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IMPACT OF DIVIDEND POLICY ON FIRM PERFORMANCE IN THE FOOD AND BEVERAGE INDUSTRY

Comparison between Nigeria and Finland

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The research focused on examining the impact of dividend policy on the performance of food and beverage industry within emerging and developed markets using Nigeria and Finland as a case study. The study recognizes dividends as an earning issued by the firm to the shareholders of a company. They are often acknowledged at the annual general meetings of the firm with a higher dividend serving as a point of attraction for more shareholders to the firm.

The dividends cannot function effectively without creating a policy with the intention of managing the funds given to the investors and the capital that is kept by the firm for further investment. The study examined the impact of dividend policy on firm performance among developed and emerging markets.

The study concludes that there is an impact of dividend policy on the food and beverage industry performance, but a greater impact was experienced in the developed market (Finland) than the emerging market (Nigeria) due to the economic conditions of the emerging market. Also, the factors influencing the creation of dividend policies in both market are different.

Keywords
Dividends policy, Emerging market, Firm performance, Food and Beverage industry
ABSTRACT

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1 INTRODUCTION

The target for most multinational food and beverage companies over the decades are emerging markets with the intention of capturing large market share. This market is targeted because of low competition and readymade buyers do to rapid increase in middle-class population and growth in per capita income. Thus, Nigeria which is an emerging market has been the target and home for major multinational food and beverage companies all over the world including Finland.

Unfortunately, the major source of income for the country is sourced from the oil and gas industry thereby resulting into a neglect of other sectors such as; the manufacturing industry which the food and beverage industry is part of. As a result of the low contribution from the government, most food and beverages firms within the country have developed various means for improving the performance of their firm such as; monitoring their firm cash flow statement, producing a product that is different from other products in the market, creation of strategic groups, creation of dividend policy and many others.

Among the strategy creation of dividend policy has been widely accepted by most food and beverage firms especially those that are operating in developed markets where infrastructures have been put in place to support the use of dividend policies. Divided policy operates on the concept that food and beverage firms require finance from external sources to function effectively. The providers of this finance are then issued dividends as a compensation for their finance but for a smooth sharing of the dividends a policy must be put in place to guarantee free and fair distribution of the dividends.

However, the dividend policy differs from countries to countries with the policies in emerging markets such as Nigeria characterized by fraudulent practices, corruption, and weak enforcement. Against this
background, the aim of this study will be a comparison on the impact of dividend policy on food and beverage industry between emerging and developed countries using Nigeria and Finland as a case study.
2 OVERVIEW OF THE FOOD AND BEVERAGE INDUSTRY

This section presents the overview of the food and beverage industries, strategies employed by them, dividend policy in the food and beverage industry, factors affecting dividing policy with the aim for providing a background for literature supporting the impact of dividend policy in emerging and developed firms.

2.1 Food and beverage industry

Bingilar and Oyadonghan (2014, 12-15) opined that the food and beverage industry developed from the agriculture industry and it can be divided into production and distribution of edible good. Kim, Prescott and Kim (2014,2) and Mennella, Finkbeiner, and Reed (2012) affirmed that the production entails the processing and converting meats, milk, cheese and among others into soft drinks, beverages, packaged foods and many more. While the distribution includes the movement and transporting of the finished product (foods and beverages) to the consumers. Mutunga and Minja (2014, 6-8) submitted that advancement in technology made the production and processing aspect more complex thereby requiring the adoption of some manufacturing concepts which later made the industry shift towards the manufacturing sector.

The food and beverage industry in the manufacturing sector can be classified into beverage, diary, fruits and vegetables, grain, meat, poultry, seafood, confectionery and many others. Sullivan, (2017, 3-4) opined that the industry has witnessed a lot of changes over the decades due to the economic meltdown as people now prefer to make their own meals than purchasing packaged food. This made the food and beverage industries create various innovative ways of increasing their profit margin which includes; cost-cutting, sales promotion, cost leadership and differentiation strategy and using dividend policy to
improve the performance of their firm. (Newbert 2008, 2-4; Mutunga & Minja 2014 and Gschwandtner & Hirsch 2016, 9).

According to Verbeke (2005, 8), Lyly, Roininen, Honkapaa, Poutanen and Lahteenma (2007, 8) and Mennella, et al. (2012, 12) the food and beverage industries also faced another challenge from the demand for health foods thereby forcing the industry to produce lower-calorie foods with the intention of improving their brand as most of the food and beverage firms prefer to be perceived as a healthy brand from the public perspective. Costae (2006, 3) reported that the challenges faced by the food and beverage industry vary from country to country and such the ways used in coping with the challenges will differ across countries.

