

EFFECT OF DIVIDEND POLICY ON FIRMS' PERFORMANCE OF LISTED OIL AND GAS FIRMS IN NIGERIA

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ABSTRACT

The objective of dividend policy is to determine the allocation of the company's current profits between retained earnings and shareholder payouts. In this context, the study investigated the impact of dividend policies on the business performance of listed oil and gas companies in Nigeria. Specifically, the study aimed to assess the influence of return on asset (ROA), dividend payout ratio (DPR), earnings per share (EPS), and dividend per share (DPS). Employing a correlational research design, the sample size consisted of seven out of the ten oil and gas companies listed on the Nigerian Exchange Group as of December 31, 2022, selected through purposive sampling procedures. Data spanning a decade (2013 to 2022) were extracted from the annual reports and accounts of these seven listed companies. The Ordinary Least Squares (OLS) linear regression model was applied to analyze the data using STATA 13 software. The study's findings revealed a cumulative R² of 0.0859, indicating that 8% of the variance in the financial performance of listed oil and gas companies could be attributed to the overall contribution of the independent variables. The study suggested that the return on assets of listed oil and gas companies in Nigeria is negatively influenced by dividend per share (DPS), though not significantly. Additionally, it found a significant positive impact of earnings per share (EPS) on the return on assets. The analysis also indicated a negligible negative impact of the Dividend Payout Ratio (DPR) on the return on assets. Based on the study's recommendations, the management of listed oil and gas companies in Nigeria should focus on enhancing managerial techniques and exploring strategies for optimal resource utilization to maximize returns. Moreover, the study suggests that continuously increasing the dividend payment ratio would signify financial soundness, thereby maximizing shareholder wealth and firm value for listed oil and gas companies in Nigeria.

Keywords: Return on Asset, Earning per Share, Dividend Policy, Dividend Payout Ratio, and Dividend Per Share

INTRODUCTION

Dividend policy choices include whether to distribute profits as dividends or keep them in the form of cash or shares to be used for future company ventures (Ebireet al., 2022). Ugah and Oliver (2015) stated that paying dividends to shareholders is a basic expectation of corporate organizations, and as such, it is one of the most significant business decisions. The ability of a business to gradually raise dividend payments over time reveals information about how management views the company's current and future prospects.

There are several ways to interpret financial success and various metrics to gauge a company's effectiveness. Management can access the financial outcomes of business goals and objectives by

evaluating a company's financial performance (Ebire et al., 2022). Different academics have given different definitions of performance. Rahel and Serkalem (2023) defined performance in terms of profitability, which is a financial objective of every company that is utilized to grow the business or act as a buffer for future sluggish times. According to their theory, a company's profitability also serves to secure its solvency, allowing owners to make investments in the future. Businesses can fail if they experience losses and become insolvent, and profit is typically only realized when a corporation runs efficiently.

Since a company's profitability is its primary concern. In order to receive a return on their investment, investors from all over the world participate in businesses, whether they be corporations, partnerships, or single proprietorships. Owners of small and medium-sized enterprises have either direct or indirect control over how their company is run. They bear some of the liability for the gains and losses. On the other hand, in the case of major organizations such as public limited Liability organizations.

Since crude oil was discovered in Nigeria, it has made a significant contribution to the country's economy and to the income of other parties involved, including the government. Oladipupo (2017) stated that the government receives 80% of Nigeria's energy earnings, with the remaining 4% going to investors. It is important to remember that these revenue amounts to total billions of dollars. The petroleum sector has drawn investors over time, including both domestic and international explorers, who have profited handsomely from the rising price and growing demand for crude oil. Over time, investors in the petroleum industry have included both foreign and domestic explorers, who have reaped significant rewards from the rising cost and expanding demand for crude oil.

The responsibility falls on managers to select optimal investments for the company and ensure the maximization of shareholder wealth. This achievement is feasible when businesses generate sufficient revenue and judiciously assess the allocation between returning profits to shareholders and reinvesting in the company. Dividends represent the funds distributed to shareholders, constituting a percentage of their stock holdings. Mukora (2014) asserts that businesses are not obligated to declare dividends, and those that opt to do so retain the flexibility to modify the payout amount.

