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FINANCIAL DETERMINANTS OF DIVIDEND PAYOUT POLICY AMONG LISTED OIL AND GAS FIRMS IN NIGERIA

Ashiru Halilu[1,*], Muhammad Usman[2]
[1]Katsina State Institute of Technology and Management (Ksitm)
[2]King Fahad University of Petroleum and Minerals (Kfupm)
***Corresponding author**: ashirhalil8@gmail.com; +2348065600488; ORCID: 0009-0005-0695-8046
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ABSTRACT

The study examines the financial determinants of dividend payout policy of quoted oil and gas firms in Nigeria. Specifically, the study investigates the association of return on assets, revenue, profit after tax, leverage and firm size with dividend payout policy. The literature on dividend policy is growing, but empirical evidence remains inconclusive, with relatively limited sector-specific evidence for the Nigerian oil and gas sector, which is capital intensive and operates in a volatile environment. The study adopts an ex-post facto research design and uses panel data obtained from annual reports of all seven listed oil and gas firms in Nigeria over the ten-year period from 2016 to 2025, giving 70 firm-year observations. Census sampling was used because the entire population of seven listed firms was included in the study. Data analysis was carried out using random-effects panel regression technique. The study is anchored on Dividend Signaling Theory and Agency Theory. The results established that return on assets, revenue, profit after tax and firm size have positive and significant effect on dividend payout policy while leverage had significant negative influence. The study concluded that financial performance and corporate financial structure are major determinants of dividend payout decisions of quoted oil and gas firms in Nigeria. The study recommends improved profitability, sustainable revenue growth and optimal debt management to ensure stable dividend payments and enhance shareholders' wealth.

1.0 Introduction

Dividend payout policy is the ratio of corporate earnings paid out to shareholders as dividends, rather than retained for investment and future growth. This is one of the most important financial decisions of corporate managers as it has direct impact on the wealth of shareholders, confidence of investments, market valuation and long-term sustainability of the corporate. Dividend payout policy is the basis of companies for determining the percentage of retained earnings and cash distribution to their investors (Yusuf, 2019). Moseri and Akinola (2018) also described dividend policy as a strategic decision of management regarding the distribution of corporate earnings between the current returns to shareholders and returns from future investment opportunity.

The dividend payout policy is relevant in the Nigerian oil and gas sector because companies operate in a

very volatile business environment characterised by volatile crude oil prices, exchange rate instability, high operating costs, regulatory uncertainty and high capital needs. Thus, managers are faced with the dilemma of rewarding shareholders through dividends and at the same time investing enough retained earnings to spur operational growth and long-term investments (Ezeh et al., 2022). Therefore, stable dividend policies are generally perceived on the capital market as a sign of financial strength and corporate stability.

Financial variables specific to a firm that influence the dividend decisions of corporations are financial determinants. These determinants are responsible for the capacity and willingness of the firms to distribute to the shareholders the earnings. The study conceptualised profitability, revenue, profit after tax, leverage and firm size as the major financial determinants that influence dividend payout policy among listed oil and gas firms in Nigeria. It is known fact that profitability is one of the most important factors in determining dividend payout policy. Profitability enhances the capacity to distribute earnings and operational efficiency. Profitability is the ability of a firm to earn profits from its assets and operations over a given period of time. Profitability is measured by return on assets (ROA) in this study. Return on assets measures the efficiency of the management in using the assets of the corporation to generate earnings. Taiwo et al. (2022) argue that profitable firms are more likely to pay stable dividends as good earnings improve financial flexibility and shareholders' confidence. Likewise, Wilson et al. (2022) held that the profitability of the Nigerian oil and gas companies is the basis of dividend stability because dividend payments are largely financed from current profits. That is why profitability is an important indicator of the future performance and financial health of a corporation.

Another important financial factor affecting the dividend payout policy is revenue. Companies capable of generating more income will likely have the financial stability and cash flows to pay dividends. Revenue is the total income a company gets from its business before expenses are subtracted. High revenue growth often means market expansion, operating efficiency and better sales performance. Adeiza et al. (2020) argued that companies with stable cash flow are more likely to pay regular dividends as they generate stable cash inflows that enhance liquidity position and reduce financial constraints. One of the major determinants of dividend sustainability in the oil and gas industry is revenue stability as revenues are largely dependent on production capacity, crude oil prices, and global energy demand.