Duru and Okpe (2015, 15) opined that over the decade's multinational companies especially the food and beverage companies are interested in investing and establishing their brand in emerging markets with the intention of improving their sales and profits. Mutunga and Minja (2014, 12) submitted that the food and beverage companies target the emerging market because of its economic and market opportunities due to the increase in market forces driven by urbanization and rapid increase in middle-class population and growth in per capita income.

However, since 2001, the emerging countries that provided vast opportunities for most beverage multinationals are Brazil, Russia, India, and China popularized with the acronym BRIC (Ivanenko & Lai 2015, 14; and David 2015, 12). De Leon (2016, 25) reported that the boom experienced in BRIC countries as slowed down thereby shifting the concentration of the Multinationals to other emerging economies. Ardita and Francesco (2015, 6) suggested that countries such as Mexico, Indonesia, Nigeria, and Turkey popularized with the acronym MINT are now the new emerging market with promising characteristics for the multinational beverage company. Atsmon, et al. (2012, 15) and Mutunga and
Minja (2014, 6) orated that among all the MINT countries Nigeria which is characterized with unstable policies is surprising that the country is rated as an emerging market.

2.1.1 Food and beverage industry in Nigeria

Food and beverage industry in Nigeria is classified under the manufacturing industry. According to Adelegan (2003, 5), the food and beverage industry in Nigeria is underdeveloped when compared to other developed countries regarding their contribution to the country GDP. Onwioduokit and Nwachukwu (2008) opined that there was a decline in the contribution of the food and beverage industry to the country GDP around 2002 and it also recorded little employment to the country Labour force. Bingilar and Oyadonghan (2014, 15) submitted that the food and beverage sector in the country has not exhibited any significant increase over the past years with the slow growth related to neglect of the sector after the discovery of crude oil, poor management of cash, erratic power supply, among others. Akintoye (2008, 9) submitted that in most developed countries the food and beverage industry is an instrument of rapid growth, structural change, and economic development whereas the food and beverage industry in the country still lacks efficiency.

2.1.2 Food and beverage industry in Finland

Lyly et al. (2007, 2) submitted that the food and beverage industry in Finland is characterized by the manufacturing industry with the industry contributing significantly to the country’s GDP after the recession faced the country in 2008. Holmstrom, et al. (2014, 7) reported that half of the contribution to the GDP was recovered from the manufacturing industry. Booth and Zhou (2017, 5) opined that the food
and beverage industry has had a remarkable effect on the manufacturing industries as they contribute about 10% of the growth to the manufacturing industry.

2.1.3 Strategies used for ensuring performance in food and beverage industry

Bingilar and Oyadonghan (2014) reported that the economy of Nigeria has experienced different reforms with its major contribution to the GDP arising from the oil and gas sector. Eitokpa (2015, 8) asserted that due to the major contribution of oil to the country other GDP sectors have been neglected such as the manufacturing sectors which the food and beverage industry is part of. As a result of the low contribution from the Government, most food and beverages firms within the country have developed various means for improving the performance of their firm. In support of this assertion Nwakego, et al. (2015, 6) avowed that firms engaged in the food and beverage sector within the country have enhanced their performance through monitoring their cash flow statement. Gschwandtner and Hirsch (2016, 17) and Mutunga and Minja (2014, 32) affirmed that some food and beverage firms adopt a combination of cost leadership and differentiation strategies in ensuring the performance of their firm with differentiation strategies implying that the beverage firms produce a good that is different from the market and cost leadership requires the firm should be the cost leader. Other means adopted by the foods and beverage industry for enhancing their performance is the creation of strategic groups as suggested by researchers such as; Balta (2008, 2), Newbert (2008, 3) and Mutunga & Minja (2014,18).

Although all the aforementioned strategy can guarantee the performance of the beverage industry it fails to consider that for the beverage industry to effectively perform they require an external finance. Eya (2016, 23) submitted that external finance for beverage industry is crucial for developing countries including Nigeria it is difficult to have a business venture without encountering cash problems. Adeniran & Alade (2013, 5) and Teryima & Yunusa (2016, 32) confirmed that the food and beverage sector in
Nigeria source for finance from external sources to function effectively. Gschwandtner & Hirsch (2016, 12) and Kawshala & Panditharanthna (2017, 12) avowed that the food industries need more finances because profitability within the food and beverage sector requires a large firm size to reap better profit and more finances.