Huge number of studies on dividend policy and company performance in Nigeria are largely on factors, service industry such as financial and nonfinancial institutions, manufacturing sector (Adelegan et al., 2015); (Kajola et al., 2015).The impact of dividend policy, as measured by dividend payout ratio, dividend yield, and earnings per share, on the performance of oil and gas companies in Nigeria has been the subject of relatively few studies, such as those by Ubeisi et al. (2020) and Williams and Duro (2017).Research has shown that developed economies such as the United States, the United Kingdom, Australia, Canada, and the Republic of Ireland are the sites of the majority of studies on dividend policy (Alford et al., 2023; Kumar and Tsetsekos, 2021). Therefore, the present study is usually targeted at examining the effect of dividend policy on firm financial performance like dividend per share, earning per share, dividend payout ratio, and dividend yield on return on asset of listed oil and gas enterprises in Nigeria. To the best of the researchers' knowledge, this study is among the first to examine dividend policy in the Nigerian setting using this combination of factors.

Some research questions that arose during the course of this study are listed below:(i) Does the financial performance of Nigerian listed oil and gas companies benefit from dividends per share?(ii) How much does the financial performance of Nigerian listed oil and gas companies depend on earnings per share?(iii) How does the type of dividend payment ratio affect the oil and gas companies that are listed in Nigeria in terms of their financial performance?

Examining the impact of dividend policy on the performance of listed oil and gas companies in Nigeria is the primary goal of this research. With regard to listed oil and gas firms in Nigeria, the study specifically aims to: (i) investigate the impact of dividend payout ratio on return on asset; (ii) analyze the impact of earnings per share on return on asset; and (iii) investigate the effect of dividend per share on return on asset.

REVIEW OF RELATED LITERATURE

Concept of Dividend Policy

Frankfurter and Wood (2016) describe the dividend as an allocation of profits to shareholders following the subtraction of tax and fixed interest obligations on loan capital. According to Uwuigbe et al. (2012), it is a compensation payment made to equity stockholders for the time and investment risks they have taken. Pandey (2022) observed that dividends constitute a portion of a company's net earnings recommended by directors for distribution to shareholders based on their ownership stakes in the company. This is commonly represented as a predetermined amount per share or as a percentage of the nominal value of ordinary share capital.

A dividend is a recurring cash payment that companies give to investors who own either common or preferred shares, according to (William & Scott,2023). Dividend is also known as a return on investment, it is the observable benefit that investors in a corporation receive in exchange for their capital (Macel & Maria 2020). Similar to this, Eriki and Okafor (2023) defined a dividend as the payout made to a shareholder for their investment in buying a specific company's stock. Conversely, Baker and Powell (2023) stated that dividend payments are a byproduct of profit since they represent a company's board of directors' decision to distribute a portion of its profit to shareholders.

Concept of Dividend per Share

The dividend per share, abbreviated as DPS, refers to the complete reported profit allocated to each common share issued. This figure is calculated by dividing the total earnings distributed over a full year by the number of outstanding ordinary shares issued (Nagendra et al. 2018). Generally speaking, dividends per share are accessible on quote pages as the profit paid in the most recent quarter, which is then utilized to calculate the profit yield. For a proper DPS computation, including between-time earnings, the entire year's profits (apart from any unique gains) must be included. Hashim et al. (2022) state that there are several explanations for why businesses give dividends. Either way, it might be a means of lowering investor uncertainty or the increase in agency costs between management and shareholders

Concept of Earnings per Share

Rashidul et al. (2021) outlined that earnings per share (EPS), represents the portion of a company's earnings assigned to each share of common stock after accounting for taxes and preferred stock distributions. To calculate EPS, one can divide the total number of outstanding shares during a specific reporting period—typically quarterly or annually—by the net income generated in that period. Since the number of outstanding shares may fluctuate, a weighted average is often employed (Bashir, 2016). Fahmi (2012) further elucidates that EPS is a method of distributing profits to shareholders for each share owned, achieved by dividing earnings per share by the total number of existing shares.

