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# MODERATING ROLE OF SALES GROWTH ON THE RELATIONSHIP BETWEEN DIVIDEND POLICY AND FIRM PERFORMANCE/VALUE OF CONSUMER GOODS COMPANIES IN NIGERIA: A CONCEPTUAL MODEL

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**ABSTRACT**

*This study develops a conceptual framework to examine the moderating role of sales growth on the relationship between dividend policy and firm performance/value in Nigeria. The research addresses a critical corporate paradox where many listed consumer goods firms in Nigeria adopt a low dividend payout strategy to conserve cash for operational expansion, yet continue to face challenges in sustaining steady profitability and maintaining shareholder interest. The study is grounded in both Free Cash Flow Theory and Pecking Order Theory; the model establishes that the market value and internal returns of a dividend depend heavily on a firm's operational growth trajectory. The study is structured as a desktop review that synthesises secondary data from published journals, books, and institutional databases spanning the years 2020 to 2025. The conceptual design incorporates dividend payout ratio, dividend yield, and dividend coverage ratio as independent variables; ROA and Tobin's Q as dependent variables; and sales growth as the interaction moderator. The proposed model suggests that sales growth changes the baseline relationship by influencing management's decision to distribute or retain earnings. Specifically, for low-growth firms, dividends act as a vital governance mechanism to mitigate overinvestment, whereas for high-growth firms, aggressive dividends trigger an unnecessary financing deficit that undermines internal funding. Ultimately, this conceptual model provides a robust foundation for future empirical investigations using Moderated Regression Analysis (MRA) within the rapidly changing Nigerian market.*

## 1.1 Introduction

Firm Performance could be regarded as one of the keys determining factors that are widely used in measuring the success or failure of organisations. (Okoinemen, 2021). It refers to the ability of a firm to minimise its cost of operations, efficiently use its assets and maximise the value of shareholders' wealth. It shows the effectiveness and efficiency of management in the use of corporate resources. It is further defined as the attempt by a firm to meet established goals or achieve effective productivity. Also, it is a measure of the firm's earnings and appreciation in its value, which is disclosed in the market value of shares (Ibrahim & Abdullahi, 2019). On the other hand, firm value refers to the intrinsic value

of not just the price of the firm's shares, but the value of the company as a business entity (Yunita & Prastiwi, 2021).

Similarly, financial performance is a critical indicator of a company's health, reflecting the overall economic well-being, growth, prospects and stability of a company. Financial performance represents how well a company is doing in terms of generating revenue, profitability, efficiency and other related financial metrics. In today's complex and dynamic business environment, the assessment of financial performance is of paramount importance for both companies and stakeholders (Olanisebe et al., 2023). Accordingly, an investor believes that the firm's performance is extremely strong if the dividend that is provided to shareholders is high; this will affect the firm's value (Putri & Azzahra, 2022). This is to say, the best way to decide whether a company is doing well is to look at its performance. The crucial purpose of a company's financial statements is to disclose its business performance. The extent to which a company can achieve its goals and run its operations efficiently is decided by its performance. The worth of a company and its ability to persist in growth are directly related to how well it performs. The importance of using a company's physical and intangible assets to boost performance is undeniable. (Rana & Hossain, 2024).

However, the announcement of dividend payments to shareholders is known as dividend policy (DP). The distribution of profits to owners is referred to as a dividend. A shareholder benefits from the dividend as compensation for their risk. Management chooses how much return on investment shareholders will receive. Performance of the company is mostly influenced by variables other than DP. The choice of dividend distribution is one of the four components that are most crucial in finance. (Jatoi et al. 2023). However, the amount of earnings retained by the firm is determined by its dividend payment decision. Thus, a high dividend payout reduces the tendency of the firm to acquire more assets, hence limiting investment and profitability. On the other hand, retained earnings indicate the portion of an entity's income that is yet to be distributed to equity holders, but kept back for the purpose of investment. (Udoka et al. 2022).

