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Intellectual Capital as a Moderator of Financial Determinants and Dividend Policy: Evidence from Nigerian Consumer Goods Firms (2015-2024)

Abdulrazaq Suleiman Ibrahim
abdulrazaq261@gmail.com
Department of Business Administration, University of Maiduguri, Borno State, Nigeria

Bala ado Kofar Mata PhD
bakmata@yahoo.com

Aminu Kado Kurfi PhD
aminkurfi@gmail.com
Department of Business Administration and Entrepreneurship, Bayero University, Kano, Nigeria

Abstract
Dividend policy is crucial for African businesses, involving profit sharing and retaining earnings for development. However, sustainability concerns persist, with a decline in 2023 retained earnings. Understanding dividend policy aids firms in decision-making, attracting investors and influencing dividend distribution. This research proposes a framework for the moderating role of intellectual capital on the effect of liquidity, capital structure and investment opportunity on dividend policy. The study employs an exploratory research method using a desktop review to develop persuasive arguments for the topic under investigation. As a result, the study proposed a conceptual framework for the relationships between the variables under study, which will help in carrying out further studies and in making decisions as to whether the relationships between these variables are contingent on intellectual capital. The study highlights the importance of intellectual capital in influencing dividend policy, challenging traditional views on liquidity, profitability, and capital structure, and suggests policymakers should encourage investment in intellectual capital development.

Keywords: Intellectual Capital, Dividends Policy, Liquidity, Capital Structure, Investment Opportunity, Consumer Goods Companies, Nigeria

1.1 Introduction
In the rapidly developing business world, intense global competition presents numerous investment choices. Profit-driven growth is crucial for companies, with dividend policy being a key decision (Wiasih et al., 2024). A dividend policy is a strategy where profits are shared with shareholders in the form of dividends and retained earnings for business development. The dividend payout ratio (DPR) is the percentage of profit paid to shareholders, and a higher dividend distribution leads to increased stock prices and company value (Daulay et al., 2023).

The trend of companies paying dividends has raised concerns among investors, who expect a return on their investment. Researchers have explored the issue of dividend pay-outs and proposed solutions. In Nigeria, investors are particularly concerned about companies' commitment to dividend payments, accusing them of not doing enough. This has led to accusations of companies not doing enough to provide a return, causing investors to feel tied down in companies with unattainable returns. The Nigeria Stock Exchange (NSE) revealed that over 84 out of 107 listed firms have not paid dividends to investors in the past five years, while some have not in the past ten years. These firms are spread across various sectors, including construction/real estate, agriculture, and chemicals. In the construction/real estate sub-sector, AG Leventis, SCOA, Arbico, ROADS, UAC Properties, Skye Shelter, Union Homes, and UPDC Real Estate paid dividends last in 2016. In the agricultural and conglomerate sub-sectors, FTN Cocoa listed and John Holt Plc

paid dividends last in 2010 and 2005 (Olayinka & Adekola, 2022).

A Premium Times review has revealed that 51 out of 156 firms on the Nigerian Exchange Limited have not paid dividends in at least five years, with some dating back as far as 26 years ago. This means roughly one in every three companies on the Nigerian bourse has not paid dividends to shareholders in at least half a decade. Companies with a regular or stable dividend policy are considered strong, partly because dividends are paid from a company's profit for a particular period or revenue reserves. However, probably, a firm will not distribute dividends although it makes profits, as the choice not to pay dividends does not always imply a lack of buoyancy. A raft of world-famous big companies, including Mark Zuckerberg's Meta Platforms, Sergey Brin's Alphabet, Elon Musk's Tesla, Jeff Bezos' Amazon, and Warren Buffet's Berkshire Hathaway, do not pay dividends, all preferring to invest earnings in long-term growth. Just five of the 51 non-dividend-paying Nigerian quoted companies have been posting profits since at least 2016, meaning a vast majority of organisations in this category have been shelving dividend payment plans on the grounds of loss-making (Adamolekun, 2021).

However, the retained earnings of consumer firms operating in Africa's largest economy have plunged by 86% in the past ye.ar, raising concerns about the sustainability of their dividend payments (Ologunagbe, 2023). In the 2022 fiscal year, over 71 publicly traded companies in various sectors, including banking, telecommunications, and consumer goods, disbursed over N1.5 trillion in dividends. However, the 2023 fiscal year saw a decline in dividend payouts, particularly for fast-moving consumer goods (FMCGs). The 15 companies disbursed a total dividend of N183.28 billion, reflecting a 30% decline. Cadbury, Dangote Sugar, Nigerian Breweries, Nestle, PZ Cusson, and Unilever, which had paid dividends in previous years, found themselves unable to do so for the 2023 fiscal year (Aja, 2024).

Among those that managed to distribute dividends, there was a notable decline in the payout ratio. BUA Foods, Flour Mills, Nascon, and Northern Nigeria Flour Mills experienced a slight decrease, declining from 88.62% in 2022 to 88.32%. Dividend payments are often seen as a sign of a company's stability and confidence in its prospects. However, when companies are unable to maintain or increase dividends, it may erode investor confidence and lead to concerns about the company's financial health and long-term viability (Aja, 2024)

Investors desire a stable dividend distribution to boost confidence in a company. However, companies face challenges such as retaining earnings for reinvestment, funding needs, liquidity, dividend payout ratio targets, and other factors related to dividend policy, requiring careful consideration (Rahmadi, 2020). The convergence of currency devaluation and escalating interest rates significantly impacted the financial performance of these companies, directly affecting their profitability and subsequently influencing dividend payouts for the 2023 fiscal year. As of the close of trading on April 19, 2024, the total market capitalization of the 15 FMCGs under consideration experienced a 1% decline, falling from its Q1 closing figure of N9.4 trillion to N9.3 trillion (Aja, 2024).