Concept of Dividend Payout Ratio

According to Enekwe et al. (2015), the dividend payout ratio is a cash inflow statistic that displays the proportion of net income that a company distributes as dividends to its shareholders. Businesses have three options for allocating their profits: returning all profits to shareholders, reinvesting a portion in

marginal net present value initiatives, or keeping a portion as retained earnings. The dividend payout ratio displays the section of profits the company chose to keep and use for funding operations and the segment of profits that is delivered to its shareholders (Marcel & Maria, 2020). Gill et al. (2020) observed that the percentage of the overall residual profit that is given to shareholders in the form of dividends can be used to gauge the dividend distribution.

Concept of Financial Performance

A company's ability to manage its resources effectively and efficiently in order to maintain operations, grow the business, and increase shareholder wealth is measured by its financial performance (Olayemi & Fakayode, 2021). It encompasses a subset of organizational effectiveness that addresses operational and financial outcomes and also refers to a measurement of a business's capacity to create income over a specific time period (Santos & Brito, 2012). According to Suleiman (2019), a company's performance is determined by how well it assesses or plans to achieve its goals and objectives. An inferential indicator of a company's ability to earn revenue from its business operations is its financial performance. Horn (2005) noted that financial performance serves as a subjective gauge of a company's capacity to generate profits by leveraging resources within its primary business operations.

Theoretical Review

Theory of Agency

Jensen and Meckling introduced the agency theory in 1976, which posits that agents bear the responsibility of efficiently managing the company's profits on behalf of shareholders. According to this theory, dividend policy is influenced by agency costs arising from the separation of ownership and control. The genesis of agency theory lies in principals monitoring agents' actions to ensure the maximization of shareholders' wealth. In order to lower agency costs, companies give dividends to their shareholders. Since this decreases the amount of cash accessible to agents, it prevents them from misusing it. It is possible that managers will occasionally select for a dividend policy that optimizes their own gains above one that maximizes value for shareholders. Hence, distributing dividends in a way that lowers the managers' free cash flows would guarantee that managers optimize shareholder wealth as opposed to misusing the money for personal gain (DeAngelo et al., 2016).

Theory of the Bird-in-Hand

Gordon and Lintner (1962) proposed the "Bird in Hand" argument, which maintained that external shareholders would rather see a larger dividend payment. The majority of investors, according to a survey Amidu (2017), prefer dividends over capital gains because the former is less risky and is payable in the future. A dividend now is more appealing to investors than a highly speculative capital gain from an uncertain future investment. Previous investigations indicated that the "Bird in Hand" theory fails in a complete and perfect market with investors who operate according to conceptions of rational behavior (Miller & Modigliani, 1958); (Fahmi, 2012).

Theory Pertinent to the Investigation

The foundation of this research is the Bird in hand theory. This idea was further reinforced by Gordon (1962), who claimed that because capital gains and future dividends are more uncertain, investors are more concerned with their returns and would rather receive dividends now. Al-Malkawi (2007) provided support for this view, stating that because of the significant degree of uncertainty involved, investors value dividends higher than retained earnings. A good explanation for this is that because investing involves some degree of risk, investors are only ready to guarantee a portion of their capital.

Bird-in-hand argument, obtaining cash dividends promptly serves to mitigate the risk linked to the uncertainty of future capital gains (deferred income). Consequently, investors are more likely to invest in companies that consistently distribute dividends, rather than those retaining a significant portion of their earnings for future growth and development.