While empirical and theoretical literature on dividend payout policy is increasingly growing, several studies have already examined profitability, leverage, firm size and related financial determinants in Nigerian oil and gas firms. In particular, Wilson et al. (2022), Taiwo et al. (2022), and Ezeh et al. (2022) provide closely related sector evidence. Therefore, the contribution of the present study is not the claim that these determinants have never been jointly examined. Rather, the study provides additional, updated firm-level evidence for the Nigerian oil and gas sector using a model that jointly considers ROA, revenue, PAT, leverage and firm size and subjects the panel estimates to a sequence of diagnostic and specification tests, including VIF, heteroskedasticity, normality, Hausman and Breusch–Pagan LM tests. The study also explicitly examines the distinction between top-line revenue and bottom-line PAT as separate financial indicators. The contribution is consequently framed as an updated and diagnostically assessed sector-specific replication/extension of the existing Nigerian evidence rather than as the first study of the joint determinants of dividend payout.

2.0 Literature review

Tijjani and Sani (2016) investigated the effect of free cash flow on dividend policy of listed oil and gas firms in Nigeria using annual reports from 2003 to 2014 using multiple regression. The study established positive effects of free cash flow and earnings per share and a negative association between leverage and

dividend policy. Their evidence is useful for establishing the relevance of cash availability and leverage in the sector; however, the study predates the post-2014 oil-price shock and subsequent structural changes in Nigeria's energy environment. The present study therefore provides more recent evidence and uses a broader set of accounting-based determinants together with panel specification diagnostics.

Moseri and Akinola (2018) studied the effect of dividend payment decisions on share prices of listed oil and gas firms in Nigeria for 2013–2017. Using dividend per share and other dividend-related variables in panel OLS, they reported a relationship between dividend distribution and share-price stability. Their outcome variable differs from the present study, which directly explains dividend payout ratio. This difference is important because evidence that dividends are associated with market valuation does not by itself explain the financial determinants of the payout decision.

The study by Ojogbo et al. (2022) examined the relationship between dividend payout ratio and market share prices using 15 quoted Nigerian firms over 2014–2020. Its focus was on market-price outcomes rather than the firm-level determinants of dividend payout itself. This distinction limits its direct comparability with the present study, which models DPR as the dependent variable and focuses specifically on listed oil and gas firms. The study nevertheless provides useful evidence that dividend-related variables can have heterogeneous implications for market outcomes.

Ezeh et al. (2022) examined dividend policy among 10 Nigerian oil and gas companies over 2010–2020 using fixed-effects regression selected through the Hausman test. They reported positive effects for internal corporate earnings and macroeconomic conditions and a negative effect for total assets. Their study is closely related to the present research because of its sector, dependent variable and panel approach. The present study differs in its inclusion of revenue and PAT alongside ROA, leverage and firm size and in its use of a sequence of diagnostic tests followed by random-effects estimation. The difference in estimation strategy and variable composition also provides an opportunity to compare whether the direction and significance of the main financial determinants remain stable across model specifications.

Adelegan et al. (2021) investigated dividend policy among manufacturing companies in Nigeria using a multivariate framework. The study is relevant for understanding how internal funding constraints and investment horizons can shape dividend decisions, but its manufacturing-sector setting limits direct transferability to oil and gas firms, whose capital intensity and exposure to commodity-price movements differ. The present study therefore treats the manufacturing evidence as contextual rather than sector-equivalent evidence.

Ohuka et al. (2021) examined the relationship between dividend policy and ROA among listed non-financial firms in Nigeria using an ex-post facto design and a small convenience sample. Its main contribution is evidence on the interaction between dividend decisions and accounting returns, but the direction of analysis differs from the present study because ROA is an explanatory variable here and DPR is the outcome. The use of a convenience sample also means that the findings are less directly comparable with the present census-based sector analysis.

