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Original Research Article

Board Characteristics and Dividend Pay-Out Policy in Nigerian Consumer Good Firms

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Abstract

This study interrogates the interplay between board attributes and dividend payout policy amongst listed in Nigerian manufacturing firms. The research focuses on various board attributes, including board size, board independence, gender diversity, and board ownership, to determine their influence on the dividend decisions of firms. Using panel data from a sample of Nigerian manufacturing companies listed on the Nigerian Stock Exchange (NSE) from 2013 to 2022, the study employs multiple regression analysis to evaluate the effect of these variables on dividend per share. The results indicate that board independence positively influence dividend payouts, while board diversity and board ownership have negative non-significant effect on the criterion variable using t-statistics. These findings suggest that a well-structured board can enhance firm decision-making, leading to higher shareholder returns. The study recommends that policymakers and firm managers should consider the composition and governance of boards when devising strategies related to dividend payouts to optimize corporate performance and shareholder value.

Keywords: Board independence, dividend per share, board characteristics, corporate leadership.

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1.1 INTRODUCTION

The trend of dividend payments of firms over the years has become a great concern due to investors' expectation to get returns on their investment for committing their resources to the business operations. Therefore, the leadership decision policies on dividend are essential strategy as they can significantly impact both investor behavior and firm valuation. A constant or increasing dividend may indicate strong future cash flows, while a reduction or omission of dividend could raise concerns about the company's financial stability and leadership (Ham *et al.,* 2020). To buttress this, researchers have pointed their searchlight to the epileptic pattern of dividend payout and a number of ideas have been suggested to nib in bud the menace ravaging dividend payment behavior of companies particularly in an emerging economies. In Nigeria, the major concern of investors is the commitment on the part of the companies towards payment of dividend. No wonder, these investors have accused the quoted companies of not doing enough in the payment of dividend.

A firm's worth is fundamentally hinged on the competence of its corporate leadership and management. This is evidence in the financial scandals of Enron and WorldCom in America, and some mega bank in Nigeria, including Cadbury Plc (Baydoun, Maguire, Ryan, & Willett, 2013). These incidents have turned corporate governance's relationship with dividend payments into a hot topic of discussion for many stakeholders. The distribution of earnings to shareholders through dividend payments is a critical component of good corporate leadership. In support of this, Idris (2023) said that dividends are the percentage of a business's earnings distributed to its owners, reflecting management's position on the part of profit that is not retained and reinvested. High dividend payments are often seen as enhancing a firm's value by signaling shareholder success and providing returns on their investments and other associated risks. Dividends refer to the share of a company's profits distributed to shareholders based on their ownership, serving as compensation for their invested capital (Widiatmoko *et al.,* 2021).

Furthermore, dividend payout policies are a critical facet of corporate finance that reverberates across a company's relationship with investors, business performance trail, and strategic orientation. Recent scholarship underscores the imperative of aligning dividend payout policies with growth strategies and capital allocation priorities to optimize long-term value creation and enhance shareholder returns. Firms that consistently pay dividends at sustainable levels, as posited by the signaling hypothesis introduced by Lintner in 1956, convey confidence in their future cash flows and profitability, thus influencing market perceptions (Olatunji *et al.,* 2018).

However, the nexus of board attributes and dividend payout policies unveils additional layers of complexity. Olatunji *et al.,* (2018) contended that companies exhibiting superior corporate governance practices tend to exhibit higher dividend payout ratios, indicative of a commitment to harmonizing shareholder interests with managerial decisions. Similarly, Bandiera *et al.,* (2020) assert that corporate governance characteristics significantly influence firms' dividend payout decisions. For instance, CEOs with substantial share ownership in their firms may prefer higher dividend payouts, while overconfident CEOs may opt for greater internal source finance retention, thereby reducing dividend payments.

Statistically, studies have shown that there are divergence in findings of board characteristics in the palace of corporate governance and dividend policy (Ebere *et al.,* 2024; Kundayo *et al.,* 2023; Oniyide & Mojekwu 2023; Ayunku & Timipere, 2020; Tahir *et al.,* 2020). Based on the observation, the factors leading to the departure of findings could be linked to author’s choice of methodology, industries/economy, regulatory framework, data collection/timing, etc. This gives credence to further research on the subject, either to validate or disconfirm a particular scholarship. Base on the forgoing, this work seeks to evaluate whether corporate governance characteristics/practices are related to dividend policy in Nigerian manufacturing firms.