Nwakego, et al. (2015, 9) suggested finances for the food sector can be obtained from various sources but the most reliable source of finance for the food sector is long-term debt obtained by selling shares to the public. In consideration for the loan obtained from the shareholders the beverage companies issue dividends to their shareholders. Authors such as; Adeniran and Alade (2013, 12) and Priya and Nimalathasan (2013, 16-18) described dividends as an earning issued by the firm to the shareholders of a company and is often acknowledged at the annual general meetings of the firm. Velnampy, Nimalathasan & Kalaiarasi (2014, 12-17) avowed that dividend is a crucial part of a company as it dictates the funds given to the investors and the capitals that are kept by the firm for further investment.

Despite the added advantage of dividends to the growth and performance of the firm, it needs a framework or policy to make it function effectively (Adeniran & Alade 2013, 18). Amidu (2007, 1-2) reported that dividend policy differs from countries to countries with the policies in emerging markets such as Nigeria characterized by fraudulent practices, corruption, and weak enforcement. Against this background, this study conducts a comparison on the impact of dividend policy on food and beverage industry between emerging and developed countries using Nigeria and Finland as a case study.

This study was also borne out of the need of filling the gap on studies relating to food beverage industry performance. Although a significant research has been conducted examining the performance of food and beverage companies Bingilar and Oyadonghan(2014, 12) and Duru and Okpe (2015, 3) examined the impact of cash flow statement performance on food and beverage companies in Nigeria. Eitokpa
(2015, 18) appraised the determinants of financial performance of listed foods and beverages in Nigeria. However, this study was useful as they gave a first-hand insight regarding the performance of the food and beverage industry but they fail to recognize dividend policy as a crucial factor for ensuring the performance of the food and beverage industry. Other studies examined the impact of dividend on firm performance such as; Velnampy, et al. (2014, 7) and Priya and Nimalathasan (2013, 18) but their concentration was in the manufacturing and hotel industry. A very similar study was done by Kawshala and Panditharanthna (2017, 12) when they examined the impact of dividend policy on the corporate profitability of food and beverage industry in Sri Lanka. But the study concentrated on a developed market thus gaps still exist in comparing the impact of dividend policy on food and beverage industry performance between emerging and developed market.

2.2 Concept of dividend policy

Fama and French (2002, 23) reported that profit is the main driver for any business organizations and no organization or firm can exist without making a profit in the long run. Adeniran and Alade (2013, 14) reported that diverse factors affect the profit of a firm and among them is the dividend policy that serves as a control for a managerial opportunism. Agrawal and Jayaraman (2004, 6) affirmed that dividend policy affects a firm profit base when the value of a firm or company is a determinant of its dividend payments.

Akinyomi (2014, 18) avowed that dividend policy cannot exist without dividend which can simply be referred to as distribution of a firm profit among its investors (shareholders). Similarly, Eriki and Okafor (2002, 19) described dividend as the return given to a shareholder due to their investment in acquiring the stock of a particular company. Baker and Kapoor (2015, 9) on the other hand reported that the payment of dividends is a result of profit as dividends is the sharing of a firm profit to its shareholder.
usually decided by the firm’s board of directors. Jabbouri, (2016, 18) provided the factors that affect dividend payment as current and past years profits, the variability of earnings, the growth of earnings and prior years dividends as the significant important factors that affect dividends payment. This implies that dividend can be referred to as sharing of the profits earned by a joint stock company within its shareholders as a compensation for their time and investment risks put into the development of another firm.

Nissim and Ziv (2001, 8) opined that dividend policy can be regarded as a guideline or framework a company use for deciding dividend payments to shareholders. Azhagaiah and Priya (2008, 12) described dividend policy as the tool used for sharing net profits of a company after tax to the shareholders but the major challenge of creating a dividend policy is determining the suitable level of dividend to be paid to the firm shareholders. Baker and Kapoor (2015, 2-4) affirmed that dividend policy can be described as the guideline providing the outline of distribution of cash to shareholders over time. This suggests that the use of policy ensures the consistency in sharing the dividends among the shareholders.

The dynamics of dividend policy continue to be the interest to firm managers, stakeholders, creditors and academicians because of its impact on shareholder’s wealth and the retaining earnings capacity of the firm (DeAngelo, DeAngelo & Skinner 2004, 8 and Grullon, Michaely & Swaminathan 2002). Also, Velnampy et al. (2014, 9) confirmed that the impact of dividend policy on firm performance has gained global attention over the years but there has been no universally accepted company behavior for dividend policies. Likewise, Samuel and Wikes (2005, 8) reported that the behavior of dividend policy is still an arguable issue regarding its effect on firm performance in both developed and developing market.