Zatiock et al. (2023) examined ownership structure and dividend policy among eight purposively selected Nigerian oil and gas firms over 2013–2022. The study is useful because it demonstrates that ownership characteristics can explain dividend variation beyond accounting performance. Its focus on ownership, however, differs from the present study's emphasis on financial determinants. The smaller purposive sample also limits direct comparison with a complete panel of firms meeting the present study's data criteria.

Lawal and Jimoh (2025) investigated managerial overconfidence and dividend policy among ten Nigerian oil and gas firms over 2014–2023. Their behavioural-finance perspective extends the dividend literature beyond conventional accounting ratios. The present study complements rather than duplicates this approach by concentrating on observable financial determinants and by applying formal panel specification diagnostics to the accounting-based model.

Yahaya (2026) examined dividend policy and shareholders' wealth among Nigerian deposit money banks for 2010–2024. Although the study provides recent evidence on dividend-related outcomes, banking firms operate under regulatory and balance-sheet conditions that differ materially from those of oil and gas companies. It is therefore used as broader Nigerian evidence rather than as a direct sectoral comparator.

2.2 Theoretical Review

Dividend Signalling Theory (Ross, 1977) says that corporate managers use dividend payments as a signal to convey private information about the current performance and the future financial prospects of the firm to investors. The theory is built on the presumption that managers possess superior information concerning the earnings capacity and operational stability of the company than outside investors. Therefore, dividend payments are employed to alleviate information asymmetry and to increase investors' confidence in the firm. The theory is highly applicable to this study as the key explanatory variables considered; return on assets (ROA), revenue, profit after tax (PAT), leverage and firm size are indicative of the financial strength and operational performance of the oil and gas firms. Companies are more likely to pay dividends if they have strong profitability, stable revenues and higher earnings, as a way of signalling financial stability and positive future prospects to shareholders. The empirical findings of the study confirm this theoretical assumption that profitability, revenue, profit after tax and firm size have positive and significant influence on dividend payout policy.

In the Nigerian oil and gas sector, where companies operate in a macroeconomic environment characterised by instability, oil price volatility, exchange rate fluctuations and high investment risk, dividend payments are important market signals that reassure investors of corporate sustainability and future earning capacity. This suggests that Dividend Signalling Theory is a good framework to explain why financially stronger companies are more likely to maintain their dividend payout policies.

Agency Theory

The Agency Theory was developed by Jensen and Meckling (1976). The theory explains the conflict of interest between shareholders and managers in modern corporations. In some cases, managers may not always maximise wealth of shareholders such as firms with large amounts of free cash flows. Therefore, agency theory posits that paying dividends can help mitigate agency conflicts because it restricts the surplus funds available to managers, and compels managers to use corporate resources more effectively.

The relationship between leverage and dividend policy can be explained through both agency-cost and capital-structure mechanisms, but these mechanisms should be distinguished. From an Agency Theory perspective, dividend payments can reduce the free cash flow available for discretionary managerial spending and thereby constrain potential agency problems arising from managerial control over surplus resources (Jensen & Meckling, 1976). Leverage can also impose monitoring and contractual discipline on managers, which may reduce managerial discretion. However, the direct argument that higher debt reduces dividends because cash is committed to interest and principal obligations is more appropriately associated with capital-structure, trade-off and pecking-order considerations. Under these mechanisms, debt-service commitments can reduce the residual funds available for shareholder distributions and increase the

preference for internally generated funds. Thus, the negative association between leverage and dividend payout observed in this study is interpreted as being consistent with both agency discipline and financing constraints, but the two theoretical mechanisms are not treated as interchangeable.

3.0 Research Methodology

This study adopted an ex-post facto research design within a positivism paradigm. Owing to the fact the study uses historical, non-manipulated financial data, the design is appropriate for examining statistical associations among the variables rather than establishing causal relationships. The study also used panel data, combining cross-sectional and time-series observations to account for firm-specific differences and changes over time. Panel-data techniques are useful because they can control for unobserved heterogeneity across firms and over time (Ighosewe et al., 2024).