2.1.1 Corporate Governance

The financial crises and corporate scandals over the past decade, such as those involving WorldCom and Enron in the United States, and managerial dismissals at major Nigerian banks and Cadbury Nigeria Plc, have underscored the critical importance of sound corporate governance practices. Corporate governance, a comprehensive term, refers to the framework through which organizations are directed, controlled, and regulated. The primary aim is to ensure that top managers act in the best interests of both the business and its stakeholders, thereby reducing agency costs. The Cadbury Report (1992) conceptualized corporate governance as a framework for coordinating and regulating organized business activities that highlight the board of directors’ key role in governance oversight. Strong corporate leadership serves as a guiding framework for management in achieving the company’s strategic objectives (Falaye & Eluyela, 2018).

The origins of corporate governance are deeply rooted in agency theory, which examines the principal-agent relationship where owners (principals) delegate operational control to managers (agents), who are entrusted with stewardship responsibilities. In the context of public limited companies, the divergence between ownership and management due to the dispersed nature of shareholders complicates governance, leading to the potential for agency conflicts. Therefore, management is expected to report transparently and be held accountable for all company activities. Effective corporate governance ensures that management’s decision-making aligns with shareholder interests, thereby fostering transparency and trust.

Research has extensively explored the impact of corporate governance on dividend policies, revealing that sound governance often correlates with higher dividend payouts. La Porta *et al.,* (2000) pioneered an investigation into dividend policies across 33 countries, establishing a robust association between higher dividend payouts and effective shareholder shield. Their analysis were hinged on agency model: of substitution which suggest that companies with low shareholder rights pay higher dividends to establish credibility, and the outcome model, which proposes that stronger shareholder protection results in higher dividends due to active shareholder pressure. Further studies by Salah and Jarboui (2021) supported this, showing that public companies adhering to stricter shareholder protection norms distribute higher dividends compared to private ones. Additionally, Mitton (2004) found that companies in common law nations, characterized by stronger governance structures, are likely to pay high dividends than their civil law counterparts.

2.1.2 Board Size

The size of a board is regarded as the serving number of directors in a firm and it varies widely across firms. It is a critical aspect of corporate governance that influences decision-making processes, including dividend policy. In the Nigerian context, Adegbite, Amaeshi, and Nakajima (2013) found that larger boards in Nigerian banks were associated with slower decision-making, potentially impacting dividend policy formulation. This finding aligns with Rosenstein and Wyatt (1997), who noted that large boards face challenges in achieving consensus. In contrast, Olamide and Odia (2018) suggested that smaller boards, characterized by greater flexibility, often lead to higher dividend payouts, a conclusion echoed by Lehn and Poulsen (1989). Hinging on agency theory, Olayinka, Ismaila, and Ogbechie (2016) emphasized that board independence is critical for mitigating agency conflicts and influencing dividend policies. Their findings suggest

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that boards with hign rate of independent directors are better equipped to monitor management and align decisions with shareholder interests.

2.1.3 Board independence

This serves as the cornerstone of corporate governance, which means the extent or degree to which directors remain free from conflicts of interest that could impair or compromise their judgment (Nwachukwu, 2012). This attribute ensures that directors can objectively oversee management and act in shareholders' best interests. Adegbite, Nakajima, and Amaeshi (2013) highlighted that board independence enhances transparency and accountability within Nigerian firms. However, achieving true independence is challenging due to factors like dominant shareholders and family-controlled businesses, which may compromise board objectivity (Okoye & Ezejiofor, 2018). Studies on the relationship between board freedom and dividend policy in Nigerian companies (Olayinka *et al.,* 2016) suggest that a greater proportion of independent directors positively influences dividend decisions, supporting agency theory by mitigating managerial opportunism. However, other studies (Olowe, 2014; Olamide & Odia, 2018) caution that the effectiveness of board independence can be moderated by ownership structures and cultural factors.