Empirical Review

Ezehet *et al.* (2022) analyzed the key factors of dividend policies of oil and gas corporations in Nigeria. The main goal of the research was to determine how the dividend payout ratio of listed oil and gas firms in Nigeria is strongly impacted by factors such as earnings, liquidity, the status of the economy, and total assets of the companies. We chose ten publicly traded oil and gas firms, and we collected secondary data from their 2010–2020 financial statements. Other post-estimation methods, like the Hausman test, were utilized to choose between the fixed and random effect panel regression that was the best fit for the study after the data were estimated using fixed effect and random effect regression analysis. As a result, the results of the fixed effect regression demonstrated that the dividend payout ratio was positively impacted by both earnings and the status of the economy. The report made several recommendations, one of which was that Nigerian oil and gas companies should develop and manage their entire asset base in an effective and efficient manner, since this would dictate and impact their choices regarding dividend policy. The data were examined using the proper statistical analysis methods in the study.

Ahmed *et al.* (2022) conducted an investigation into the correlation between dividend policy and financial performance within the listed companies of Ghana. The study controlled for various factors, including firm age, size, capital structure, governance, and the financial sector clean-up. Utilizing data spanning from 2015 to 2019, the researchers applied the system dynamic general method of moments (GMM) estimate technique. In the midst of financial sector reforms and clean-ups, the study introduced novel proxies for dividend policy, specifically dividend capacity and free cash flow savings, alongside the traditional dividend payout, to evaluate their impact on firm performance. The results indicated a negative influence of dividend payout on owners' wealth during crisis periods. In contrast, free cash flow savings and dividend capacity exhibited positive correlations with company performance. Noteworthy was the study's observation that the financial sector clean-ups adversely impacted the performance of non-financial enterprises. To accommodate diverse investor preferences, the study recommended maintaining a balance between dividend payments and free cash flow savings. The research employed suitable statistical analysis methods for data examination. However, it is important to acknowledge that the study concluded in 2022, and revising it to incorporate current economic trends in Nigeria is advisable.

Sunday *et al.* (2022) conducted a study to investigate the effect of corporate social responsibility (CSR) on the earnings per share (EPS) of Nigerian oil and gas companies. Employing an ex-post facto study design, the research spanned a decade and centered on eight oil and gas firms. The study adopted a total enumeration sampling technique, and the data analysis encompassed both descriptive and inferential statistics. The study's outcomes indicated that corporate social responsibility had no significant impact on the earnings per share (Adj R² = 0.2579, F-Stat = 3.34, p = 0.1885) of oil and gas companies in Nigeria. Consequently, the study concluded that CSR activities do not exert a significant influence on the earnings per share of Nigerian oil and gas firms. In order to enhance transparency, the study recommended the implementation of regulations mandating oil and gas corporations to include information about their corporate social responsibility in their annual reports. However, it is crucial to note that the study was conducted in a different context outside Nigeria in the past, and due to environmental variations, its applicability on a broader scale may be limited.

Gap in Literature

According to Akinyomi (2020), the global financial crisis severely damaged investor confidence, which in turn had an impact on the stock market performance and earnings of numerous companies, ultimately resulting in a number of corporate collapses. This will provide insight for potential investors, enabling them to assess the business and make informed decisions based on the available data. A less-than-ideal capital market where resources are misapplied, investors miss out on better chances, and resources are invested in irrational ventures can arise when financial data is unable to adequately reflect business and economic realities. (Adesola & Okwong, 2017). Debates concerning the relationship between a company's profitability and dividend policy, the appropriateness of paying high or low dividends, and the proportion of profit that should be invested versus retained by the company have all been the subject of numerous studies on dividend policy (Marcel & Maria 2020; Enekwe et al. 2015).

Numerous studies on dividend policy and company performance in Nigeria have predominantly focused on factors in various sectors, such as financial and nonfinancial institutions, and the manufacturing sector (Adelegan et al., 2015; Kajola et al., 2015). However, limited attention has been given to exploring the impact of dividend policy, measured through variables like dividend payout ratio, dividend yield, and earnings per share, on the performance of oil and gas companies in Nigeria. Notable exceptions include studies by Ubeisi et al. (2020) and Williams & Duro (2017). Existing research reveals that the majority of dividend policy studies are concentrated in developed economies like the United States, the United Kingdom, Australia, Canada, and the Republic of Ireland (Alford et al., 2023; Kumar and Tsetsekos, 2021). Thus, this study aims to fill a gap by investigating the effect of dividend policy, specifically focusing on dividend per share, earning per share, dividend payout ratio, and dividend yield, on the return on assets of listed oil and gas enterprises in Nigeria. To the researchers' knowledge, this study is among the first to examine dividend policy in the Nigerian context using this combination of factors.