Practically, every management would like to make its shareholders happy for parting with their funds. However, in the case of corporate firms, payment of dividends to shareholders is a function of how profitable the firm is. Notably, most quoted consumer goods companies in Nigeria that recompense cash dividends adopt the low dividend payout strategy, while some pay dividends with the use of shares; others do not pay dividends at all. All of these strategies are geared towards conserving and retaining cash for operations, expansion, as well as boosting the performance of the firm. (Udoka et al., 2022). Moreover, firm performance is said to be increased through good company performance. Good company performance will also benefit consumers, communities, employees, and suppliers of funds (creditors). The company's performance shows the company's ability to provide a return on company ownership in the form of assets, capital, and debt. Company performance is the company's work performance. To obtain company performance, it is necessary to have good control and synergy between the management functions, namely the management and ownership functions. (Christian & Dewi, 2022)

In spite of the fact that most consumer goods firms in Nigeria adopt a low payout strategy, observations show that the majority of them are still finding it difficult to record profit at an increasing and steady rate, while others are still battling with how to sustain their shareholders' interest in the firm via the payment of dividends. (Udoka et al., 2022). In addition, revenue growth is one of the measurements used to measure financial performance. Revenue growth means the changes in the firm's sales from one period to the next. It is shown as a percentage, and it explains how the firm's sales volume and its growth increase or decrease over time. Sales growth is a measurement in financial analysis, and it shows how the firm has increased its sales income over the given time period. While revenue is an actual

number, the revenue growth rate clearly compares the current sales values (total revenue) with a past period (quarter to quarter or year to year) (Perera, 2020).

Sales growth, on the other hand, plays a critical role in Nigeria's emerging markets, reflecting not only the potential for revenue expansion but also the competitive dynamics and sectoral variations within the Nigerian economy. It is evident that the level of sales growth in Nigerian firms can significantly impact the performance of these entities, affecting not only their financial health but also their attractiveness to investors and stakeholders. However, it is on this basis that the present study intends to look at the moderating role of sales growth on the relationship between dividend policy and financial performance/value of consumer goods companies in Nigeria.

## 1.2 Statement of the Problem

Corporate boards frequently implement low-dividend payout strategies to conserve operational cash, yet a vast majority of these companies still struggle to maintain stable financial performance or sustain long-term shareholder interest. While global empirical literature has extensively debated the direct impact of dividend policies on firm yields and market valuation, the resulting findings remain highly contradictory and fragmented across both developed and developing economies, often leaving the true nature of this relationship to a matter of chance. Importantly, traditional models have failed to recognise that the financial outcome of a dividend distribution is not static; it is inherently conditional upon a firm's operational lifecycle and market trajectories. This creates a critical research gap, as corporate managers in Nigeria lack a theoretically grounded model to determine how their current revenue expansion metrics change their payout outcomes. Therefore, a pressing problem exists in that the crucial boundary role of sales growth in changing, strengthening, or weakening the transmission channel between dividend policies and firm performance or value has been systematically ignored.

Thus, the relationship between dividend policy and firm performance has garnered substantial attention globally, and many studies have explored this connection in various contexts. Various theories, such as agency, relevance, pecking order, bird-in–the–hand, residual and signalling theory, provide insights into how dividend policy decisions affect firm performance and firm value in both developed and developing contexts (Adeiza et al. 2020; Christian & Dewi, 2022; Nguyen et al., 2021; Perera, 2020; Udoka et al. 2022; Ugwu et al. 2020). However, the role of sales growth in moderating this relationship has not received adequate attention. On the other hand, studies conducted on the relationship between dividend policy and firm performance in developed countries were mostly found to be inconsistent (Christian & Dewi, 2022; Jatoi, Rasheed, & Wahla, 2023; Nguyen et al., 2021; Perera, 2020; Shah, 2023; Theiri, Ben Hamad, & Ben Amor, 2023) likewise the developing economies (Adeiza et al., 2020; Bossman et al., 2022; Udoka et al., 2022; Ugwu et al., 2020; Ukpong & Ukpe, 2023). However, little is known about how the specific Nigerian business environment, with its unique characteristics and challenges, influences this relationship. Given the complex and rapidly changing nature of the Nigerian market. In addition, if dividend policy proxies could lead to financial performance, then sales growth could similarly lead to performance. Therefore, on the basis of the aforementioned and the suggestion by Christian and Dewi (2022), there is a pressing need to investigate how the moderating effect of sales growth influences the relationship between dividend policy and financial performance/value of consumer goods companies in Nigeria.

## 2.1 Literature Review

### *2.1.1 Financial Performance*

The best way to decide whether a company is doing well is to look at its performance. The crucial purpose of a company's financial statements is to disclose its business performance. The extent to which a company can achieve its goals and run its operations efficiently is decided by its performance. The worth of a company and its ability to persist in growth are directly related to how well it performs (Rana & Hossain, 2024). Olanisebe et al. (2023) stated that financial performance is the achievement of the company's financial goals and objectives. It is a measure of how well a company is performing financially and achieving its desired outcomes in terms of profitability, growth, and value creation for a certain period, covering the collection and allocation of finance measured by profitability. Nguyen et al. (2021) view financial performance as a multi-dimensional metric reflecting how effectively a company utilises its operational assets to generate returns and achieve strategic corporate benchmarks.