The population comprised the 7 companies listed in the oil and gas sector on the Nigerian Exchange Group (NGX) during the study period. A census sampling method was employed, meaning that all 7 listed oil and gas firms in the population were included in the study. The study covered a 10-year period from 2016 to 2025. Accordingly, the final balanced panel comprised 7 listed oil and gas firms observed over 10 years, producing 70 firm-year observations (7 firms × 10 years). No firm was excluded from the population because the study used census sampling and the analysis was based on the complete set of the selected firms for the study period. This sample definition provides a clear basis for assessing the representativeness and generalisability of the findings within the Nigerian listed oil and gas sector and the period covered by the study.

The dependent variable in this study is Dividend Payout Ratio (DPR) which is calculated dividing dividend per share over earning per share. The independent variables include return on assets (ROA) calculated as profit after tax divided by total assets, revenue (REV) calculated as natural logarithm of total revenue, profit after tax (PAT) calculated as natural logarithm of PAT, leverage (LEV) calculated as total debt divided by total assets and firm size (FSZ) calculated as natural logarithm of total assets. These variables are consistent with the recent empirical studies on the determinants of dividend policy in emerging markets (Ighosewe et al., 2024; Newstyle et al., 2024). The simultaneous inclusion of revenue and profit after tax (PAT) is theoretically justified because they capture different stages of the firm's financial capacity. Revenue is a top-line measure of the scale and stability of operating activity before operating, financing and tax costs are deducted, whereas PAT is a bottom-line measure of earnings remaining after those costs. Revenue can therefore provide information about the scale and continuity of business activity that is not identical to realised net profitability. In the oil and gas sector, relatively strong and stable revenue generation may indicate operating scale and the capacity to support cash-generating activities, while PAT reflects the earnings actually remaining after costs, finance charges and taxes. The correlation between revenue and PAT is 0.622, which indicates a meaningful association but is below the level commonly used as an indication of severe pairwise multicollinearity. This is also supported by the VIF results (maximum VIF = 2.149; mean VIF = 1.477). Accordingly, both variables are retained to distinguish top-line operating scale from bottom-line profitability. Because the two measures are conceptually related, the interpretation of their coefficients is treated as conditional on the other variables in the model rather than as evidence that revenue independently creates dividend capacity. A sensitivity specification excluding revenue and a second specification excluding PAT should be estimated and reported, where the underlying firm-year data permit, to assess whether the substantive conclusions are robust to this potential overlap.

$$\mathrm{DPR}_{it} = \beta_0 + \beta_1 \mathrm{ROA}_{it} + \beta_2 \mathrm{REV}_{it} + \beta_3 \mathrm{PAT}_{it} + \beta_4 \mathrm{LEV}_{it} + \beta_5 \mathrm{FSZ}_{it} + \mu_{it}$$

Where DPR = dividend payout ratio, ROA = profitability, REV = revenue, PAT = profit after tax, LEV = leverage, FSZ = firm size, $\beta 0$ = constant term and μ = error term. The specification is intended to estimate conditional associations between the explanatory variables and dividend payout ratio and does not, by itself, establish causal effects.

4.0 Results and Discussions

Descriptive and inferential statistics were used to analyse the data. The data were analysed by descriptive statistics such as mean, standard deviation, minimum and maximum. The inferential techniques used were: correlation analysis, multicollinearity test using the Variance Inflation Factor (VIF), heteroskedasticity test, normality test, Hausman specification test and Breusch–Pagan Lagrangian Multiplier test. Such diagnostics are vital to guarantee the validity and reliability of regression estimates in panel data analysis (Ighosewe et al., 2024). Based on the result of Hausman and LM tests, the random effects model was chosen as the most appropriate estimation method. All the analysis was done using Stata version 13 at 5% level of significance. The a priori expectation indicates that ROA, REV, PAT and FSZ are positively related to dividend payout while LEV is expected to have a negative relationship, consistent with recent empirical evidence on dividend behaviour in emerging economies (Newstyle et al., 2024; Zatiock et al., 2024). Results and discussion section covers the analysis and discussion of findings relating to the financial determinants of dividend payout policy among listed oil and gas firms in Nigeria. The results are discussed in light of the study objectives, hypotheses, relevant theories and empirical literature.

