both fixed effects and random effects tests were run and the results revealed a significant difference between FE and RE, allowing the Hausman specification test to be conducted to determine which model is superior. However, Table 7 shows that the Hausman test result revealed a chi^2 statistics of 5.37 and a P-value of 0.004 for DDP model. Therefore, the FE model is preferable to the RE model and it should be interpreted.

Table 8: Robust Standard Error Fixed Effect Regression Results

	Coef.	Std. Err.	T-Statistics	p-value
MLO	0.314	0.173	1.81	0.001
ILO	0.221	0.103	2.15	0.024
FNO	0.333	0.149	2.23	0.018
FYO	0.211	0.168	1.25	0.011

	Coef.	Std. Err.	T-Statistics	p-value
FMS	0.217	0.099	2.18	0
LVE	-0.245	0.096	-2.54	0.027
Cons	2.261	0.992	2.28	
R-Squared	Within		0.5142	
	Between		0.4463	
	Overall		0.4014	
F-statistics			31.42***	
Obs.			200	

Note: DDP = Dividend Policy, MLO = Managerial Ownership, ILO = Institutional Ownership, FNO = Foreign Ownership; FYO = Family Ownership; FMS = Firm Size, and LVE = Leverage.

Table 8 shows that the F-statistics return value of 31.42 for dividend payout model that is statistically significant at 1%. This confirm the overall significance of the model. It further supports the assumption of a significant linear relationship between the dependent variable and the independent variables. The overall R-square is 40.14% indicating that, the variables considered in the models explain about 40.14% change in dividend payout, while about 59.86% change may be as a result of other variables not captured in the model.

Table 8 shows that Managerial ownership has significant positive effect on dividend policy of listed manufacturing firms in Nigeria measured by dividend yield (β= .314, $p<0.01$). This means that holding other factors constant, a percentage increase in Managerial ownership will approximately result in a 31.4 percentage point increase in the likelihood of paying dividends by listed manufacturing firms in Nigeria. Hence, we reject H1. This is consistent with the findings of Maina and Nasieku (2023) who found that managerial ownership is positively associated with dividend policy while studies by Tayachi, Hunjra, Jones, Mehmood, and Al-Faryan (2023), Tnushi, Yahaya, and Agbi (2023), Boshnak (2023), and Khan (2022) found that managerial ownership is negatively associated with dividend policy.

Table 8 shows that Institutional ownership has significant positive effect on dividend payout of listed manufacturing firms in Nigeria (β= .221, $p<0.05$). This means that holding other factors constant, a percentage increase in Institutional ownership will approximately result in a 22.1 percentage point increase in the likelihood of paying dividends by listed manufacturing firms in Nigeria. Hence, we reject H2. This is consistent with the findings of Buigut (2023), Tayachi, Hunjra, Jones, Mehmood, and Al-Faryan (2023), Aslam, Masood, Ul Hassan, and Yaqub (2023), Tnushi, Yahaya, and Agbi (2023), Boshnak (2023), Khan (2022), Bataineh (2021), Reyna (2017) and Al-Nawaiseh (2013) who found a significant positive relationship between institutional ownership and payment of dividends while studies by Hasan et al.(2023), Wijaya and Murhadi (2023), Maina and Nasieku (2023), Hasan, Wahid, Amin, and

Hossain (2023), and Al-Najjar, and Kilincarslan (2016) who found that institutional ownership is negatively associated with and payment of dividends. However, the findings may be due to the fact that as institutions emerge as one of the major investor groups, they play a key role in sponsoring a firm's dividend decision.

Table 8 shows that Foreign ownership has significant positive effect on dividend payout of listed manufacturing firms in Nigeria (β= .333, $p<0.05$). This means that holding other factors constant, a percentage increase in foreign ownership will approximately result in a 33.3 percentage point increase in the likelihood of paying dividends by listed manufacturing firms in Nigeria. Hence, we reject H3. This is consistent with the findings of Aslam, Masood, Ul Hassan, and Yaqub (2023), Tnushi, Yahaya, and Agbi (2023), Boshnak (2023), and Maina and Nasieku (2023) found a positive relationship between foreign ownership and dividend policy. Contrary wise, empirical studies by Khan (2022), Bataineh (2021), and Al-Najjar, and Kilincarslan (2016) found that foreign ownership has significant negative affect on dividend policy.

Table 8 shows that Family Ownership has significant positive effect on dividend payout of listed manufacturing firms in Nigeria (β = .211, $p<0.05$). This means that holding other factors constant, a percentage increase in family ownership increases will approximately result in a 21.1 percentage point increase in the likelihood of paying dividends by listed manufacturing firms in Nigeria. Hence, we reject H4. The result is consistent with the findings of Hasan, Wahid, Amin, and Hossain (2023), Subramaniam (2018), Adjaoud and Hermassi (2017); Pindado et al., (2012) who reported a significant positive association between family ownership and dividend policy while studies by Reyna (2017), Wijaya and Murhadi (2023), and Al-Najjar, and Kilincarslan (2016) reported a significant negative association between family ownership and dividend policy.

Regarding the control variables, results in Table 8 show that firm size has significant positive effect on dividend payout of listed manufacturing firms in Nigeria. The coefficient is (β = .217, $p<0.01$). This means that holding other factors constant, a 1% increase in firm size will approximately result in a 22 percentage point increase in the likelihood of paying dividends by listed manufacturing firms in Nigeria. This result supports Redding (1997) who found that larger firms are more likely to pay dividends to their shareholders. Also, leverage has significant negative effect on dividend payout of listed manufacturing firms in Nigeria. The coefficient is (β = -.245, $p<0.05$). This means that holding other factors constant, a 1% increase in leverage will approximately result in a 25 percentage point decrease in the likelihood of paying dividends by listed manufacturing firms in Nigeria. The finding supports Fama and French (2001) and Grullon and Michaely (2002) who found that firms with less leverage have more incentive to pay dividends.

Conclusion and Recommendations

The study examines the effect of ownership structure on dividend policy of listed manufacturing firms in Nigeria. The study found that ownership structure variables

(managerial ownership, institutional ownership, foreign ownership, and family ownership) included in this study have significant positive effect on dividend policy of listed manufacturing firms in Nigeria. However, the study recommends that managements of manufacturing firms in Nigeria should encourage dispersed ownership structure in order to provide effective monitoring roles and reduce managers' control over the resources in order to pay higher dividends.

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