### *2.1.2 Firm Value*

Yunita and Prastiwi (2021) state that the intrinsic value of a firm extends beyond its market price, reflecting its overall worth as a business entity. A firm recognised for strong value indicates positive growth prospects and enhances investor confidence in its long-term sustainability. Widagdo et al. (2020) define firm value as an economic concept representing the worth of a business at a specific time, defined as the amount required to acquire it. Financial performance is crucial, significantly influencing firm value, as strong financial results drive investor interest and decisions. Improved financial performance is expected to enhance firm value, with a direct correlation between the two.

### *2.1.3 Dividend Policy*

Udoka et al. (2022) see dividend policy as a critical corporate decision-making framework that determines the allocation mix of a firm's net earnings between profit retention and cash distribution to equity holders. Bougnama and Youssfi (2022) define dividend policy as a dynamic process of determining the proportion of current or previous net earnings that will be distributed to shareholders versus the proportion that will be retained for internal corporate reinvestment.

### *2.1.4 Sales Growth*

Alzoubi et al. (2022) view sales growth as the increase in revenue from an organization's goods and services over a set period, indicating business expansion. It is crucial for managing working capital and operational sustainability, as firms with high sales growth often need significant internal funds to support their expansion. (Mahdiana & Amin, 2020). However, growing firms tend to use external financing, including debt, to support growth. Accordingly, sales growth can moderate the relationship between dividend policy and firm performance by influencing management’s decision to retain or distribute earnings.

## 2.2 Empirical Review

This section reviews empirical studies on the relationship between dividend policy and firm performance and other variables from 2020 to 2025, based on the context discussed below:

### *2.2.1 Dividend Policy and Firm Performance in Global Emerging and Developed Economies*

Studies conducted in this context include: Jatoi et al. (2023), who use descriptive correlation and regression techniques to evaluate whether dividend policies affect the performance of non-financial firms that are publicly traded in Pakistan. The study uses dividend payout ratio (DPOR), dividend

Payout Ratio (DPS), earnings per share (EPS), and financial leverage (FL) as proxies for dividend policy and uses ROA and ROE to measure firm performance. The results show that there is a noteworthy positive correlation between Return on Equity (ROE) and Dividend Policy. Additionally, a significant positive connection between Dividend Policy (which includes all of the variables FL, EPS, DPS, and DPOR) and Return on Assets (ROA) was found. Therefore, this research provides evidence that Dividend Policies have a significant influence on Firms/Companies Performance.

Similarly, Theiri, Hamad, and Amor (2023) employ the system generalised method of moments (SGMM) and financial constraints theory to determine the effect of the COVID-19 pandemic crisis on dividend policy and performance and explore the interplay between performance and financial constraints to identify how such a fit affected dividend policy during the crisis in France. The study uses a sample size of 106 SBF-listed firms, with Dividend payout per share, KZ index, ROA and ROE to measure Dividend Policy, Financial constraints and performance, respectively. Debt, Growth, Firm size and Age as control variables. The results showed that only the crisis and the financial constraints (KZ index) negatively correlated with dividend payment levels (DivPaid). This dividend level did not take performance into account. Regarding the control variables, only debt, growth, and size positively impacted dividend levels. Moreover, the performance of French companies was negatively influenced by the DividPaid, KZindex, and Crisis variables.

Likewise, Shah (2023) examines the moderating effect of the crisis period, which arose due to the pandemic, on the relationship between the dividend policy and the performance of 433 companies in India. The study uses dividend payout, ROA and EPS as proxies for dividend policy and firm performance, respectively. The study evidenced the moderating effect of crisis on the relationship between dividend policy and firm performance. Moreover, liquidity and leverage are positively and significant to firm performance, whereas dividend payout and firm size have no significant impact on firm performance.

In the same vein, Christian and Dewi (2022) use a quantitative approach and Agency theory to examine the effect of corporate governance (CG), cash flow, and dividend policy on the firm performance of 31 manufacturing companies listed on the Indonesia Stock Exchange during the period 2016 – 2020. And family ownership as moderator. The study uses CG, operating cash flow, dividend payout ratio (DPR) and Tobin's Q as measures of the variables under study, together with firm age as a control variable. The results show that cash flow has a positive effect on firm performance. Meanwhile, corporate governance and dividend policy do not affect firm performance,ce and the implication is that the members of corporate governance may come from non-family members, or the majority are non-family members, so the family cannot enforce regulation as well as dividend policy. Then family ownership is able to strengthen the relationship between corporate governance and firm performance since family members can enforce regulations and procedures. However, family ownership is not able to strengthen or weaken the relationship between cash flow and dividend policy on firm performance because cash flow and dividend policy are based on the company’s daily operations.