It will be interesting to note that, dividend policy is a crucial function in corporate finance, influencing company stakeholders and determining the company's quality and reputation. It reflects the company's ability to manage business processes and generate profits. However, companies often face difficulties in determining dividend policies, such as withholding profits for operational development or distributing dividends to shareholders (Mauris & Rizal, 2021). It has become crucial for firms as it significantly influences investment and financing decisions, including liquidity, capital structure, and investment opportunities,

necessitating a robust understanding of this policy in corporations (Anuar et al., 2023)

Companies that have high profitability are more attractive to investors in investing. If the profitability of a company is high, investors will respond positively and will provide high returns in the form of dividends (Nofitasari, Ambarwati, & Kristanto HC, 2024). The payment of dividends sends a signal to shareholders that firms are capable and profitable industries that want to distribute a greater percentage of their earnings as dividends. Since dividends paid out to shareholders are used to signal better financial performance. (Akolor & Gujral, 2024). Similarly, a company's decision to distribute dividends and the amount of dividends that can be distributed to shareholders depends on the company's liquidity (Tangngisalu, 2022). Liquidity is undoubtedly very beneficial for investors if they invest in companies with high profitability and good liquidity because the dividends will be even more significant. The higher the liquidity, the better the company's position in the eyes of creditors (Magdalena & Santioso, 2023). The greater the current ratio indicates the higher the company's ability to fulfil its short-term obligations. The higher the current ratio shows investors' confidence in the company's ability to pay the promised dividends (Gumelar et al., 2024).

On the other hand, capital structure or the combination of debt and equity leads to the maximum value of the firm. Optimum capital structure provides for the maximization of value of the firm, and wealth for its owners and minimizes the company’s cost of capital. The companies distribute a portion of their earnings to the equity shareholders, as dividends (Latha & Kumar, 2024). A company with a strong capital structure and consistent profitability is likely to have a more sustainable dividend policy, attracting investors looking for stability and growth. In essence, a well-managed capital structure is not only important for the company′s success but also for the success of its investors (Akpadaka et al., 2024). In addition, investment opportunities are opportunities owned by the company to invest with assets and investment options held by the company with a positive net present value (Rizal & Triyanto, 2021). This is to say, companies that have many profitable investment opportunities or opportunities will gain returns or big returns. This high rate of return will increase the company's profits so dividend distribution will also increase. (Septiana & Asmilia, 2024)

In contemporary research, intellectual capital (IC), is said to include human, structural, and relational capital, which is a crucial intangible asset that significantly impacts a company's financial performance and value creation. It can generate substantial value for investors through increased share prices or dividends. However, the actual returns depend on a company's dividend policy, which balances profit distribution and reinvestment to maximize shareholder wealth, formulated by the board of directors (Odat & Bsoul, 2024). Moreover, investment in intellectual capital is a strategic choice firms can use to influence the valuation of their firms which will in turn lead to higher dividend payout (Adenle et al., 2023)

This study investigates the interaction effect of IC on the link between profitability, liquidity, capital structure, investment opportunity, and dividend policy. It aims to provide insights for both academia and practitioners in emerging markets. Despite the growing body of research on the impact of these variables on dividend policy, most studies have primarily focused on developed markets. As an emerging market, Nigeria presents a unique context where these dynamics may differ significantly. The study presents the variables in a single model, focusing on the potential moderating effect of IC and aiming to fill the gap in the literature.

Corporate finance plays a crucial role in a company's dividend policy, influencing investor emotions, stock price stability, and market perceptions. Understanding the factors

influencing dividend policy is essential due to the dynamic nature of the Nigerian economy and changing consumer goods sector preferences. Ologunagbe (2023) reported that consumer firms face dividend payment dilemmas as retained earnings drop. Likewise, recent trends in the dividend policy of Nigerian listed firms show that there is a decline characterized by a bleak dividend payout, and prospects for the future appear increasingly unattractive and this trend is expected to persist into 2024 (Aja, 2024). However, theories like residual dividend, signal, balancing, agency, bird in the hand, tax preference, clientele effect, shareholders, capital structure, dividend irrelevance, outcome, substitution, and contingency theory have been used to explain dividend policy decisions in both developed and developing countries (Akpadaka et al., 2024; Gumelar et al., 2024; Ifadah & Witiastuti, 2021; Kumshe et al., 2024; Mardani, 2023; Nofitasari et al., 2024; Purba et al., 2024; Putra & Manuari, 2024; Rahmadani & Trisnawati, 2023; Rudy et al., 2023; Septiana & Asmilia, 2024; Silalahi et al., 2021; Wiasih et al., 2024). While the resource-based view received little attention as regards this area in the literature.

However, previous studies in the literature show that profitability, liquidity leads to dividend policy and results were mostly found to be inconsistent (Gumelar et al., 2024; Kumshe et al., 2024; Nofitasari et al., 2024; Purba et al., 2024; Ramadhani & Pramono, 2024; Wiasih et al., 2024), similarly the relationship between capital structure and dividend policy (Akpadaka et al., 2024; Enow, 2023; Mardani, 2023; Silalahi et al., 2021), likewise the relationship between investment opportunity and dividend policy (Ifadah & Witiastuti, 2021; Kaur, 2023; Mutiarahim, 2020; Nisa & Sinarasri, 2024; Putra & Manuari, 2024; Rahmadani & Trisnawati, 2023; Rudy et al., 2023; Septiana & Asmilia, 2024) and the data periods of the studies on the variables under study and in both context ended in 2023 (Kumshe et al. 2024). It is interesting to note that Gumelar et al. (2024) suggested the necessity of further analysis to be conducted by expanding deviations to the measurement of research year and other variables so that the discussion presented in their study is more exploratory to find out the strengths and weaknesses of the characteristics based on the research variables. Likewise, Purba et al. (2024) suggested research on similar topics, and recommend the addition of independent variables or replacement of non-significant independent variables in their study with other variables that may affect the dividend policy ratio, thus gaining better predictability.