Although various researchers have attempted to evaluate the dynamics of dividend policy and its impacts on firm performance, Amidu (2007, 13) discovered that dividend policy has a significant positive
relationship between return on assets, equity and growth in sales. Khan, Schwenstiger, Tebogo and Diw (2007, 12) revealed that dividend policy can serve as framework for regulating the conflict between controlling owners and minority shareholders. Sachiro and Raikel (2008, 3) appraised dividend determinants in Denmark, Mesut (2013) appraised the manner Moroccan managers view dividend policy. From all the empirical studies highlighted above it shows that dividend policy can serve as a useful tool for firm performance.

2.3 Determinants of dividend policy

DeAngelo, et al. (2004, 12) reported that most firm dividend policies are governed by the dividend practice in the country. There are other determinants that predict the dividends being paid such as the dividend payout ratio which is a percentage of the net earnings allocated to the shareholders as dividends. The stability of dividends that described the ability of a policy to guarantee the payment of a particular minimum amount of dividend regularly.

Eriki and Okafor (2002, 7) avowed that legal, contractual and internal restrictions determine dividend because they provide a condition in which the dividends must be paid, and such conditions are related to the net profit and capital impairment of a firm. Aadolf and Bokpin (2010, 14-15) uphold that owner’s consideration determines dividend policy because it provides the opportunity to be affected by the consideration of the tax status of the shareholder and their opportunities of investments coupled with a dilution of ownership.

The studies done by (DeAngelo et al., 2004, 12; Al-Kuwari 2009, 16 and Akinyomi 2013, 18) indicated that the degree in which a firm can enter the capital market affects its dividend policy. Assuming a firm has an easy access to the capital market it will adopt a liberal dividend policy and a firm with a limited
admission to the capital market is likely to adopt a low dividend payout ratio and rely on retained earnings as their major source of finance for future growth. Adaoglu (2000, 17) submitted that inflation affects dividend payout in a negative manner because during inflation the fund generated by a firm may not be sufficient to replace old company’s equipment due to increase in prices of goods. Therefore, most firms rely on retained earnings to replace the equipment.

2.4 Factors influencing dividends policy in companies

Tse (2005, 19) stated that the amount a company issues out as dividends differs significantly from each other but the similarity in all the companies is that dividend policy is used to determine how much is distributed among the shareholders. Amidu (2007, 13) and Booth and Zhou (2017, 18) stipulated that dividend policy is important for a firm because the more companies distribute dividends the higher their dividend payout ratio which in return attracts more investors to the company and increases the overall market value of the company.

According to Buchanan, Cao, Liljeblom and Wihrich (2017, 17) the market value of a company is usually determined by the size of dividends paid, the growth rate of the dividends, shareholders required a rate of return. The importance of dividends, therefore, makes it paramount for company directors to take some necessary factors such as statutory regulation, the stability of earnings, market reaction, dividend policy of similar companies and liquidity into consideration when determining dividend policies.

However, researchers such as Azhagaiah and Priya (2008, 6), Jabbouri (2016, 9) and Buchanan, et al. (2017, 20) avowed that there are some specific factors that affect dividend policy which are discussed below;
Liquidity refers to the ability an asset or property can be converted to cash on time. Relating the concept of liquidity to dividend it can be referred to as the process of converting the dividend to be paid to the shareholder in cash. Therefore, if the dividend to be paid to the shareholder will be in cash then there must be cash available to the shareholder. Eitokpa (2015) reported that there is a positive relationship between dividend payout and the cash position of the firm because changes in dividend policy may be related to the alterations of the firm’s liquidity.

Mutunga and Minja (2014, 7) submitted that more risk and uncertainty confronting a company the more likelihood of a reduction in dividend due to a sudden drop in earnings. Also, dividend policy of similar companies affects dividend policy because no firm exists in isolation, but it competes with another firm, therefore, it is necessary for a firm to study the trend in their industry to ensure that their dividend policy is aligned with other industries.

Baker and Powell (2012, 4) and Joshua and Bokpin (2010, 9) affirmed that the dividend payed by a firm is directly proportional to the size of the firm. This inferred that the dividend a firm pays to its shareholders is a function of its size. Duru and Okpe (2015, 9) submitted that it is possible for small firms to pay low dividends because of the high transaction they are likely to bear when they raise funds externally. Likewise, Mutunga and Minja (2014, 12) avowed that small firms are likely to provide small dividends because of their inability to obtain external funds due to the failure of obtaining scrutiny from the capital market and the difficulty of providing collateral due to their low asset base thereby making them retain some funds for their firm growth.