Moreover, Nguyen et al. (2021) use relevance, pecking order, and signalling theory to investigate the effects of dividend policies on the financial performance of 450 firms in Vietnam. Dividend rate, dividend decision and ROA, ROE, and Tobin’s Q were used to measure both dividend payment and firms’ financial performance, respectively, while company size, leverage ratio, growing rate (Growth) were used as control variables. The analysis of the results indicates that the decision of dividend payment has a negative impact on Vietnamese firms measured by accounting-based performance, but this improves market expectations of firms. In addition, the paper finds that Vietnamese firms are offering a low dividend rate, which has a positive impact on accounting-based performance but a negative effect on market expectations.

Furthermore, Perera (2020) employs bird-in–the–hand, residual, irrelevance, signalling, and pecking order theories to study the impact of dividend policy on the future financial performance of 305 listed companies in Sri Lanka. The study uses dividend payout ratio (DPR), ROA, debt-to-equity ratio, and growth of the company, and EBITDA as measures for both Dividend policy and Firm financial performance, respectively. The results of the study revealed that there was a significant relationship between dividend payout ratio and return on equity, total debt to total equity, net debt to EBITDA, and revenue growth. Trend analysis has shown the behaviour of dependent and independent variables for previous years and also future forecasting.

However, the relationship between dividend policy and firm performance across global emerging and developed economies between 2020 and 2025 in the literature above shows highly inconsistent results. Several studies, such as the analysis of Pakistani non-financial firms by Jatoi et al. (2023) and Sri Lankan listed companies by Perera (2020), demonstrate significant positive relationships between dividend metrics and performance measures like ROA and ROE. Conversely, other investigations reveal adverse or negligible outcomes: Nguyen et al. (2021) discover that dividend payment decisions negatively impact accounting performance in Vietnamese firms, while Shah (2023) in India and Christian and Dewi (2022) in Indonesia establish that dividend policies exert no significant structural impact on firm performance. Furthermore, unique macroeconomic or operational disruptions shift these dynamics, as evidenced by Theiri et al. (2023) and Shah (2023), who both determine that the onset of the COVID-19 crisis heavily moderates or alters how corporate liquidity, financial constraints, and dividend distributions interact with overall firm yields.

### *2.2.2 Dividend Policy and Firm Performance in Sub-Saharan Africa (Domestic Markets)*

Studies conducted in this context include: Ukpong and Ukpe (2023), who also use an ex post facto research design with bird in hand theory to examine the effect of dividend policy on the performance of 12 firms in Nigeria for the period 2015 to 2019. The study uses form of dividend payment (FDP), timing of dividend payment (TDP) and earnings per share (EPS) as proxies for dividend policy, and ROA as a proxy for the performance of firms. The findings show that ROA has a positive relationship with the form of dividend payment, but a negative relationship with earnings per share (EPS) and timing of dividend payment (TDP).

Likewise, Bossman et al. (2022) also use the system generalised method of moments (SGMM) to examine the dividend policy and financial performance nexus among 29 listed firms in Ghana. The study employs dividend capacity (free cash flow), dividend payout, and free cash flow savings as measures for dividend policy and ROA, ROE, Stock price, and Tobin's Q for firm performance, with capital structure, firm size, firm age, governance, and financial sector clean-up as control variables. The results show a significant effect of dividend capacity on return on assets and return on equity. Free cash flow savings was found to have a direct and significant effect on return on assets and return on equity but an indirect relationship with both Tobin's Q and stock price. The findings revealed a detrimental effect of financial sector clean-ups on the performance of non-financial firms only.

Udoka et al. (2022) use an ex post facto research design together with Dividend relevancy and bird-in-hand theory to assess the significance of dividend policy and suggest measures that could enhance its effectiveness on the performance of 26 consumer goods firms in Nigeria. Firms' dividend payout ratio (DPR), firms' dividend per share (DPS), and firms' dividend yield (DY) were used as proxies for dividend policy and ROE for firm performance, together with the corporate governance index as a moderating variable. Analysis revealed that without the moderator (corporate governance index), dividend payout ratio was statistically insignificant both in the short run and long run periods.