Board Diversity

Board diversity refers to the inclusion of directors with varying backgrounds, expertise, and perspectives, contributing to more robust decision-making. Olowe (2014) and Adegbite, Nakajima, and Amaeshi (2013) argued that diversity extends beyond demographics to encompass differences in cognitive approaches and professional experiences. Research by Al-Amarneh *et al.,* (2017) on gender diversity and dividend policy in Jordanian firms showed that gender-diverse boards tend to pay higher dividends, suggesting that female directors prioritize investor interests. However, during economic downturns, boards with female members adopt more conservative dividend policies, reflecting a risk-averse approach. Similarly, Adams and Ferreira (2009) noted that "female directors" exhibit greater diligence, attending board meetings more frequently. In the U.S. context, Chen *et al.,* (2017) found that "gender-diverse boards" tend to use dividends as a monitoring mechanism, particularly in firms with weaker governance, thereby supporting shareholder alignment.

Board Ownership

This is conceptualize to mean the portion of a firm shares that is held by members of the board. When directors hold substantial shares of the business, their stakes are more likely to aligned with those of shareholders, often resulting in higher dividend payouts (Cheng, Hong & Shum, 2012). Conversely, lower levels of board ownership may lead to divergent priorities, potentially reducing dividends. Research in the Nigerian context (Triushi *et al.,* 2023) found that institutional and foreign ownership significantly impacts dividend decisions, while managerial ownership has a negative effect, suggesting that managers may choose to reinvest profits instead of distributing them to shareholders.

2.1.2 Board Attributes and Dividend Pay-out

The nexus of corporate governance and dividend pay-out decisions has been explored, particularly in developing economies like Nigeria, where governance structures are often weak and ownership concentration is prevalent. Governance attributes such as ownership structure, board size, board independence and CEO duality significantly has been predicted to influence dividend payout decisions but recent study is needed to ascertain whether this position still stands (Uwuigbe, Olamide, & Francis, 2015; Nwidobie, 2016). Board size and composition are key governance attributes that is perceive to shape a firm's payout policy. Larger boards with diverse skills and experiences tend to monitor management more effectively, leading to higher dividend payouts to mitigate agency conflicts (Uwuigbe *et al.,* 2015). This relationship aligns with the agency theory, which posits that dividends can serves as a mechanism to reduce agency costs by restricting the free flow of cash available for management's discretionary use (Jensen, 1986). Moreover, boards that has a high percentage of independent directors often promote quality governance, resulting in more transparent dividend policies (Odeleye, 2018).

Secondly, ownership structure is another determinants that is perceived to plays a crucial role dividend policies in Nigerian firms. Studies have shown that firms with concentrated ownership, such as those controlled by family or state entities, tend to have lower dividend payouts compared to those with more dispersed ownership (Olanlokun & Babajide, 2019; Nwidobie, 2016). This phenomenon can be attributed to the reduced external pressure to distribute cash flows and a preference for retaining earnings for future investments or control purposes (Uwuigbe *et al.,* 2015).

Theory and Hypotheses Development

Various theories have been developed and empirically tested to explain the dynamics between corporate governance and dividend payout policies. This study is primarily grounded in the Agency and Stakeholder theories. As outlined by Jensen and Meckling (1976), agency theory suggests that corporate managers may prioritize their personal interests over shareholder value when making dividend-related decisions. To resolve such conflicts, aligning managerial incentives with shareholder interests is essential. To buttress this, Smith and Stulz (2020) stated that firms with higher cash flows often use dividend payments as a tool to limit the free cash available to managers, thereby mitigating agency problems. Independent oversight by boards also plays a crucial role, as Fama and Jensen (1983) emphasized, in reducing managerial opportunism and aligning managers' actions with shareholders' goals.

Conversely, stakeholder hypothesis broadens the perspective by incorporating the stakes of all critical stakeholders, not just shareholders, in decision-making processes. Freeman (1984) argued that successful companies must balance the needs of diverse stakeholders, including workers, clients, and suppliers, to ensure long-term sustainability. This inclusive approach becomes particularly pertinent for manufacturing firms that deal with complex stakeholder relationships.