Table 1

Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
DPR	70	0.365	0.111	0.13	0.64
ROA	70	0.101	0.048	0.02	0.18
Rev	70	18.85	1.917	14.65	22.30
Pat	70	17.438	1.402	14.88	20.35
LEV	70	.516	.204	0.20	0.87
FSZ	70	19.571	1.641	16.60	23.19

Source: Stata Output (2026)

Table 1 reports the descriptive statistics which reveals wide variations in financial characteristics and dividend payout behaviour of listed oil and gas companies in Nigeria during the study period. The average dividend payout ratio (DPR) of 36.5% indicates that the sampled firms paid a moderate proportion of their earnings to shareholders, but the standard deviation of 11.1% indicates a wide variation in dividend policies between firms and over time. The level of profitability is measured by return on assets (ROA) and has a mean value of 10.1% indicating a quite moderate operational efficiency of the firms. The mean values of Revenue (Rev) and profit after tax (Pat) are 18.85 and 17.44 respectively indicating the diversity in the size of the firm and earning power in the industry. The average leverage ratio (LEV) was 51.6% which indicates that corporate financing was mainly debt driven. The average firm size (FSZ) is 19.57, which indicates relatively large firms in the sector. Overall, the descriptive statistics indicate that there is sufficient variation in the data to conduct econometric analysis.

Table 2

Correlations Matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)
(1) DPR	1.000					

Variables	(1)	(2)	(3)	(4)	(5)	(6)
(2) ROA	0.612	1.000				
(3) Rev	0.331	0.284	1.000			
(4) Pat	0.417	0.396	0.622	1.000		
(5) LEV	-0.381	-0.214	-0.148	-0.191	1.000	
(6) FSZ	0.286	0.174	0.337	0.418	-0.126	1.000

Source: Stata Output (2026)

The pairwise correlation matrix shows the direction and strength of the bivariate associations among the study variables. DPR is positively correlated with ROA (0.612), revenue (0.331), PAT (0.417) and firm size (0.286), while its correlation with leverage is negative (-0.381). Revenue and PAT have the strongest correlation among the explanatory variables (0.622). This is economically understandable because larger operating activity can be associated with higher net earnings; however, revenue and PAT represent different points in the income-generation process. Revenue reflects top-line operating scale before expenses, whereas PAT reflects bottom-line earnings after expenses, financing costs and tax. The correlation does not therefore imply that the two variables are identical measures. Importantly, all pairwise correlations among explanatory variables are below 0.80, and the subsequent VIF results provide additional evidence that the model does not suffer from severe multicollinearity.

Table 3

Variance Inflation Factor (VIF)

	VIF	1/VIF
Pat	2.149	0.465
Rev	1.882	0.531
FSZ	1.207	0.828
ROA	1.091	0.916
LEV	1.055	0.947
Mean VIF	1.477	.

Source: Stata Output (2026)

The multicollinearity diagnostics provide no indication of severe collinearity. VIF values range from 1.055 to 2.149, with a mean of 1.477. Although revenue and PAT are conceptually related and have a correlation of 0.622, their VIF values remain low (1.882 and 2.149, respectively). The evidence therefore supports retaining both variables as distinct top-line and bottom-line indicators, while recognising that their coefficients represent conditional associations when both measures are included in the same model.

Variable	**Chi-Sq. Value**	**Probability**
Model	1.84	0.1748

Source: Stata Output (2026)

The heteroskedasticity test results do not reject the null hypothesis of constant variance (Prob > chi2 = 0.1748). This result indicates no heteroskedasticity in the residuals, and the estimated standard errors are efficient and unbiased. The normality of skewness and kurtosis test results illustrated that all variables were normally distributed in terms of the probability values above the 5% significance level. This implies that the variables are approximately normally distributed and can be used in panel regression.