METHODOLOGY

This study adopted a correlational research strategy to elucidate the statistical relationships among variables. Given its suitability for testing anticipated links between variables and formulating predictions, this approach was deemed most appropriate. The data were derived from the annual reports of ten (10) oil and gas companies listed on the Nigeria Exchange Group (NGX) before January 1, 2021, and active until December 31, 2022, covering a ten-year period from 2013 to 2022. Purposive sampling was employed to select a sample of seven (7) oil and gas companies listed on the Nigerian exchange group and actively trading throughout 2021 and 2022, with available annual data.

The study utilized the panel regression technique for data analysis, given the panel form of the data and the study's objective to determine the influence of independent and dependent variables, aligning with the suitability of the panel regression technique (Afolayan, 2015). To ensure the validity and reliability of statistical conclusions drawn from the study's findings, various analyses were conducted, including testing for multicollinearity using the variance inflation factor (VIF) and tolerance value, descriptive statistics, correlational analysis, and linear regression. STATA version 13 software was employed for these analyses.

The model's specifications

The study's goal served as the foundation for the model specifications for this project. The relationship between dividend policy and financial success was measured by the model. The following is the construction of the linear regression and mathematical function models:

Functionally, $ROA = f(DPS, EPS, DPR)$

As illustrated above, return on asset, dividend per share, earning per share, and dividend payout ratio.

MODEL: $ROA_{it} = \alpha + \beta_1DPS_{it} + \beta_2EPS_{it} + \beta_3DPR_{it} + \epsilon_{it}$

Where:

Return on Asset, or ROA

α = intercept/constant

Dividend per share, or DPS

Earnings per share, or EPS

DPR = Dividend payout ratio

at time t, it = Firm i

ϵ is the error term.

A, B, and C represent the parameters.

Variable Measurement

The return on asset, dividend payout ratio, earning per share, and return on asset are the elements that are taken into account. The variable measurement is displayed in Table 1.

Table 1

Variable Name	Type	Variable Measurement and Justification
Return on asset (ROA)	Dependent	determined by dividing post-tax profit by (Ubesieet. <i>al.</i> , 2020)
Payout amount per share (DPS)	Independent	Measured by dividing the total dividend paid to equity holders by the total number of outstanding equity shares.(Egolum, 2021)
Per share earnings (EPS)	Independent	Measured by dividing the total number of shares issued by the profit after taxes(Bashir, 2016).
Dividend Payout Ratio (DPR)	Independent	calculated by dividing earnings per share by the dividend per share(Ubesieet. <i>al.</i> , 2020)

DATA ANALYSIS AND DISCUSSION OF FINDINGS

Descriptive Statistics

Table 2: Synopsis of the Whole Data Set's Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
roa70	.0206046	.2504913	-.99552541	.510478	
dps	70	.0082597	.0171097	0	.1045143
eps	70	.0145173	.0414802	-.0805474	.2156408
dpr	70	1.1968536	.177284-6	.70816646	.2395

Source: STATA 13 program used by researchers for computation

Descriptive statistics revealed that during the investigation period, dividend policy as determined by dividend per share (DPS), the dividend payout ratio (DPR) and earnings per share (EPS) are both rising mean value which ranges from 0.0082597 for 0.0145173 for profits per share (EPS) as well as 1.196853 for dividend payout ratio (DPR). The detail of the descriptive analysis is discussed below.

Table 2 shows that the minimum value of the return on asset (ROA) is -.9955254, a maximum amount of 1.510478, and an average value of .0206046 which is between the lowest and maximum numbers, showing a decent distribution across the time under study. Additionally, the table revealed that the standard deviation of ROA is .2504913 which exceeds the mean, which implied that during the reviewed time, it had significant growth.