Using data from 41 manufacturing businesses registered on the Indonesia Stock Exchange from 2015 to 2019, Abdurrozaq *et al.,* (2024) examined the impact of corporate leadership on dividend decision of a firm. The business size, profitability, growth, free cash flow, liquidity, capital expenditures, board independence, ownership structure (domestic and foreign institutions), and leverage are among the independent factors. Dividend policy (payout and yield) is the dependent variable. Board size, profitability and leverage ratio have a considerable impact on dividend yield, while profitability, board independence, growth and firm size all favorably affect “dividend pay-out”. Dividend yields suffer greatly from capital expenditures. A number of moderating factors, including board independence, leverage, free cash flow, domestic institutions, and size, have no effect on dividend distribution.

Using profitability as a mediator, Idris *et al.,* (2024) investigated the impact of institutional ownership on dividend payout of “listed consumer goods firms in Nigeria”. Panel data from secondary sources, such as annual reports and accounts of sample companies, were used in the study. The sample size was sixteen, and the study used convenience sampling techniques. The results showed that institutional ownership had a negative and significant effect on dividend payout. The study also found that institutional ownership discouraged dividend payout and encouraged profit retentions to expand the firms' operations. The findings suggest “that listed consumer good firms in Nigeria should allocate ownership of shares to institutional investors, as their stakes discourage dividend payout and encourage profit” retention.

In their study, Oshim and Igwe (2024) examined “the relationship between board size, board independence, board meetings, and return on assets of publicly traded consumer goods companies in Nigeria”. They employed annual data from 2013 to 2022 and used ex-post facto research approach. The findings indicated that, with a correlation coefficient of -0.3815, board size had no significant effect on return on assets (ROA) of these companies. Similarly, there was no substantial correlation between board independence and ROA (0.32753) and -0.3904 between board meetings and ROA. The alignment of independent directors and non-independent is recommended as a top priority for consumer products companies in terms of diversity and skill. A company's board monitoring processes should be strengthened, and board independence should not inhibit industry-specific knowledge. To retain independence and foster industry expertise, organizations should use strong audit committees and reporting systems. Quality rather than quantity should be the main concern of board meetings.

Using a descriptive and ex-post study approach, Ayunku and Timipere (2020) evaluate actual earnings management and its effect on dividend distribution in non-financial firms in Nigeria. Between 2015 and 2018, data from 35 non-financial institutions that were cited were evaluated using a correlation matrix and descriptive statistics. According to agency theory, abnormal output and cash flow from operations had no discernible impact on dividend distribution during the study period. Even though the goal of corporate contracting is to balance the incentives of principals and agents, agency problems remain since defective contracts might result in manipulation of reporting and changes to shareholder returns. The study has certain drawbacks, though, including a narrow emphasis on the non-financial sector and a limitedly representative sample.

The ownership identity and dividend pay-out of Nigerian financial sector were investigated by Triushi *et al.,* in 2023. Regression analysis was done on the annual data of banks listed in the Nigerian Exchange Group. The study's factors include foreign ownership, managerial ownership, and institutional concentration. The study's findings showed that foreign ownership and institutional concentration had a favorable and substantial influence on dividend policy. On the other hand, management ownership significantly and negatively affects dividend policy. The study indicates that management ownership will inhibit dividend payment of deposit money institutions in Nigeria.

The association between the volatility of Nigerian share prices and several corporate governance systems—such as the size of the audit committee, ownership concentration, management ownership, and board independence—was examined by Ogbeide and Evbayiro-Osagie (2019). The research employed yearly data from twenty publicly traded companies between 2010 and 2015. The impact of management ownership on share price volatility was shown to be negative. In light of the discussed theories and empirical evidence, the proposed hypothesis is as follows:

$H0_1$: Board characteristics has no significant positive relationship with dividend pay-out in Nigerian manufacturing firms