Baker and Powell (2012, 9) affirmed that the motivation of a firm to pay a dividend will depend on their investment growth potential. Faccio et al., (2001, 8) avowed that growth potential of a firm affects the ability to pay dividends because the growth potential of firm drains the cash resources of the firm that
could be used to pay dividends. On the other hand, Mitton (2002, 17) opined that growth opportunities will always affect the ability of the firm to pay dividends except in countries with weak legal protection for the shareholders. La Porta et al. (2000, 8) submitted that if the shareholders feel insecure in sharing the firm’s future profit they will rather prefer to collect their dividends now regardless of the growth opportunities of the firm.

Authors such as; Fama and French (2002, 8), Jakob and Johannes (2008, 10) and Booth and Zhou (2017, 12) submitted that there is no disagreement on the important role profit plays in determining the dividend policy of a firm rather the disagreement comes from determining if the dividend policy will depend on present or future earnings of the firm. Similarly, Nissim and Ziv, (2001, 20) suggested that firms are sometimes reluctant to increase dividend policy unless they can guarantee a future profit of their organizations.

Studies such as McCluskey et al., (2007, 16), (Pourheydari 2009, 34) (Tse 2005, 3) have tested that past dividend affect the trends for future dividend payout adopting Litner (1956, 8) model which suggests that firms are unwilling to increase dividend rates to a stage that will not be easy to maintain a long record of the dividend payout ratio. However, Eya (2016, 6) and Amidu (2007, 10) opined that in developing market past dividends may not determine present dividends because in such market dividends are not dependent on past antecedents but rather on current profitability and are usually unstable over the years. Wang et al. (2002, 12) and Adaoglu (2000, 9) submitted that in China and Istanbul dividend policies do not follow a pattern as they are often issued based on present earnings.

The difference between the dividend paid across countries can be related to the economic conditions of the country. Also Farooq and Jabbouri (2015, 8) and Salminen and Martikainen, (2008, 10-11) reported
that investors responses to dividends are higher when there is an economic meltdown compared to economic booms

Furthermore, previous studies show that the signaling power of dividend varies under different economic conditions (Farooq & Jabbouri 2015, 9; Salminen & Martikainen 2008, 10-11). They argue that investors’ reactions to dividends are higher during economic downturns compared to booming or stable growth periods. It is documented that investors in Casablanca stock exchange care less about dividend policy during high growth periods, which was reflected in the low reaction of investors to changes in the firm’s dividend policy (Farooq & Jabouri 2015).

Researchers such as Abdullah et al. (2011, 23) and Costea (2006, 45) have discovered and adopted different theories to support researchers and studies carried out on the issues or factors that determine firm performances. Such theories adopted in this study include agency theory, stakeholder’s theory, shareholders theory and signaling theory.

Agency theory inspects the relationship that occurs between the principal (shareholders, stakeholders, stakeholders, and others) while defining the role of the agents. Priya and Nimalathasan (2013, 5) orated that the theory posited that the appointees of the shareholders should act in a manner that is in alignment with the shareholder's interest. This theory is built on the assumption that the principal interest and that of the agents are in divergence. Thereby creating the need to come up with a means of settling the conflicts or misunderstanding that arise between them because when the misunderstanding occurs the firm may not be capable to ensure the maximization of the shareholder's wealth which will then reflect in the firm performance. On the other hand, DeAngelo et al. (2004, 2) stipulated that adopting agency theory for dividend payment will ensure that the divergence concerning ownership and control between
the shareholders and the dividend managers is eliminated to produce a policy that is acceptable to all the parties involved.

Shareholder theory according to Adeniran, and Alade (2013, 6), originates from an economic perspective with the major assumption of the theory stating that all business is created solely for generating profits while increasing the shareholder's wealth. It can be deduced from the opinion that shareholder theory recognizes that a firm will make more profit when the shareholder's wealth is increasing.

Stakeholder theory was propounded by Edward Freeman in 1984 when assessing the role of actors in a firm environment. Costea (2006, 7) opined that the theory aim is to explain the relationship that exists between a firm and its external environment (stakeholders). Stakeholders can be referred to as anybody or group of people that are affected by the firm’s actions due to their relationship with the firm that made them have a legitimate claim to the firm’s actions. Abdullah et al. (2011, 10) also referred stakeholders as a group of people that are crucial to the survival of an organization. Abel (2006, 13) submitted that the stakeholder’s theory is an extension of the agency theory and also broadens the shareholder's theory concerning the creation of the firm and its value. The theory is an extension of the agency theory in the sense that it supports the extension of corporate responsibilities to the stakeholders. Jeffrey et al. (2005, 16) reported that the theory recognizes the importance of wealth creation including the firm’s relationships with multiple constituent groups.