Table Two additionally showed that dividend per share (DPS) possesses a minimum of 0, a maximum amount of .1045143, and an average value of .0082597 which, when placed between the lowest and greatest numbers, shows a healthy dispersion during the time period under study. Additionally, the table that DPS possesses a standard deviation of 0.171097 which exceeds the mean, which implied that during the time under study, it had significant growth.

According to Table 2, the earnings per share (EPS) ranges from a low of -.805474 to a maximum of .2156408, with a mean value of .145173. These values are within the ranges of the minimum and maximum, suggesting a good distribution throughout the study period. The table also showed that EPS experienced high growth over the time under consideration, with a standard deviation of .414802, which is greater than the norm.

Furthermore, Table 2 demonstrates that the dividend payout ratio (DPR) has a mean value of 1.196853, which is within the minimum and maximum values, indicating a good spread for the period under study, and a minimum value of -.708166, a high value of 46.2395. Additionally, the data showed that DPR had a standard deviation of 6.177284, which is higher than the mean and suggests that it experienced rapid growth throughout the period under consideration.

Pearson Correlation

Table 3: The Pearson correlation matrix for the data set is displayed below, illustrating the strength of the relationships between the variables.

Return on Assets	DPS	EPS	DPR
roa	1.0000		
dps	0.0532	1.0000	
eps	0.2750	0.4645	1.0000
dpr	0.0116	0.3082	-0.0361

Source: STATA 13 program used by researchers for computation

The correlation matrix is employed to evaluate the degree of association between the proxies of an independent variable and the dependent variable. It not only serves this purpose but also helps in identifying potential multicollinearity issues by revealing relationships among the proxies of the independent variables. Table 4.2's findings indicate a significant positive and weak association of 5% (correlation coefficient: 0.0532 at the 1% level of significance) between the return on asset (ROA) and dividend per share (DPS) of oil and gas corporations in Nigeria. Additionally, the data unveils a weak but approximately 27% positive association between earnings per share (EPS) and return on asset (ROA) of deposit money banks in Nigeria, as indicated by the significant correlation coefficient of 0.2750 at the 1% level of significance. Furthermore, the correlation coefficient of 0.0116, significant at the 1% level, suggests a 1% positive and weak correlation between return on asset (ROA) and dividend per share (DPS) of deposit money banks in Nigeria. In conclusion, the observed connections between the proxies of independent variables themselves are mild.

4 Linear Regression Model

Table 4: Regression Model

Variables	Coefficient	T-values	p-values
_cons	.0029989	0.09	0.928
DPS	-1.75936	-0.84	0.403
EPS	2.010988	2.45	0.017
DPR	.0024594	0.48	0.633
R-Squared	0.0859		
Adj R-squared	0.0443		
Probability> F	0.1130		

Source: STATA 13 program used by researchers for computation

The results of the linear regression analysis are presented in Table 4. The coefficient of determination, R-square, illustrates the extent to which independent factors influence the dependent variable. In this case, the R-square value is 0.0859, indicating that 8% of the fluctuations in the dependent variable are explained by the independent variables.

A more conservative approach to assessing the coefficient of determination, especially when it is less than 50%, involves considering the modified R-square. In this instance, the modified R-square value indicates that the independent variables account for only 8% of the variability in the dependent variable, leaving 92% unexplained. This suggests that dividend payout ratio (DPR), earnings per share (EPS), and dividend per share (DPS) collectively contribute minimally to determining the return on asset (ROA) of listed oil and gas businesses in Nigeria. Variations in ROA are likely influenced by factors not considered in this study. Furthermore, the Adj R-squared value of 0.0443 with a P-value of 0.0040 suggests that the model is suitable for the research. Substituting the variable coefficients into the regression equation yields the following results:

$$\text{ROA} = .0029989 - 1.75936\text{DPS} + 2.010988\text{EPS} + .0024594 \text{ DPR}$$

Dividend per share (DPS) has an insignificant coefficient of -1.75936 and a p-value of 0.403, as Table 4 demonstrates. This suggests that DPS has a small but detrimental impact on Nigerian oil and gas companies. This is also consistent with the descriptive statistics that demonstrated that, on average, oil and gas companies pay a lower dividend per share, with some paying as little as 0%. The outcome also revealed that management rarely takes the firm's dividend per share into account when making choices about financial success. Additionally, Table 4.4 demonstrates that earnings per share (EPS) have a

significant coefficient of 2.010988 and p-value of 0.017. This shows that the return on assets of listed oil and gas companies in Nigeria is being positively and significantly impacted by EPS.