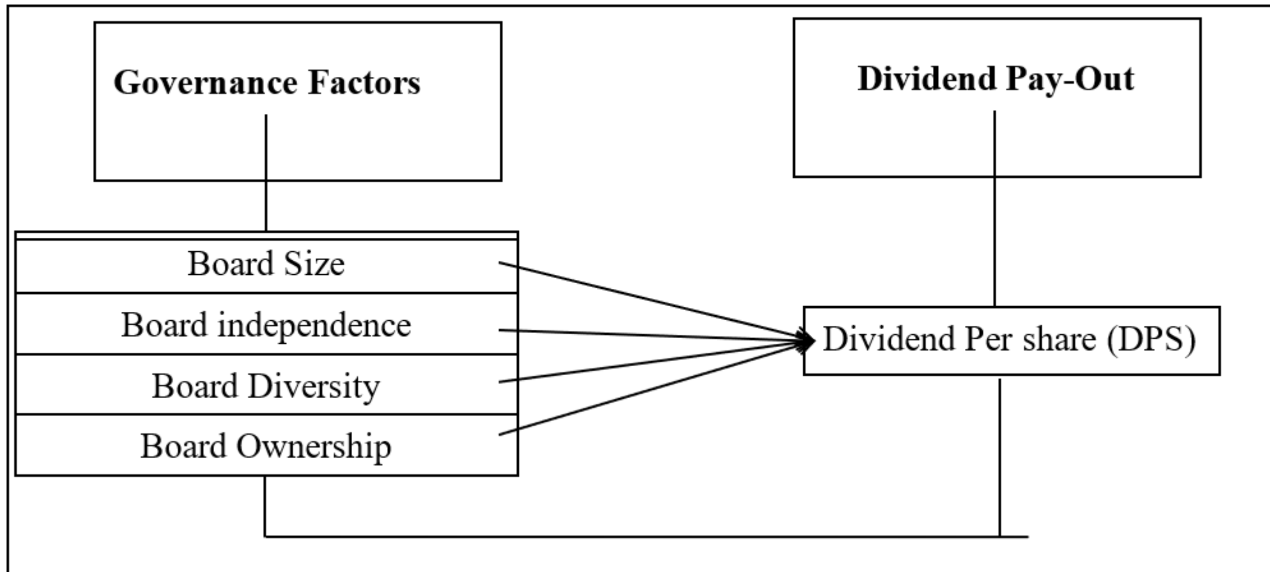

Figure 2.1: Conceptual Framework of the Study
Source: *Researcher's compilation (2024)*

Figure 2.1 illustrates two primary constructs: the predictor variables and the outcome variable. The main predictor variables include board size, board independence, board diversity, and board ownership, serving as proxies for corporate governance, while the outcome variable is represented by dividend per share (DPS), which proxies for dividend payout.

3.0 DATA AND METHODOLOGY

The data for this study were sourced from the annual financial reports of ten (10) publicly listed consumer and industrial goods companies on the Nigerian Exchange Group. The research employed a purposive sampling technique. Time series data covering the period from 2013 to 2022 were utilized, selected based on data availability and relevance to the Nigerian economy. The hypotheses were interrogated using both inferential and descriptive statistical methods, explicitly employing the "panel data regression" approach (Gujuratti & Sangeetha, 2008). The selected variables include board independence (B-Ind), board size (B-Size), board ownership (B-Own), and board diversity (B-Diver) as proxies for corporate governance, while dividend per share (DPS) serves as the indicator for dividend payout.

4.1 Econometric Model Specification

The econometric method applied aligns with standard approaches in the literature for analyzing relationships between variables to forecast future values (Afande & Mbugua, 2015; Jawad, 2013), as expressed in the following equations:

Y (DPS) = f (BInd, BDiver,BSize, BOwn)……….3.1

$DPS = \beta_0 + \beta 1\ BInd_{it} + \beta_2\ BDiver_{it} + \beta 3 BSize_{it} + \beta 4 BOwn_{it} + \varepsilon$……………………………………….3.2

3.6 Variable Definitions and Measurement

Dividend Payout = Represents returns to equity holders, measured as dividend per share or earnings per share.

Board Independence = Proportion of non-executive directors to total board size (%).

Board Size = Total number of directors in a firm, including positions such as Chairman, Vice Chairman, CEO/Managing Director, Executive Directors, and Non-Executive Directors, excluding the Company Secretary.

Board Ownership = Ratio of director-owned shares to the total paid-up capital.

Board Diversity = Ratio of female directors to total board size.