However, both theories (shareholders and stakeholders) recognize the significance of the firm's success and value creation through incorporating and synergizing the external environment of the firm. The stakeholder theory differs from the shareholder's theory in the sense that stakeholders theory revolves around human decision-making while the shareholder's theory is hostile towards activities and actions that do not directly affect the firm's main purpose of its establishment.
Al-Kuwari (2009, 24) stated that signaling theory supports using dividend policy as a means for communicating about a firm’s performance to the shareholders or proposed investors. Ajanthan (2013, 45) opined that dividend policy can be used for communicating a firm performance because cash dividends announcements convey vital information that shareholders or investors do not have about the future performance of a firm and the future share price of the firm.

2.5 Conceptual framework

The conceptual framework for this study was developed from past literature such as; Oskar, et al. (2007), Velnampy et al. (2014, 6), Kawshala and Panditharathna (2014, 16), and Uwalomwa, et al. (2012).

![Conceptual Framework](image)


The conceptual framework shows that dividend policy entails dividend payout and earnings per share and the firm performance will be measured based on return on equity and returns on the asset.
The work commences with an introduction to the food and beverage industry classification of the food and beverage industry, Nigeria and Finland food and beverage industry, dividend policy, factors influencing dividend policy. Lessons learned from the review of factors affecting dividend policy shows that the factors affecting dividend policy is different among develop and developed economies. Finally, the study ends by reviewing theories supporting dividend policy and the conceptual framework of the study.
3 CONDUCTING RESEARCH

The methodology used for this study is presented in this chapter. Kumar (2011, 22) defined research methodology as explicit rules and actions in which the research is based. This implies that this chapter can be described as the detailed research plan showing the research design, sampling techniques, data collection instrument and techniques adopted for the data analysis.

3.1 Research methodology

Quantitative and qualitative analysis are the two major form of research methodology. Creswell (2009, 15) compared both research methods together and stipulated that qualitative research design entails making decisions from participants experience and opinion while quantitative method usually measures the cause and effect of a variable against another. Since the aim of this research is to measure the effect of dividend policy on firm performance then quantitative research is suitable for this research. Researchers such as Blaikie (2010, 1), Muijs (2011, 5) and Almalki (2016, 1) described quantitative research methodology as the process of analyzing, gathering, and assembling information in number format using mathematical methods and generalizing the findings across some large group of specific peoples.

3.2 Population and sampling

The study population comprises of the listed food and beverage industry in Nigeria and Finland. The study classifies the food and beverage industries in both countries to include any companies that are
involved in the processing, manufacturing and converting raw materials into consumable goods and also distributes and package them. This implies that the food and beverage industry could be referred to as any company responsible for the production of goods edible for human consumption while exempting pharmaceutical companies.

The study used a convenience sampling in choosing two food and beverage companies in Finland and Nigeria. The food and beverage industry selected in Nigeria is Cadbury Nigeria Plc, while for Finland Snellman was chosen.

3.3 Sources and method of data collection

Kumar (2011, 24) submitted that data collection is a crucial stage for any thesis as it entails gathering all the necessary and required information from essential sources to be used for the analysis. Data for this study was collected through primary and secondary sources. The primary data were collected using a questionnaire that was administered to the dividend managers of the selected food and beverage companies. The questionnaire was targeted at examining the factors influencing the divided policy in both countries. The possible factors that can affect dividend policies were selected from past literature. The questionnaire was distributed manually and online by emailing the targeted respondents. While the secondary data was sourced from the annual reports of the selected food and beverage firms in Nigeria and Finland. The data collection took approximately two months for completion.
3.4 Tools and Techniques of analysis

The study used mean item score to determine the important factor influencing the dividend policy in both countries and the impact of dividend policy on the firm performance. The study will use SPSS version 17 (statistical package for social science to analyses the data) to analyse the data for the regression analysis and the mean item score.
4 DATA ANALYSIS, PRESENTATION AND INTERPRETATION

In this chapter, the analysis and report from the data generated are presented. The samples are drawn from two major food and beverage companies in Nigeria and Finland. The data is generated through the use of questionnaire which contains information that was pertinent to this study. Such information includes; personal characteristics of the respondents, the impact of dividend policy on firm performance criteria and factors affecting dividend policies all in a bid to achieve the objective of the research.

The questionnaires were analyzed with the aid of a modern statistical software package called Statistical Package for Social Science (SPSS), version 17. Frequency distribution and mean scores were some of the descriptive statistics used, supported by pie and bar chart.

4.1 Questionnaire administered

Table 1 presents the total questionnaire administered to the respondents. The table shows that twenty (20) questionnaires were administered to the respondents, in both countries. However, eighteen (18) were returned and fifteen (15) were used for the analysis in both countries after they were scrutinized for errors, omissions, completeness, and inconsistencies representing 75% response rate.