Equally, the literature has established that intellectual capital leads to dividend policy (Adenle et al., 2023; Odat & Bsoul, 2024; Ramzan, 2018; Sabarudin & Tahir, 2023). The available literature currently in publication emphasises the significance of profitability, liquidity, capital structure and investment opportunity in determining dividend policy, but it mainly ignores the potential moderating role of intellectual capital. This oversight is especially important in the Nigerian context (for example IC can be used to develop language specific knowledge management system that will enable effective communication and collaboration across diverse linguistic and cultural groups. It can be used to capture and share knowledge on exploration, production and management to enhance operational efficiency and innovation in the industry), where businesses can use intellectual capital to overcome obstacles and make the best financial decisions. This industry lacks empirical evidence on the moderating role of intellectual capital on the relationship between, liquidity, capital structure, investment opportunity and dividend policy, which leaves a big knowledge vacuum about how intangibles can impact corporate financial strategies.

Considering the earlier empirical research, it was found that there was no consensus on even one variable, regardless of the sign of the coefficient or its significance. This inconsistency was most

likely caused by the variations in the samples that were chosen, which included proxied variables, industries, periods, and countries. This inconsistency can be mitigated by the following; improved resource allocation, enhanced decision making, better risk management, increase innovation, enhanced stakeholder value, more effective liquidity management, and aligning IC with financial performance. Despite the efforts of numerous researchers to address the dividend problem, there remains a paucity of literature, especially when it comes to studies conducted on the Nigerian Stock Exchange, that integrate variables in a model and a single study. Furthermore, literature adopting the profitability, liquidity, capital structure, and investment opportunity variables in a single model on the subject matter is exceptionally finite, especially in Nigerian literature. Through this occasion, this study intended to fill the established research gaps and present a more recent study concerning the dividend policy. Consequently, based on the aforementioned, this study proposes the moderating effect of intellectual capital to be investigated on the relationship between profitability, liquidity, capital structure, investment opportunity and dividend policy in Nigeria.

Propositions

The syntheses of the literature and theoretical review form the following:

H1: Profitability has no significant effect on the firm dividend policy of consumer goods companies in Nigeria

H2: Liquidity has no significant effect on the firm dividend policy of consumer goods companies in Nigeria

H3: Capital structure has no significant effect on the firm dividend policy of consumer goods companies in Nigeria

H4: Investment opportunity has no significant effect on the firm dividend policy of consumer goods companies in Nigeria

H5: Intellectual capital does not significantly moderate the relationship between profitability and dividend policy of consumer goods companies in Nigeria

H6: Intellectual capital does not significantly moderate the relationship between liquidity and dividend policy of consumer goods companies in Nigeria

H7: Intellectual capital does not significantly moderate the relationship between capital structure and dividend policy of consumer goods companies in Nigeria

H8: Intellectual capital does not significantly moderate the relationship between investment opportunity and dividend policy of consumer goods companies in Nigeria

2.1 Literature Review

2.1.1 Dividend Policy

A dividend policy is a decision made by a company relating to the distribution of dividends to investors or investment plans for the future (Wardani et al., 2021). The dividend is a portion of earnings decided and approved by the shareholders' meeting for distribution among shareholders (Permatasari et al., 2023). Dividend policy relates to the distribution or distribution of company profits to shareholders in the form of dividends or used as retained earnings to finance future investments. This dividend policy is needed to overcome conflicts that can arise from differences in interests between company management and shareholders (Septiana & Asmilia, 2024).

However, previous studies have used different proxies for dividend policy, yet this study propose the use of dividend payout ratio (DPR) as measure for dividend policy. This is because the dividend payout ratio measures the portion of earnings distributed to shareholders as dividends. It provides information about a company's dividend policy and plan for returning profits to shareholders, and it is easier to obtain from the income statement. This is consistent with the study of Ramadhani and Pramono (2024); Wiasih et al. (2024); Nofitasari et al. (2024); Gumelar et al. (2024) and Kumshe

et al. (2024). In the case of liquidity, this study will employ current ratio (CR). This is because the current ratio is a key financial measure that indicates a company's ability to meet short-term obligations, and a higher ratio indicates better liquidity management. This is consistent with the studies of Nofitasari et al. (2024); Kumshe et al. (2024) and Ramadhani and Pramono (2024).

2.1.2 Profitability

Profitability is the profit that a company earns at the time of carrying out its operations. For creditors profitability is an important analysis because it is allocated for interest payments and loans. Meanwhile, for investors, profitability is a determinant of changes in the value of securities. The company will distribute dividends if the company earns a net profit after its main obligations are fulfilled, namely paying interest and tax expenses. If the greater the profit owned by the company, the greater the dividend distributed by the company (Sari & Aris, 2023). A firm without earnings cannot payout a dividend, the profitability of a firm is an indication, that the firm can payout a dividend (Akolor & Gujral, 2024). The profitability ratio measures the company's ability to generate profits at a certain level of sales, assets, and share capital. There are three ratios that are often used, namely profit margin, return on assets (ROA), and return on equity (ROE) (Susilo, 2023).

However, previous studies have used different proxies for profitability, yet this study propose the use of return on equity (ROE) to measure profitability. This is because ROE measures a company’s ability to generate profits from shareholders’ equity. It is also a crucial measure for investors to evaluate a company’s potential for returns on investment. This is in line with the study of Ramadhani and Pramono (2024).

2.1.3 Liquidity

The concept of liquidity refers to the amount of money available to organizations for investment (Effiong & Enya 2020). It is the ability of a company to meet all of its current or short-term liabilities and fund the operations of business activities for the company itself (Magdalena & Santioso, 2023). It is also an indicator of a firm's ability to convert current assets into cash (Sugiano & Maran 2022). A firm's liquidity position is a crucial element that informs stakeholders of the firm's ability to meet short-term obligations as well as investments (Kumshe et al., 2024). The liquidity ratio measures a company's current assets and current liabilities, indicating its ability to pay off short-term obligations. (Nofitasari et al., 2024). Therefore, liquidity significantly improves the variables affecting dividend policy. This demonstrates that the more a company has better liquidity and can pay dividends to investors who invest in it, the more current assets it has relative to current debt (Ananta et al., 2023).