β = Coefficient of parameter
it = Time subscript
ε, μ=Error term

Decision Rule

To accept or reject the null or alternative hypothesis, the following criteria are used:

- Accept H_0 and reject $H_{1\ IF}$ f-statistics (prob) ≥0.05

OR

- Reject H_0 and accept $H_{1\ IF}$ t-statistics (prob)≤ 0.05

A priori specification

The expected signs of the model coefficients are: $\beta_1 > 0$, $\beta_2 > 0$ $\beta_3 < 0$, $\beta_4 < 0$.

4.0 Data Analysis and Interpretation

Table 1: Summarized Descriptive Statistics

	DPS	BSIZE	BOWN	BIND	BDIVER
Mean	5.295845	10.99000	0.088999	0.754231	0.160091
Median	0.543652	10.50000	0.000788	0.773504	0.148352
Maximum	68.19710	19.00000	0.890758	0.944444	0.571429
Minimum	0.000000	4.000000	0.000000	0.400000	0.000000
Std. Dev.	12.33447	3.358977	0.233608	0.129956	0.130805
Skewness	3.442734	0.206397	2.710228	-0.599532	0.544411
Kurtosis	15.35995	2.287722	8.761206	2.650927	3.029805
Jarque-Bera	834.0752	2.823912	260.7202	6.498353	4.943421
Probability	0.000000	0.243666	0.000000	0.038806	0.084440
Sum	529.5845	1099.000	8.899873	75.42314	16.00906
Sum Sq. Dev.	15061.78	1116.990	5.402695	1.671975	1.693894
Observations	100	100	100	100	100

The descriptive statistics provide an overview of the median, mean, maximum, minimum, standard deviation, kurtosis, Jarque-Bera statistic, and probability values for the dataset. Table 1 displays these results for the variables: dividend per share (DPS), board size (BSize), board ownership (BOwn), board independence (BInd), and board diversity (BDiver). For example, DPS has a mean value of 5, with a maximum of 68 and a minimum of 0, suggesting that DPS values for the sampled firms are generally below average. The Jarque-Bera test indicates that, with the exception of board size and board independence, the other variables deviate from normal distribution as evidenced by probability values below the 5percent significance level.

Table 2. Correlation Test Result

	DPS	BSIZE	BOWN	BIND	BDIVER
DPS	1	-0.10030	0.11565	-0.15232	0.05587
BSIZE	-0.10030	1	0.40632	0.37254	0.02437
BOWN	0.11565	0.40632	1	0.26617	-0.01030
BIND	-0.15232	0.37254	0.26617	1	-0.11316
BDIVER	0.05587	0.02437	-0.01030	-0.11316	1

The correlation analysis is conducted prior to regression to identify significant relationships among the variables. The results in Table 2 indicate that BOWN and BDIVER show a weak positive relationship with DPS (11% and 6%, respectively), while BSIZE and BIND display a weak negative relationship with DPS (-10% and -15%, respectively).

Table 3: Panel Regressions Results

Variables	**Fixed Effect Model**			**Random Effect Model**		
Criterion variable:	**DPS**			**DPS**		
	Coefficient	(t-statistics)	P value	Coefficient	t-statistics	p- value
Constant	-4.609792	-0.644386	0.5210	-2.910682	-0.361671	0.7184
BSIZE	-0.078729	-0.182909	0.1304	-0.132715	-0.320977	0.7489
BIND	14.52022	2.009128	0.0477	12.86820	1.807127	0.0739
BDIVER	-4.927654	-0.573713	0.5677	-4.064407	-0.489143	0.6259
BOWN	6.833107	1.479961	0.1425	6.855555	1.519727	0.1319
R^2	0.762577			0.062028		
R^2adjusted	0.726687			0.022535		
F- Statistic	21.24790			1.570589		
Prob(F-stat)	0.000000			0.188456		
Durbin-Watson Stat.	1.160644			1.066200		

***Source**: Extracts from Appendix*

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Table 4: Hausman Test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.201938	4	0.6987

The Hausman test result supports the fixed effect model as the more appropriate estimation method, indicating that "the random effect model" is not significant at the 0.05 level. Thus, the fixed effect model is adopted for the study, forming the basis for subsequent discussions, conclusions, and policy implications.