Similarly, Ugwu et al. (2020) employ correlation and ex-post facto research, Agency, signalling and bird-in-hand theory to evaluate the effect of dividend policy on corporate financial performance with evidence from 10 selected listed consumer goods firms in Nigeria within the period 2015-2019. Dividend payout ratio (DPR), Earnings per share (EPS) and Dividend per share (DPS) were used to proxy dividend policy, and ROE was used for financial performance. The results show that dividend payout ratio, earnings per share and dividend per share are positively related to return on equity. It also revealed that the dividend payout ratio and earnings per share were statistically insignificant with return on equity, while dividend per share was statistically significant with return on equity within the period of study.

In addition, Adeiza et al. (2020) used ratio analysis and Residual theory to ascertain the effect of Dividend Payout Ratio (DPR) on Net Profit Margin of quoted oil and gas companies, to determine the effect of Dividend Payout Ratio (DPR) on the Return on Assets (ROA) of quoted oil and gas companies as well as to identify the effect of Dividend Payout Ratio (DPR) on the Return on Equity (ROE) of 2 quoted oil and gas companies. Net Profit Margin (NPM), Return on Assets (ROA), and Return on Equity (ROE) were used as proxies for firm performance. The study found that Dividend Payout Ratio had a negative and insignificant effect on the firm performance of Mobil Plc and Total Plc in 2017 and 2018, while the results showed a significant effect in 2015 and 2016 for Total Plc, and a significant effect for Mobil Plc in 2015 but an insignificant effect in 2016.

However, the relationship between dividend policy and firm performance in domestic markets, with a specific focus on West African markets like Nigeria and Ghana, demonstrates mixed and often conflicting outcomes. Several studies show positive performance impacts, such as Ugwu et al. (2020) finding a positive relationship between dividend metrics and ROE, and Ukpong and Ukpe (2023) establishing that ROA positively responds to the specific form of dividend payment. Conversely, researchers like Adeiza et al. (2020) report negative and largely insignificant effects on profitability metrics like Net Profit Margin and ROA, while Bossman et al. (2022) point out that external disruptions, such as financial sector clean-ups, heavily distort non-financial firm yields. Methodologically, Udoka et al. (2022) highlight that the core dividend-performance link is highly unstable or a "matter of chance" unless an operational moderator is introduced into the regression framework to establish long-run statistical significance.

### *2.2.3 Dividend Policy and Firm Value in Asian Emerging Markets*

Bon and Hartoko (2022) employ Signaling theory to obtain empirical evidence related to the effect of dividend policy, investment decisions, leverage, profitability, and firm size on the firm value of 30 Indonesian companies. Dividend pay-out ratio (DPR), total asset growth (TAG), total debt to total assets (TD/TA), ROA and Price-to-Book Value (PBV) were used as proxies for the variables under study. The results showed that dividend policy does not affect firm value, investment decisions do not affect firm value, leverage affects firm value positively, profitability affects firm value positively, and firm size does not affect firm value.

Similarly, Margono and Gantino (2021) use Signalling and Relevance theory to acquire empirical proof on the impact of firm size, leverage, profitability, and dividend policy on the firm value of 10 consumer goods companies in the Indonesian food & beverage sub-sector listed on IDX in 2016-2019. Ln total sales, debt-to-asset ratio (DAR), return on equity (ROE), dividend payout ratio (DPR), and Price Book Value (PBV) were used as measures of the variables under study. The study found that firm size, leverage, profitability, and dividend policy simultaneously influence firm value; firm size has no impact on company value; leverage has a positive impact on company value; profitability has a positive impact on company value; and dividend policy has a positive impact on company value.

However, the relationship between dividend policy and firm value in developed nations focuses on market signalling dynamics, yet displays mixed results regarding how cash distribution affects corporate valuation. While Margono and Gantino (2021) observe that firm size, leverage, profitability, and dividend policy simultaneously influence firm value, asserting that dividend policy yields a direct positive impact on Price-to-Book Value (PBV), Bon and Hartoko (2022) contradict this finding by demonstrating that dividend policy and investment choices have no significant effect on firm value. Both studies agree on the finding that accounting profitability and leverage act as positive drivers of investor perception and share price.

### *2.2.4 Sales Growth as a Moderator*

In this section, very few studies were found that were conducted using sales growth as a moderator in the relationship between dividend policy and financial performance/value. Even though Pramesti and Murwaningsari (2025) were found to have conducted research on determinants of the earnings response coefficient with sales growth as a moderator, Ridhani Fahlika et al. (2026) looked at the effect of financial ratios on dividend policy with sales growth as a moderator in technology sector companies listed on the Indonesia Stock Exchange (2019–2023). However, in this case, sales growth could also be used as a good moderator between dividend policy and financial performance/value in the context of Nigeria.