However, previous studies have used different proxies for liquidity, yet this study propose the use of current ratio (CR) to measure liquidity. This is because current ratio measures a company’s ability to pay its short-term debts using its liquid assets. A firm's liquidity position is a crucial element that informs stakeholders of the firm's ability to meet up with short-term obligations as well as investments This is in line with the study of Kumshe et al (2024).

2.1.4 Capital structure

Capital structure is the ratio of total debt to total assets, emphasising leverage and quantifying a firm reliance on borrowed funds (Akpadaka et al., 2024). It is otherwise known as corporate debt and equity finance. This term emphasises firms′ financing mix strategies to balance risk and reward. (Giovanni et al., 2020). Similarly, Mubeen et al. (2022), define capital structure as the ratio of total debt to total assets, emphasising leverage and quantifying a firm reliance on borrowed funds.

However, previous studies have used different proxies for capital structure, yet this study propose the use of debt-to-equity ratio to measure capital structure. This is because the debt-to-equity ratio is a standard measure of a company's capital structure, indicating the ratio

of debt used to finance assets to equity, providing valuable insights into financial risk and funding strategies. This is consistent with the studies of Akpadaka et al. (2024); Mardani (2023) and Silalahi et al. (2021).

2.1.5 Investment Opportunity Set

Investment in general is an activity carried out by shareholders in investing in a company to get a large return compared to their expenses. Investing in a company requires an opportunity, a plan or a project that can be chosen to be able to realize its goals of generating more funds. An investment opportunity set is an investment decision which is a combination of assets owned and investment options in the future. Companies that have high investment opportunities prefer to pay low dividends because the company management thinks that these funds should be reinvested as retained earnings for the survival of a company in the future (Permatasari & Atiningsih, 2021). Investment Opportunity Set is defined as the capacity to invest based on management's planned spending for the future and expectations for a higher rate of return on those investments. The Investment Opportunity Set has the potential to influence a company's dividend policy (Septiana & Asmilia, 2024).

However, though few studies have used Tobin's Q to measure investment opportunity nevertheless this study propose the use of Tobin's Q as a proxy for an investment opportunity. This is because Tobin's Q is a measure used in financial studies to assess investment behaviour and firm performance. A higher Q ratio indicates favourable investment opportunities, higher capital expenditure decisions, and a positive relationship between market and replacement values. It is accessible for empirical research and can be calculated using publicly available financial data, making it a useful proxy for investment opportunities. This is consistent with the study of Ifadah and Witiastuti (2021).

2.1.6 Intellectual Capital

Intellectual capital is defined as intangible assets originating from organizational capital, customer capital and human resources. Intellectual property can be used by firms to create wealth. There are three components of intellectual capital namely structural, human and relational capital (Mochamad et al. 2021). Intellectual capital includes various sources of value creation that contribute significantly to the overall value of a company. This phenomenon is because intellectual capital covers a wide range of components such as knowledge, experience, unique technologies, innovations, trademarks, relationships with customers and suppliers, etc. Together, these elements have a powerful potential to help maintain existing and create new competitive advantages for the company in the market. (Lehenchuk et al., 2024).

However, though few studies have used a ratio of personnel costs to total value added to measure intellectual capital nonetheless this study will use the ratio of personnel costs to total value added. This is because a ratio of personnel costs to total value added in a company indicates its effectiveness in leveraging human resources to create economic value. A higher ratio suggests a company heavily relies on personnel, indicating effective human capital management. It helps understand how investments in human capital translate into value creation, aligning with studies on intellectual capital's role in enhancing firm performance. This is consistent with the study of Adenle et al. (2023).

2.2 Empirical Review

2.2.1 Profitability, Liquidity and Dividend Policy

Ramadhani and Pramono (2024) identify how liquidity and profitability affect dividend policy in Indonesia from 2019 to 2023 using current ratio, quick ratio, cash ratio, profit margin, ROA, ROE, as a proxy for liquidity and profitability and dividend payout ratio for dividend policy. The study found that profitability affects dividend policy but liquidity does not. Wiasih et

al. (2024) use residual dividend, signal, balancing and agency theory to determine the influence of profitability, leverage, liquidity and company size on dividend policy in 27 primary consumer goods Indonesian companies from 2019 to 2022. Results show that liquidity has a positive and significant effect on dividend policy, leverage has no significant effect on dividend policy, and profitability and company size have no effect on dividend policy.

Nofitasari et al. (2024) also use signal, irrelevance, bird in the hand theory, tax preference, residual theory and clientele effect to determine the effect of liquidity, profitability, leverage and company size on dividend policy of 40 Indonesian companies from 2018 to 2022. The study employs current ratio, ROA, debt-to-equity ratio (DER) and firm size as proxy for liquidity, profitability, leverage and company size respectively and dividend payout ratio for dividend policy. Results show that liquidity (CR) and leverage have no effect on dividend policy. Meanwhile, profitability (ROA) and company size (Firm Size) have a significant positive effect on dividend policy in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2022.

Gumelar et al. (2024) employ Walter's dividend theory and agency theory to determine the influence of liquidity, leverage, and profitability on dividend policy in manufacturing companies listed on the Indonesian Stock Exchange from 2015 to 2019, moderated by good corporate governance. Results show that liquidity and leverage influence dividend policy. Meanwhile, good corporate governance and leverage are unable to moderate the influence of liquidity on dividend policy. Profitability was able to moderate the influence of liquidity on dividend policy. Then, good corporate governance can strengthen the correlation between profitability and dividend policy.