Therefore, the panel regression analysis presented in Table 3 compares the random and fixed effect models. The outcome indicate that under the fixed effect model, the R^2 is 0.76 and the adjusted R^2 is 0.73, indicating that 73% of the variance in the dependent variable (DPS) is explained by the independent variables. The Durbin-Watson statistic of 1.16 suggests that there is no first-order autocorrelation, and the F-statistic of 21.25 with a probability value of 0.000 indicates that the overall model is significant at the 5% level.

Similarly, at the 0.05 significant level, the F-statistics figure is 21.25. Therefore, the overall variables are significant at 5percent level using the F-statistics as the coefficient of determination. Given that the F statistic is 21.25, this suggests that the model is significant overall. Hence, the null hypothesis is rejected and we infer that there is a significant overall link between board qualities and dividend pay-out policy since the F-statistics probability value is 0.0000 which is less than 0.05 significant level. Therefore, we accept the alternative hypothesis and reject the null. For the measure of autocorrelation, the Durbin-Watson statistical rule of thumb is larger than R2 (1.06620>0.7625). This suggests that first-order autocorrelation is not present.

At the individual level, only board independence variable has positive significant relationship the criterion variable, despite the fact that the t-statistics of the board ownership variables also show a positive correlation. At the 0.05 level, BSIZE and BDIVER have a negative, non-significant association with the criterion variable. Nonetheless, there is a considerable positive correlation between the dependent variable and the aggregate predicting variables.

4.2 Test of hypotheses

$H0_1$: Board characteristics have no significant relationship with dividend payout in Nigerian manufacturing firms

Based on our analysis, the null hypothesis is rejected, affirming a significant association between board characteristics and DPS for the sampled firms.

4.3 DISCUSSION OF FINDINGS

The analysis shows a substantial association between board characteristics and dividend payout policy of the sampled companies. Amongst the selected variables, it is only board independence variable that is positively significant in driving dividend policy. While the increase of board size and board diversity may lead to corresponding inverse effect on dividend policy but the effect may not be significant. This is because the higher the numbers board members, the more difficult it is to make dividend policy decision. This is also the case with board diversity because the increase in board diversity may lead to more dividend policy decision process. These findings align with previous studies (Abdurrozaq *et al.,* 2024; Fama & Jensen, 1983), which observed significant positive correlations between governance variables and dividend outcomes. The conclusion therefore, is that board characteristics dimensions have substantial influence on dividend pay-out in Nigerian non-financial firms.

5.1 CONCLUSION AND POLICY IMPLICATION

The study looked at that board characteristics such as board size, board independence, board ownership, and board diversity can significantly affect dividend payout for the ten (10) sampled Nigerian manufacturing firms from 2013-2022. However, board independence plays a pivotal role in dividend decisions, indicating that the more independent the boards of the firms are; the more likely they are to make pay dividend to their shareholders. These findings suggest that while board characteristics are important for firms' dividend outcome, board independence is more critical in determining dividend policies within the manufacturing sector in Nigeria based on the selected variables. Therefore, we recommend that the firms should strengthen corporate governance practices by prioritizing robust leadership through transparency and preservation of shareholders' interests. Secondly, regulatory bodies should enforce compliance with corporate governance codes in order to foster accountability and trust in the sector. Thirdly, board independence should be enhanced toward maintaining oversight objectives so as to build shareholder confidence. Policymakers should as well continue to provide supportive regulatory framework to encourage firms to adopt good corporate governance practices, which are essential for long-term sustainability and shareholder protection.

5.3 Limitation of the study

The research is limited to the consumer goods sector in Nigeria and considers only ten years of data (2013-2022) for ten (10) firms, potentially overlooking economic fluctuations. Future studies could expand the sample and include additional variables such as earnings per share and dividend yield for a more comprehensive analysis.

5.4 Contribution to Knowledge

This study provides empirical evidence on the relationship between board characteristics and dividend policy in Nigerian manufacturing firms, enhancing understanding of corporate governance's impact on financial performance in emerging markets.

5.5 Suggestions for Further Research

Future research could expand the sample size to include diverse sectors, incorporate additional governance variables, and conduct comparative analyses with firms in other emerging markets to identify similarities and differences in governance practices and their influence on dividend policies.

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