<table>
<thead>
<tr>
<th>TABLE 1 Response rate from respondents</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total administered</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>Total returned</td>
<td>18</td>
<td>90.0</td>
</tr>
<tr>
<td>Total used for the analysis</td>
<td>15</td>
<td>75.0</td>
</tr>
</tbody>
</table>
4.2 General characteristics of the respondents

This section examines the personal characteristics of the respondents, which includes gender distribution, educational qualification of the respondents, working experience and position of the respondents in their organization.

Graph 1 Gender distribution of the respondents

Graph 1 presents the gender distribution of the respondents. The chart shows that more than half (53%) of the respondents are female while the remaining 43% are male.

Table 2 Educational qualification of the respondents

Table 2 presents the educational qualification of the respondents. The table shows that all the respondents are educated with 43.3% of them possessing Bsc/Btech as their highest degree, 33.3% have a qualification above BSc degree and only a few (23.3) have a qualification below BSc. It can be inferred from this findings that all the respondents are educated and thus will be capable to provide a response to the questions posed by the research instruments.

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below BSc/BTech</td>
<td>7</td>
<td>23.3</td>
</tr>
<tr>
<td>BSc/BTech</td>
<td>13</td>
<td>43.3</td>
</tr>
</tbody>
</table>
Graph 2 presents the working experience of the respondents in their respective organizations. The chart shows that 36.7% of the respondents have a working experience between 6-10 years, 30% of the respondents have worked for 11-15 years, 23.3% have worked with the food and beverage industries for 1-5 years and 10% have working experience for above 15 years.

Table 3 presents the designation of the respondents in their respective organizations. The table shows that 40% of the response used for this study are sourced from an accountant, 30% of the response was provided by admin managers, 23.3% of the response is provided by the staff of the firms and 6.7% of the response was provided by individuals with other designation. This suggests that response was provided from all the individuals that are important in the creation of dividend policy.

<table>
<thead>
<tr>
<th>Designation</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin manager</td>
<td>9</td>
<td>30.0</td>
</tr>
<tr>
<td>Accountant</td>
<td>12</td>
<td>40.0</td>
</tr>
<tr>
<td>Staff</td>
<td>7</td>
<td>23.33</td>
</tr>
</tbody>
</table>
4.3 Impact of Dividend Policy on Firm Performance

This section examines the impact of dividend policy on firm performance in both countries. It was achieved by asking the respondents to rate their perception on which dividend will have on the firm performance using a five-point Likert scale from 1 representing very low to 5 denoting very high and the outcome is presented in table 4.

| TABLE 4 Impact of dividend policy on firm performance |
|---------------------------------------------|------------------|
|                                             | Nigeria          | Finland         |
|                                             | Mean  | Rank | Mean  | Rank |
| Better image for the company                | 4.40  | 1    | 3.40  | 7    |
| Increased return on asset                   | 3.33  | 2    | 4.27  | 1    |
| Increased return on equity                  | 3.13  | 3    | 3.80  | 4    |
| Retain share holders                        | 2.87  | 4    | 3.73  | 5    |
| Increased profit after tax                  | 2.73  | 5    | 3.87  | 3    |
| Improved Dividend pay-out ratio             | 2.67  | 6    | 4.00  | 2    |
| A good source for organization auditors     | 2.60  | 7    | 3.60  | 6    |

Table 4 shows a high mean score for all the firm performance parameters for food and beverage industry in Finland which suggest that dividend policy has a higher impact on the food and beverage industry in Finland when compared to Nigeria. However, in Nigeria, the table shows that dividend policy has a high impact on the image of the company followed by increasing return on asset, increased return on equity, retain shareholders, increased profit after tax, improved dividend payout ratio and a good source for organization auditors. In Finland the highest impact dividend policy has on firm performance is increased return on asset followed by improved dividend payout ratio, increased profit after tax, increased return on equity, ability to retain shareholders, a good source for auditors and a better image for the company.
4.4 Factors affecting dividend policy

The respondents were asked to rate the factors affecting dividend policy with the aid of a five-point Likert scale from 1 representing not significant to 5 representing very significant and their response is presented in Table 5.