Kumshe et al. (2024) use shareholders theory to examine the moderating effect of the stock price on liquidity and dividend payout of 11 listed deposit money banks in Nigeria in the period between 2019 to 2023. current ratio, cash ratio and dividend payout ratio were used as proxy for liquidity and dividend payout respectively. Results show that the current ratio significantly and favourably affects the dividend distribution of Nigeria's listed DMBs. However, when the stock price was introduced as a moderator, the result shows that both the current ratio and cash flow have a positive and significant effect on the dividend payout of the banks.

Purba et al. (2024) employ signal theory to examine the influence of corporate size, liquidity, and profitability on the dividend policy of 24 Indonesian property, real estate and building construction companies (2018-2022). Results show that company size has no positive significant impact on dividend policy. Liquidity has a positive influence on dividend policy. Profitability has no significant influence on dividend policy while simultaneously, corporate size liquidity and profitability variables collectively exert a positive and significant influence on dividend policy.

2.2.2 Capital Structure and Dividend Policy

Akpadaka et al. (2024) use Modigliani and Miller′s 1958 capital structure and dividend irrelevance theory, Lintner's (1956) bird in hand and agency theory to examine how profitability moderate capital structure and dividend policy in selected 48 Sub-Saharan African countries (2012-2022). The study uses debt-to-equity ratio, asset structure, and debt-to-asset ratio as proxies for capital structure, dividend per share (DPS) for dividend policy and ROA for profitability. The debt-to-equity ratio negatively affects dividend policy, but asset structure positively affects it, according to pooled OLS and moderated regression models. Profitability considerably moderates the association between debt-to-equity and dividend policy, while the debt-to-asset ratio has a positive but negligible influence.

Enow (2023) uses the Kolmogorov-Smirnov test and a Chi-square to explore the extent to which capital structure explains variations in dividend policy. Results revealed that capital structure cannot be used to explain variations in dividend payouts. Mardani (2023) employs outcome theory, substitution theory and agency theory to examine the influence of corporate governance and capital structure on the dividend policy of 38 Indonesian companies (2012-2022). The study uses the Corporate Governance Index (CGI), debt-to-equity ratio, growth, profit and firm size as proxies for both corporate governance and capital structure respectively and dividend payout ratio for dividend policy. Results show that corporate governance and profitability have a significant positive effect on dividend payout. Capital structure and growth have no significant effect on dividend payout, but from the direction of the coefficient, both capital structure and growth support the existing theories used in the study. On the other hand, firm size has a significant negative effect on dividend payout.

Silalahi et al. (2021) use dividend policy theory (Miller & Modigliani 1961 and Gordon & Lintner 1963) to find variables that can influence dividend policy using the dividend payout ratio of 14 Indonesian banks (2009-2018). The variables include debt policy (DER), credit risk (NPL), capital adequacy ratio (CAR), life cycle of the firm (MBV) capital structure (third-party fund - TPF) inflation (CPI), gross domestic product (GDP), unemployment and oil price against dividend policy. The results show that four variables of the study affect dividend policy, namely credit risk, capital structure, inflation and oil prices. while other variables do not have a significant effect on credit risk. the results of variable oil prices are different from previous studies because the subject of this study is banking. Where the increase in oil prices can have a positive impact on dividend policy in the mining industry, but have a negative impact on the banking industry.

2.2.3 Investment Opportunity and Dividend Policy

Nisa and Sinarasri (2024) determine the influence of profitability, debt policy and investment opportunities on the dividend policy of 23 Indonesian property sector companies (2018-2022). The study uses ROA, debt-to-equity ratio, and MBVE as proxies for profitability, debt policy and investment opportunities respectively and dividend payout ratio for dividend policy. Results show that profitability has a positive effect on dividend policy while investment opportunities have a negative effect while debt policy has no effect on dividend policy.

Septiana and Asmilia (2024) employ both signalling and agency theory to determine and analyse the influence of managerial ownership, institutional ownership, and investment opportunity set (Magdalena & Santioso) on dividend policies in 6 energy companies listed on the Indonesia Stock Exchange (IDX) for the period from 2017 to 2022. Results show that managerial ownership partially affects dividend policy, institutional ownership partially does not affect dividend policy, investment opportunity set partially does not affect dividend policy, and simultaneously managerial ownership, institutional ownership, and investment opportunity set affect dividend policy.

Putra and Manuari (2024) likewise use signal and agency theory to evaluate the effect of investment opportunity and company size on financial performance and dividend policy 15 Indonesian property, real estate and building construction companies from (2019-2021). findings show that investment opportunity set and firm size exhibit a positive influence on financial performance while investment opportunity set has no effect on the dividend policy. However, company performance also serves as a mediator in the relationship between firm size and its impact on dividend policy.

Rudy et al. (2023) employ agency cost theory to examine the influence between return on assets,

firm size, liquidity, financial leverage, investment opportunity, and company growth on the dividend payout of 22 Indonesian companies (2017-2022). The ROA, firm size, liquidity, financial leverage, investment opportunity, company growth and dividend payout ratio were the proxies used as both independent and dependent variables in the study respectively. Results show that return on assets, leverage, and company growth have a negative and significant effect, while firm size, financial leverage, and investment opportunity have no effect on dividend payout.

Kaur (2023) analyzes various factors affecting the dividend policy of 146 Indian companies from (2015-2021) listed on the Bombay Stock Exchange (BSE). These factors include price/earnings ratio, Age, liquidity, profitability, Size and investment opportunity. While the study uses the dividend payout ratio as a proxy for dividend policy, the findings show that dividend policy is positively affected by investment opportunity, whereas it is negatively affected by liquidity and age. On the other hand, there is no significant relationship of dividend policy with firm size, price-earnings ratio and profitability.