## 2.3 Theoretical Framework

### *2.3.1 Free Cash Flow Theory*

For companies with low or stagnant sales growth, paying dividends acts as a critical governance mechanism. According to Jensen's (1986), managers in mature companies are prone to overinvesting in suboptimal, negative net present value (NPV) projects to build "managerial empires." In this low-growth regime, high dividend payouts force corporate discipline by stripping managers of excess cash. Therefore, when sales growth is low, dividend policy has a strongly positive relationship with financial performance.

### *2.3.2 Pecking Order Theory*

For companies experiencing rapid top-line sales growth, the corporate priority shifts from mitigating agency conflicts to funding expansion. According to Myers & Majluf (1984), internal equity (retained earnings) is the cheapest source of financing. If a high-growth company pays out massive dividends, it creates an unnecessary financing deficit, forcing the company to incur high flotation costs for external debt or equity, which drags down net performance. Therefore, when sales growth is high, the positive impact of dividends on financial performance is either weakened, nullified, or becomes negative.

## 2.4 Conceptual Framework

The framework below explains the interaction through which a company's operational lifecycle changes its corporate payout outcomes, positioning dividend policy as the independent variable, financial performance/value as the dependent variable, and sales growth as the moderator. Dividend policy is captured using three dimensions: dividend payout ratio, dividend yield, and dividend coverage ratio, while company outcomes are evaluated through accounting indicators (ROA) and market valuation (Tobin's Q). By integrating control variables like firm size, leverage, and age, the model proposes the use of Moderated Regression Analysis (MRA) to demonstrate that the financial yield of a dividend is not static. Instead, sales growth acts as the critical pivot point: for low-growth companies, high dividend distributions maximise performance by stripping managers of excess cash and mitigating free cash flow agency

conflicts, whereas for high-growth companies, paying high dividends forces an unnecessary cash deficit that penalises operational performance by restricting internal expansion capital.

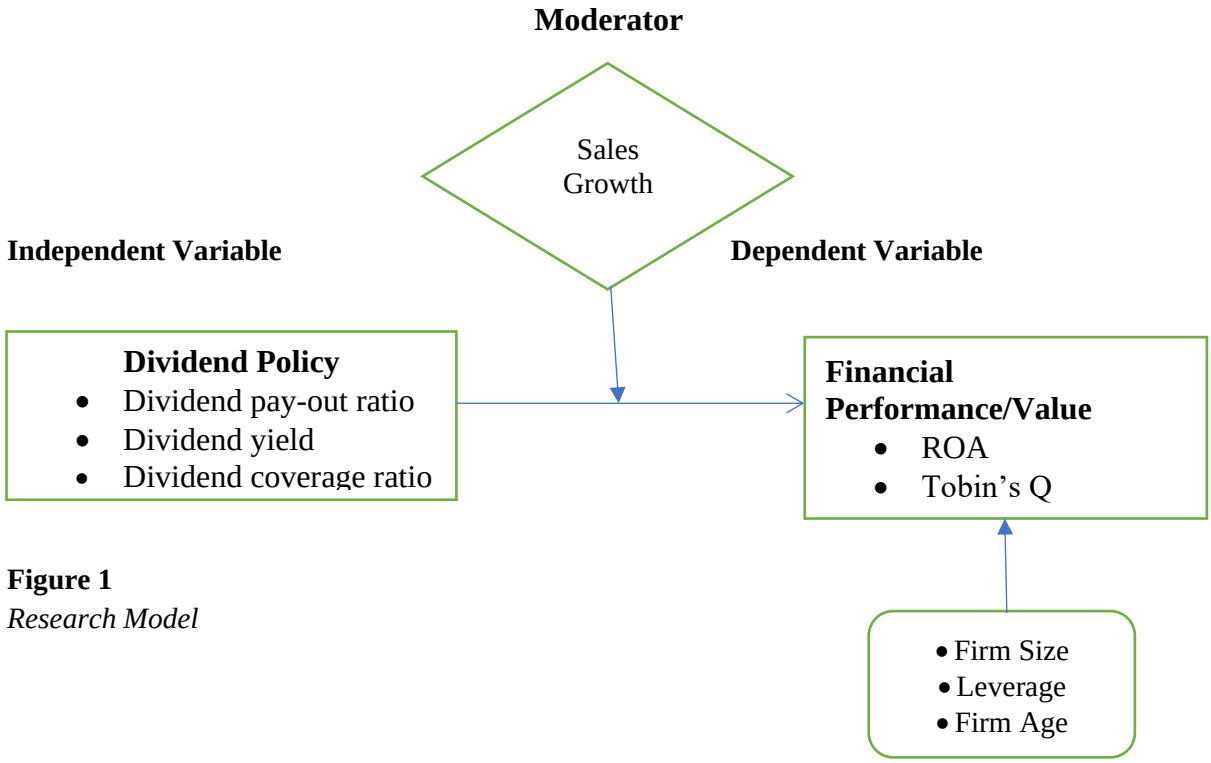



**Figure 1**
*Research Model*

### *2.4.1 Propositions*

i. Dividend policy has a significant effect on the financial performance of listed consumer goods companies in Nigeria.