<table>
<thead>
<tr>
<th>TABLE 5 Factors affecting dividend policy</th>
<th>Nigeria</th>
<th>Rank</th>
<th>Finland</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>4.60</td>
<td>1</td>
<td>3.80</td>
<td>6</td>
</tr>
<tr>
<td>Liquidity</td>
<td>4.47</td>
<td>2</td>
<td>3.67</td>
<td>7</td>
</tr>
<tr>
<td>Growth opportunities</td>
<td>4.13</td>
<td>3</td>
<td>4.67</td>
<td>2</td>
</tr>
<tr>
<td>State of the economy</td>
<td>4.07</td>
<td>4</td>
<td>4.00</td>
<td>5</td>
</tr>
<tr>
<td>Profitability</td>
<td>4.00</td>
<td>5</td>
<td>4.40</td>
<td>3</td>
</tr>
<tr>
<td>Past dividends</td>
<td>3.87</td>
<td>6</td>
<td>4.13</td>
<td>4</td>
</tr>
<tr>
<td>Dividend policy of similar companies</td>
<td>3.60</td>
<td>7</td>
<td>3.33</td>
<td>9</td>
</tr>
<tr>
<td>Stability of earnings</td>
<td>3.33</td>
<td>8</td>
<td>3.53</td>
<td>8</td>
</tr>
<tr>
<td>Firm size</td>
<td>3.13</td>
<td>9</td>
<td>3.27</td>
<td>10</td>
</tr>
<tr>
<td>Capital market considerations</td>
<td>2.93</td>
<td>10</td>
<td>4.80</td>
<td>1</td>
</tr>
</tbody>
</table>

The table shows that the factors affecting dividend policy vary in both countries. For instance, the topmost factors affecting dividend policy in Nigeria are Inflation, liquidity, growth opportunities, state of the economy and profitability. In Finland the topmost factors affecting dividend policies are capital market considerations, growth opportunities, profitability, past dividends and state of the economy.

4.5 Conclusion on Empirical Research

It can be concluded from the empirical research that dividend policy has higher effect on food and beverage firms’ performance in Finland than Nigeria due to the high mean score for all the firm performance parameters. However, the impact of dividend policy in both countries differs among each other. In Nigeria the policy has major impact on the firm’s image followed by increasing return on asset, increased return on equity and retaining shareholders. In Finland the highest impact dividend policy has
on firm performance is increased return on asset followed by improved dividend payout ratio, increased profit after tax and increased return on equity.

Also the factors affecting dividend policies in both countries vary for instance, the topmost factors affecting dividend policy in Nigeria are Inflation, liquidity, growth opportunities, state of the economy and profitability. In Finland the topmost factors affecting dividend policies are capital market considerations, growth opportunities, profitability, past dividends and state of the economy.
5 CONCLUSION

The food and beverage industry which is classified as the manufacturing sector of most countries has been a major contributor to the advancement of the manufacturing sector in both developed and developing countries. However Nigeria which is regarded as a developing country has been the centre of attraction for most food and beverage industries due to the increase in market forces driven by rapid urbanization. Although the economic recession experienced within the country the industry posed some challenges for the food and beverage industries. In coping with these challenges firms, companies or organizations within the food and beverage industry have adopted a stringent dividend policy for improving their profit margins.

However, the dividend policy differs from countries to countries with the policies in emerging markets such as Nigeria characterized by fraudulent practices, corruption, and weak enforcement. Against this background, the aim of this study will be a comparison on the impact of dividend policy on food and beverage industry between emerging and developed countries using Nigeria and Finland as a case study. The study collected data through using questionnaire that was administered to food and beverage firms within Nigeria and Finland.

The study concludes that there is a significant effect of dividend policy on the food and beverage industry performance in both countries. However, the effect of dividend policy on firm performance was greater in the developed market (Finland) when compared to the developing market (Nigeria). Also, the factors affecting dividend policy in both countries differ from each other in a great deal. For instance in the developing country (Nigeria) inflation is the major determinant of dividend policy for food and beverage industry. This can be related to the unstable nature of their economic conditions that is always fluctuating.
thereby leading to high inflation of goods and services. In Finland the major factor that affects dividend policy is the capital market considerations.

Finally, the study concludes that the growth of the food and beverage industry can be attributed to the effectiveness of the dividend policy utilized within the sector. Also developed countries like Finland have better and well-structured dividend policies when compared to developing countries like Nigeria. The study recommends that the creation of efficient dividend policies should be pursued vigorously by food and beverage industries. Also, the food and beverage industries should embark on providing a dividend policy that will attract shareholders into their organization. Lastly, it recommends that dividend payments should be sustained in order to continually boost the firm's profitability.

Based on the findings the area of further study can be conducted on examining the impact of other strategies such as; cost-cutting, sales promotion, cost leadership and differentiation strategy employed by food and beverage industry for improving their profitability. Also, a further study can be conducted on assessing how the various theoretical framework supporting the creation of dividend has an impact for forming dividend policy by the organizations.
REFERENCES


Samuel and Wilkes 2005. Dividend and Retention Policy. MCGraw Hill Company Chicago