Rahmadani and Trisnawati (2023) employ agency and contingency theory to determine the effect of leverage, liquidity, and investment opportunities on dividend policy with profitability as a moderating variable. in 36 Indonesian companies from (2019-2021). The study uses debt-to-asset ratio, current ratio, investment opportunity (PI), dividend payout ratio as proxies for both the independent and dependent variables respectively and ROE for moderating variable. The result shows that liquidity has a significant effect on dividend policy, while leverage and investment opportunities do not significantly affect dividend policy. Profitability was able to significantly moderate the effect of liquidity on dividend policy. Meanwhile, profitability is not able to significantly moderate the effect of leverage and investment opportunities on dividend policy.

Ifadah and Witiastuti (2021) use residual dividend theory to examine whether the investment opportunity set affects the dividend policy of 140 manufacturing companies in Indonesia from (2009-2018). The study employs Tobins' Q and the difference between net income and retained income to invest as proxies for both the independent and dependent variables. Results of the model test show that the best panel data estimation model is the random effect. Hypothesis test results show that the investment opportunity set has a significant negative effect on dividends for manufacturing companies, when the investment opportunity set for the company is greater, the dividends distributed are smaller.

Mutiarahim (2020) determine the effect of current ratio, debt-to-equity ratio, return on investment, investment opportunity set, and firm size on the dividend payout ratio of 14 Indonesian companies from (2012-2016). The result showed that the current ratio has no positive effect on the dividend payout ratio, the debt-to-equity ratio has a negative and significant effect on the dividend payout ratio, the return on investment has no significant effect on the dividend payout ratio, the investment opportunity set has no significant effect on dividend payout ratio, and firm size has a positive and significant effect on dividend payout ratio.

2.2.4 Intellectual Capital as Moderator

Odat and Bsoul (2024) use shareholder, resource-based, agency and echelons theory to explore the relationship between intellectual capital efficiency and firms' dividend policies and the potential moderating effect of CEO characteristics of 90 Jordanian service and manufacturing companies from (2015 -2019). Value-added intellectual capital coefficient (VAIC), dividend payout ratio and CEO characteristics were employed as independent, dependent and moderating variables

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respectively. The findings indicate a positive relationship between VAIC and dividend policy. However, CEO characteristics, such as age, tenure, and educational background, do not significantly affect this relationship.

Sabarudin and Tahir (2023) determine how much influence investment opportunities, accounting conservatism, and intellectual capital have on the dividend payout ratio of 12 Indonesian companies from (2018-2020). The results show that there is no discernible relationship between investment opportunities and DPR. The accounting conservatism is affected by DPR. The intellectual capital has no impact on the DPR, while a positive significant influence was revealed between investment opportunities, accounting conservatism and intellectual capital on the DPR.

Adenle et al. (2023) use resource dependency and knowledge-based theory to assess the influence of intellectual capital on dividend policy formulation of 36 listed non-financial firms in Nigeria within a range of 7 years (2013-2019). The ratio of personnel cost to total value added and dividend payout ratio were used as proxies for both intellectual capital and dividend policy respectively. Results show that intellectual capital has a significant positive influence on dividend policy formulation in the studied population, as evidenced by the estimated coefficient of 0.137 and p-value of 0.003.

Ramzan (2018) employs signalling, stakeholder and legitimacy theory to examine the relationship between intellectual capital information disclosure (ICD) and dividend policy among 61 Pakistani non-financial firms from (2011-2015). Results show that ICD significantly and positively influences the DPO which demonstrates that higher intellectual capital disclosure leads to a higher DPO. Firm size insignificantly affects dividend policy, ROA is assumed to significantly have impacts on dividend policy.

Previous studies have demonstrated how intellectual capital (Fricila & Sukoco) leads to dividend policy, even though there was no previous study discovered to have used IC as a moderator between liquidity, capital structure, investment opportunities and dividend policy, nonetheless, there are studies that use IC as a moderator between other variables, for example a study between institutional ownership and financial performance (Siregar et al., 2024), corporate social responsibility disclosure, company size and financial performance (Atiqah et al., 2023), profitability, firm size and firm value (Widiyaningsih et al., 2022), corporate social responsibility and financial performance (Iqbal et al., 2019). This shows that IC could be a very good moderator between the variables under study.

Analysis of the Literature

From the theoretical literature, there is no unanimous conclusion on how liquidity, capital structure and investment opportunity may affect dividend payout among listed consumer goods companies. The available empirical literature on the influence of the variables under study on dividend payout has been drawn from different continents but the larger part of the studies was mostly from Indonesia and the period of the studies did not exceed (2023). This is to say the likes of these studies in the specified area are very few in Africa and Nigeria to be precise, compared to developed economies. For example, studies on the relationship between liquidity and dividend policy, Wiasih et al (2024) drew their data from 27 primary consumer goods Indonesian companies and the findings contradict residual dividend theory which argues that dividends will be paid if demand for investment financing is met. Smaller companies may earn more profits, so they pay higher dividends. But support the balancing theory and agency theory used by Purba et al., (2024).

Nofitasari et al. (2024) drew their data from 40 Indonesian companies though their findings

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supported bird in the hand theory only and contradicted signalling, irrelevance, tax preference and residual theory together with clientele effect likewise failed to report the study's diagnostic tests. Gumelar et al. (2024) drew their data from Indonesian manufacturing companies and noted that Walter's dividend and agency theory is not entirely supported by the reality that occurs in the capital market also they failed to report the study's diagnostic tests. Purba et al. (2024) used data from 24 Indonesian property, real estate and building construction companies but failed to report the study's diagnostic tests and the position of signal theory in the findings of the study. Kumshe et al. (2024) used data from 11 deposit money banks in Nigeria but failed to report the study's diagnostic tests and the position of shareholder theory in the study regarding their findings.