ii. Dividend policy has a significant effect on the firm value of listed consumer goods companies in Nigeria.

iii. Sales growth has a significant direct effect on the financial performance and value of listed consumer goods companies in Nigeria.

iv. Sales growth significantly moderates the relationship between dividend policy and financial performance of listed consumer goods companies in Nigeria.

v. Sales growth significantly moderates the relationship between dividend policy and firm value of listed consumer goods companies in Nigeria.

### *2.4.2 Proposed Models*

$$ROA = \alpha + \beta_1 DPR_{it} + \beta_2 DY_{it} + \beta_3 DCR_{it} + \beta_4 SG_{it} + \beta_5 DPR*SG_{it} + \beta_6 DY*SG_{it} + \beta_7 DCR*SG_{it} + \beta_8 SIZE_{it} + \beta_9 LEV_{it} + \beta_{10} AGE_{it} + \varepsilon_{it}$$

$$\text{Tobin's Q} = \alpha + \beta_1 DPR_{it} + \beta_2 DY_{it} + \beta_3 DCR_{it} + \beta_4 SG_{it} + \beta_5 DPR*SG_{it} + \beta_6 DY*SG_{it} + \beta_7 DCR*SG_{it} + \beta_8 SIZE_{it} + \beta_9 LEV_{it} + \beta_{10} AGE_{it} + \varepsilon_{it}$$

**Where:**

ROA = Return on assets

Tobin's Q = Q ratio

$\alpha$ = Constant

$\beta$ = Regression Coefficient

DPR = Dividend payout ratio

DY = Dividend yield

DCR = Dividend coverage ratio

SG = Sales Growth

SIZE = Firm size

AGE = Firm age

$\varepsilon$ = error term

## 3.0 Research Method

This study employs a desktop review to synthesise secondary financial data and corporate finance literature, ensuring empirical objectivity and academic rigour. It follows a structured search protocol for thematic synthesis, exploring connections among the variables. Comprehensive searches were conducted across four primary research databases: Google Scholar for regional Sub-Saharan African governance studies, Scopus for peer-reviewed literature on corporate finance, DoAJ for open-access empirical studies in developing economies, and specific institutional databases to review documentation related to quoted consumer goods companies in Nigeria. Search questions were formulated using specific field tags and Boolean operators (AND, OR) to tie the independent variable (dividend policy) to the dependent variables financial performance/firm value) through the interacting mechanism of operational trajectories. The foundational search strings included: ("Dividend Policy" OR "Dividend Payout Ratio" OR "Dividend Yield") AND ("Financial Performance" OR "Firm Value" OR "Return on Assets" OR "Tobin's Q"). ("Sales Growth" OR "Revenue Growth") AND ("Moderator" OR "Moderated Regression Analysis") AND "Nigeria".

### Eligibility Criteria

Strict inclusion and exclusion criteria were established *a priori* to ensure that the conceptualised model reflects the contemporary macroeconomic realities of Nigerian consumer goods companies.

| Category | Inclusion Criteria | Exclusion Criteria |
|---|---|---|
| **Temporal Window** | Published literature and secondary data from 2020 to 2025. | Studies published before 2020 or projected beyond 2025. |
| **Geographic & Sector Focus** | Core emphasis on Nigerian corporate markets, Sub-Saharan Africa, and relevant global emerging economies (e.g., Indonesia, India, Vietnam). | Studies focused strictly on highly structured Western economies with non-analogous liquidity profiles. |
| **Variables Under Study** | Explicitly covers Dividend Policy proxies (DPR, DY, DCR), Financial Performance/Value indicators (ROA, | Papers examining peripheral financial metrics (tax avoidance, intellectual |

| Category | Inclusion Criteria | Exclusion Criteria |
|---|---|---|
| | Tobin's Q), or Sales Growth interactions. | capital) without direct links to payout configurations. |
| **Methodological Nature** | Peer-reviewed empirical panel data, ex-post facto research designs, and theoretically grounded desktop reviews. | Informal business blogs, non-academic news items, or unverified student project papers. |