Additionally, the outcome demonstrated the statistical significance of the dividend payout ratio (DPR), which has a p-value of 0.633 and a coefficient of 0.0024594. This demonstrated that listed Nigerian oil and gas companies' financial performance is positively yet significantly impacted by the DPR. This indicates that DPR has a big impact on the bottom line. This could be because the management of the oil and gas companies in Nigeria takes the firm's financial performance into account when determining the dividend distribution ratio.

Analysis of the Results

Financial Performance and Dividend Per Share

The results of this study showed that the return on assets of listed oil and gas companies in Nigeria is negatively impacted by dividend per share (DPS), albeit not significantly. This shown that in Nigerian listed oil and gas companies, a rise in dividend per share would result in a -1.75936 increase in return on asset. This result is consistent with Rahman's (2018) findings as well. It contradicts, nevertheless, the results of Ubesie et al. (2020), who discovered a bad correlation between dividend per share and financial performance.

Financial Performance and Earnings Per Share

The study also indicated that earnings per share (EPS) have a considerable beneficial impact on the return on assets of listed oil and gas enterprises in Nigeria. This shown that in listed oil and gas companies in Nigeria, a rise in earnings per share will result in an increase in return on assets of 2.010988. This result is consistent with that of (Egbeonu and Edori, 2016); (Rahman, 2018); and (Ubesie et al., 2020), who discovered a substantial and positive correlation between financial performance and earnings per share.

Payout ratio for dividends and financial performance

The results of this study showed that the return on assets of listed oil and gas companies in Nigeria is positively impacted by the dividend payout ratio (DPR), albeit not significantly. This revealed that an increase in the dividend payment ratio will decrease the return on assets of listed oil and gas corporations in Nigeria. The dividend payout ratio of 0.0024594 has a marginally favorable effect on the return on assets of Nigerian listed oil and gas companies. This result also contradicts the work by Ijaiya et al. (2013) and is consistent with the findings of Enekwe et al. (2015), Marcel & Maria (2020), and others.

CONCLUSION AND RECOMMENDATIONS

The study came to the conclusion that dividend per share had a negligible detrimental effect on the return on assets of listed oil and gas companies in Nigeria based on its main results. This suggested that a rise in the dividend per share will result in a rise in the return on asset for Nigerian listed oil and gas companies. The study also shows that the return on assets of listed oil and gas companies in Nigeria is significantly positively impacted by earnings per share. This suggests that the return on assets of Nigerian listed oil and gas companies will rise in response to an increase in earnings per share.

However, there is a negative substantial correlation between return on asset and dividend payment ratio. Therefore, a rise in the dividend payout ratio will result in a fall in the return on assets for Nigeria's

listed oil and gas companies. Therefore, it follows that Nigerian oil and gas companies will see strong financial results during a time when their earnings per share and dividend per share rise. However, if the dividend payout ratio is raised at the expense of other ratios examined, they will do far worse.

After conducting this study and analyzing the data gathered, the researcher suggests that the management of Nigerian listed oil and gas companies take the following suggestions into consideration:

- i. Nigerian listed oil and gas companies' management should focus on improving their managerial techniques and come up with ideas for better resource use for maximum return.
- ii. In order to boost financial performance, management of Nigerian listed oil and gas companies should implement a successful dividend policy.
- iii. In order to maximize shareholder wealth and firm value, management of Nigerian listed oil and gas companies should aim to steadily raise the dividend payout ratio since it indicates the company's sound financial standing.

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