Likewise, on the relationship between capital structure and dividend policy, for instance, Akpadaka et al. (2024) use data from 48 Sub-Saharan African manufacturing enterprises and failed to report the position of the theories (i.e. Modigliani and Miller′s 1958 capital structure and dividend irrelevance theory, Lintner (1956)′s bird in hand and agency theory reviewed for the study. The result of Mardani (2023) whose study used data from 38 Indonesian companies, contradicts substitution theory. The same applies to the relationship between investment opportunity and dividend policy, for example, Nisa and Sinarasri (2024) drew their data from 23 Indonesian property sector companies and failed to use any theory to support their findings and failed to report the study's diagnostic tests. This may have enhanced the chances of drawing vague and biased conclusions about the position of theories on the findings of the study. Septiana and Asmilia (2024) used data from 6 Indonesian energy sector companies and failed to report the position of the theories on their findings. Putra and Manuari (2024) also used data from 15 Indonesian property, real estate and building construction companies and failed to report the position of both signal and agency theory in their findings. Moreover, these findings may not reflect a Nigerian perspective whose listing is in different segments. Lastly, the results of the studies from the literature show inconsistency among the variables under study since some were positive and negative and others had no relationship. This calls for the need for a moderating variable.

2.3 Theoretical Framework

The underpinning theories for this study include both Resource-Based View (RBV) and Signalling Theory

2.3.1 Agency Theory

This theory posits that conflicts between shareholders and management arise due to differing goals, with shareholders maximizing returns through dividends and managers prioritizing growth (Jensen & Meckling, 1976). Intellectual capital plays a crucial role in addressing these conflicts by enhancing decision-making and reducing information asymmetry (Bontis, 1998). It also supports effective liquidity management, ensuring firms meet dividend obligations while investing in valuable opportunities (Myers, 1984). The choice of capital structure is influenced by agency considerations, and intellectual capital enables better strategic decisions regarding capital structure (Modigliani & Miller, 1958). It also helps management identify and act on profitable investment opportunities, aligning investment strategies with shareholder expectations and positively influencing dividend policy (Khan & Lu, 2020).

2.3.2 Resource-Based View (RBV)

This view posits that a firm's unique resources and capabilities are critical for achieving competitive advantage and superior performance (Barney, 1991). Therefore, intellectual capital, including human, structural, and relational assets, is a crucial resource for a firm's competitive advantage and superior

performance. It influences financial decisions, including dividend policy, by enhancing a firm's ability to make informed decisions regarding liquidity and capital structure (Bontis, 1998).

Firms with strong intellectual capital can better analyze market conditions and investment opportunities, leading to more strategic dividend policies that align with long-term shareholder value (Myers, 1984). Effective liquidity management is essential for maintaining dividend payouts while pursuing growth opportunities (Modigliani & Miller, 1958). Firms with robust intellectual capital can evaluate debt and equity financing trade-offs more effectively, aligning their capital structure with their strategy and investment opportunities. This helps establish a stable dividend policy that reflects current profitability and future growth potential (Khan & Lu, 2020).

2.3.3 Pecking Order Theory

This theory proposed by Myers and Majluf (1984), suggests that firms prioritize financing sources based on least effort or resistance. They prefer internal financing, followed by debt, and equity as a last resort due to the costs associated with asymmetric information. Intellectual capital enhances a firm's ability to generate internal funds through improved operational efficiency and innovation. Firms with robust intellectual capital maintain liquidity and adequate cash flow, enabling them to finance projects without external financing (Bontis, 1998).

Effective liquidity management is critical for supporting dividend payments, and firms with strong internal cash flows are more likely to distribute dividends (Myers, 1984). Intellectual capital can influence capital structure decisions and help firms identify and capitalize on investment opportunities, maintaining a favourable liquidity position for growth and dividend payouts (Frank & Goyal, 2003). Leveraging intellectual capital can moderate the relationship between investment opportunities and dividend policy (Khan & Lu, 2020).

2.3.4 Signalling Theory

The theory suggests that companies communicate their quality and prospects to investors through their financial decisions, including dividend payouts (Ross, 1977). Firms with strong intellectual capital can generate better financial performance, committing to stable or increasing dividends, and reinforcing positive signals to the market (Bontis, 1998). Effective liquidity management is crucial for signalling capacity to maintain dividend payments, enhancing investor confidence and attracting more investment (Myers, 1984). A well-balanced capital structure, enhanced by intellectual capital, can indicate financial stability and a commitment to shareholder returns (Modigliani & Miller, 1958). Firms with robust intellectual capital are better positioned to identify and pursue investment opportunities, enhancing their credibility and attractiveness to investors (Khan & Lu, 2020).

2.4 Conceptual Model

This model suggests that intellectual capital can improve a firm's liquidity management, balancing short-term obligations and dividend payouts. It also influences capital structure decisions, affecting dividend maintenance or increase. Firms with higher intellectual capital can identify and exploit investment opportunities, supporting dividend policies. It also suggests that liquidity, capital structure, and investment opportunities directly influence dividend policy decisions, with intellectual capital as a moderating factor.

The framework highlights how intellectual capital can serve as a critical resource that not only influences individual financial components but also strengthens the overall strategic approach to dividend policy in consumer goods companies. By integrating these elements, the model aims to provide a comprehensive understanding of how intellectual capital can optimize financial decision-making and enhance shareholder value.