## Source Selection and Synthesis Volume

The evaluation, filtration, and enrolment of secondary data followed a strict narrative screening process:

i. Initial Identification: Initial search strings yielded a broad baseline of literature addressing corporate payout distributions across emerging markets.

ii. Contextual Filtering**:** Records were filtered by matching their parameters against the specific structural challenges faced by consumer goods companies in Nigeria, namely, low dividend payout strategies vs. steady profitability maintenance.

iii. Theoretical Harmonisation: Retained studies were evaluated based on their alignment with Free Cash Flow Theory and Pecking Order Theory to ensure a sound theoretical baseline for the proposed conceptual model.

iv. Final Synthesis Volume: Out of the broader literature landscape, a concentrated block of 33 distinct academic references spanning the 2020–2025 timeline was systematically synthesised. This synthesis included direct empirical support from specific regional and international studies, such as Jatoi et al. (2023), Theiri et al. (2023), Christian & Dewi (2022), Udoka et al. (2022), and Ugwu et al. (2020), to robustly validate the boundary role of sales growth within the proposed model.

## 4.0 Conclusion

This study establishes a conceptual framework that reconciles the conflicting dynamics of corporate payout decisions and organisational performance within the unique context of the Nigerian emerging market. By positioning sales growth as a structural moderator, the framework moves beyond the traditional, linear dividend-performance debate to demonstrate that the financial and market yields of a dividend are highly conditional. The integration of Free Cash Flow and Pecking Order Theory provides a strong theoretical foundation, confirming that a company's top-line revenue trajectory serves as the decisive economic pivot determining whether earnings should be retained for expansion or distributed to sustain investor interest.

The structural model indicates that the operational growth phase of a consumer goods company dictates how the market and internal operations respond to dividend policy signals. For mature, low-growth companies, the framework highlights that aggressive dividend payouts function as a critical corporate governance mechanism that strips managers of excess cash, thereby mitigating the agency costs of overinvestment and boosting performance. Conversely, for rapidly expanding, high-growth companies, the model demonstrates that maximising dividend distributions creates a counterproductive financing deficit; this forces reliance on costly external financing and penalises overall performance by reducing the cheap internal equity needed to fund immediate sales expansion.

Finally, this study bridges a significant gap in Sub-Saharan African corporate finance literature by providing a clear blueprint for analysing the interaction between operational metrics and financial strategies. While historical literature in the region has often treated the dividend-performance link as a

matter of chance, this framework offers corporate managers, capital market regulators, and investors in Nigeria a targeted method to optimise capital allocation based on a company's specific life-cycle stage. Moving forward, this conceptual model provides a preliminary theoretical proposition for researchers to deploy Moderated Regression Analysis (MRA) and panel data to empirically test and quantify these interaction pathways on the Nigerian Exchange (NGX).

## 4.1 Theoretical Implications of the Study

This synthesises and contextualises the reconciliation of Free Cash Flow Theory and Pecking Order Theory, moving beyond a static, linear application of corporate finance principles. By establishing **sales** growth as a structural moderator, this framework demonstrates that these traditionally competing theories are not mutually exclusive, but rather operate sequentially based on a company's lifecycle stage. The model provides new theoretical depth to Signalling Theory in Sub-Saharan Africa by proving that the market interpretation of a dividend signal is highly conditional; a dividend payout does not inherently signal strength, but must be contextualised alongside a company's operational expansion trajectory to determine its true impact on performance and value. Thus, this study challenges traditional assumptions by showing that the explanatory power of agency and corporate financing theories is maximised only when standardised against top-line operational metrics like revenue expansion.

## 4.2 Practical Implications of the Study

This study offers immediate strategic utility to corporate executives, institutional investors, and equity analysts navigating the volatile landscape of the Nigerian Exchange (NGX). For corporate boards, the framework provides an operational blueprint for capital allocation, demonstrating that a rigid, one-size-fits-all dividend policy can systematically terminate firm value. Managers of high-growth consumer goods companies are given an empirical justification to shift toward a low-dividend payout strategy, safely retaining cheap internal earnings to fund inventory and expansion without sending negative distress signals to the market. Conversely, executives of mature, low-growth companies are instructed to maximise cash distributions to maintain shareholder loyalty and signal corporate discipline. Eventually, for fund managers and investors, this model provides a refined framework to accurately evaluate whether a company's dividend announcement represents healthy governance or an irresponsible drain on the capital needed for long-term survival.

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