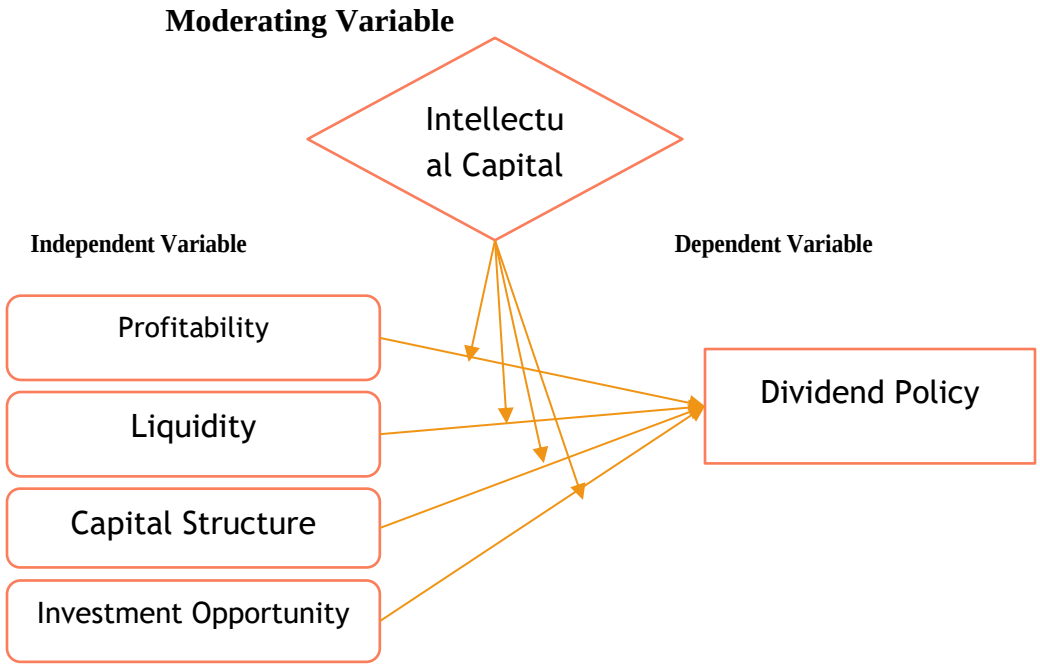


Figure 1 Proposed Research Model

$$DPR = \alpha + \beta_1 ROE_{it} + \beta_2 LIQ_{it} + \beta_3 CS_{it} + \beta_4 PI_{it} + \beta_5 FS_{it} + \beta_6 FA_{it} + \varepsilon_{it} \quad \text{(i)C}$$

$$DPR = \alpha + \beta_1 ROE_{it} + \beta_2 LIQ_{it} + \beta_3 CS_{it} + \beta_4 PI_{it} + \beta_5 IC_{it} + \beta_6 ROE*IC_{it} + \beta_7 LIQ*IC_{it} + \beta_8 CS*IC_{it} + \beta_9 PI*IC_{it} + \beta_{10} FS_{it} + \beta_{11} FA_{it} + \varepsilon_{it} \quad \text{(ii)R}$$

Where:

DPR = dividend payout ratio (the ratio of dividend per share to earnigs per share)
α = constant
β = regression coefficient
ROE = return on equity (ratio of earnings after tax to total equity)s
LIQ = current ratio (ratio of current assets to current liabilities)
CS = capital structure (debt-to-equity = total debt /total equity
PI = Investment opportunity (Tobin's Q = Market Value of Assets/Replacement Cost of Assets)
IC = intellectual capital (ratio of personnel costs to total value added)
FS = Firm size proxied by the natural logarithm of total assets of the selected companies
FA = Firm age of the selected firms
ε = error term

3.0 Research Method

The study is based on a desktop review that peruses books, journals, news articles, websites, government publications, and prior research. The corpus of recent literature supports the majority of the arguments made to evaluate the variables under investigation. This makes it possible for the study to conceptualise the moderating effect of intellectual capital on the relationship between liquidity, capital structure, investment opportunity and dividend policy of consumer goods companies in Nigeria, thanks to the data synthesised from published articles and institutional websites.

4.0 Conclusion

In a quest to review and synthesize literature relating to intellectual capital, liquidity, capital structure, investment opportunity and dividend policy, this study proposes a framework for the moderating role of intellectual capital on the relationships between liquidity, capital structure,

and investment opportunities in shaping the dividend policy of consumer goods companies in Nigeria. The findings highlight the significance of intellectual capital as a critical resource that could enhance firms' financial decision-making processes. This study shows how intellectual capital influences capital structure decisions, liquidity management, and investment opportunity identification, highlighting its critical role in aligning management actions with shareholder interests using theories such as agency, resource-based-view, pecking order and signalling. The ability of a business to use intellectual capital fosters long-term growth and competitiveness in a changing market, in addition to enabling stable dividend payments.

However, further empirical findings from the analysis of this study may reveal a statistically significant positive or negative relationship between the proxies of liquidity, capital structure, investment opportunity and dividend policy of the consumer goods companies in Nigeria or no relationship. It could also reveal a positive or a negative moderating effect of intellectual capital on the relationship between d liquidity, capital structure, investment opportunity and dividend policy of the consumer goods companies in Nigeria. Therefore, the results from the analysis will determine the conclusion and recommendation of the study.

In the end, this study adds to the body of knowledge by offering an in-depth comprehension of how companies in the consumer goods industry can maximise their dividend policies by managing their intellectual capital well. It provides insightful information to practitioners and policymakers who want to improve financial performance and corporate governance in Nigeria's changing economic environment. Subsequent investigations may broaden this structure to encompass more variables or examine its suitability in distinct industries or geographical settings, thereby augmenting the comprehension of the interaction between financial tactics and intellectual property.

4.1 Theoretical Implications of the Study

The study highlights the role of intellectual capital in influencing dividend policy, challenging traditional views on liquidity, profitability, and capital structure. It incorporates finance theories like the Resource-Based View and Signalling Theory, highlighting the importance of intangible assets in financial outcomes. The research also highlights the potential for further empirical studies on intellectual capital and financial strategies in diverse environments.

4.2 Practical Implication of the Study

The study suggests that intellectual capital can be utilized by managers in consumer goods companies to enhance liquidity management and capital structure decisions, aligning with shareholder expectations for dividends. It also highlights the importance of intellectual capital in evaluating companies, as firms with strong intellectual capital are better positioned to sustain or increase dividends. Policymakers can promote frameworks encouraging firms to invest in intellectual capital development, improving corporate governance and financial performance.

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