Table 5

Normality Tests of Skewness / Kurtosis

Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj_chi2(2)	Prob>chi2
DPR	70	0.612	0.487	1.42	0.492

Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj_chi2(2)	Prob>chi2
ROA	70	0.271	0.118	3.54	0.170
Rev	70	0.446	0.302	1.96	0.376
Pat	70	0.511	0.214	2.77	0.250
LEV	70	0.183	0.097	4.33	0.115
FSZ	70	0.694	0.241	2.11	0.348

Source: Stata Output (2026)

The results of Skewness/Kurtosis normality test show that the study variables are normally distributed which satisfies the normality assumption for the panel regression analysis. Specifically, the probability values of the joint skewness and kurtosis statistics for DPR (0.492), ROA (0.170), Rev (0.376), Pat (0.250), LEV (0.115), and FSZ (0.348) are higher than the conventional 5% level of significance. Thus, the null hypothesis of normal distribution is not rejected for all the variables. This means that the variables are normally distributed and regression estimates are more reliable and valid. The absence of major deviations from normality also implies that the data is suitable for econometric analysis and the estimated coefficients are unlikely to be biased by non-normal data behaviour.

Table 6

Hausman (1978) specification test

	Coef.
Chi-square test value	2.338
P-value	0.801

Source: Stata Output (2026)

Table 7

Breusch and Pagan Lagrangian Multiplier test for random effect

Test Statistic	F-statistic Value	Probability
LM test	8.47	0.0018

Source: Stata Output (2026)

Hausman specification test and Breusch–Pagan Lagrangian Multiplier (LM) test were used to select appropriate panel estimation method. The result of the Hausman test shows that the chi-square statistic is 2.338 with a probability value of 0.801 indicating that the random-effect estimator is more appropriate than the fixed-effect estimator because the difference in coefficients is not systematic. The LM test was also significant (Prob = 0.0018) confirming the existence of panel effects and the appropriateness of the random-effects regression model over pooled OLS.

Table 8

Results of Regressions

DPR	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
ROA	0.843	0.221	3.81	0.000	0.409	1.277	***
Rev	0.011	0.004	2.69	0.007	0.003	0.019	***
Pat	0.019	0.008	2.42	0.015	0.004	0.034	**
LEV	-0.193	0.051	-3.76	0.000	-0.294	-0.093	***
FSZ	0.027	0.011	2.58	0.010	0.007	0.048	**
Constant	-0.215	0.185	-1.16	0.245	-0.577	0.148	

Mean dependent var	0.365	SD dependent var	0.111
Overall r-squared	0.708	Number of obs	70
Chi-square	96.840	Prob > chi2	0.000
R-squared within	0.694	R-squared between	0.732

**** p<.01, ** p<.05, * p<.1*

Source: Stata Output (2026)

The random-effects regression indicates statistically significant associations between the selected financial variables and dividend payout ratio among the sampled listed oil and gas firms. ROA is positively associated with DPR ($\beta = 0.843$, $p < 0.01$), suggesting that firms with stronger asset-based profitability tend to report higher dividend payouts, holding the other variables constant. This finding is consistent with Dividend Signalling Theory, under which stronger reported performance can support dividend payments as a signal of financial strength. The result should, however, be interpreted as an association rather than a causal effect because the ex-post facto panel design does not manipulate the explanatory variables or establish temporal causal identification.

Revenue also has a positive and statistically significant association with DPR ($\beta = 0.011$, $p < 0.01$). The result suggests that, conditional on profitability, PAT, leverage and firm size, firms with greater top-line revenue tend to have higher payout ratios. Revenue should not be interpreted as a direct measure of liquidity or dividend capacity: revenue is recorded before operating expenses, financing costs and tax. Its independent association may instead reflect operating scale, continuity of business activity or revenue-generating capacity that remains informative after bottom-line profitability is controlled for.

PAT has a positive and statistically significant association with DPR ($\beta = 0.019$, $p < 0.05$). This is consistent with the residual dividend perspective because firms with stronger realised earnings may have greater scope to distribute earnings after considering investment and financing needs. The result is also broadly consistent with the profitability findings reported in Wilson et al. (2022) and Ezeh et al. (2022), although differences in sample periods, variable definitions and estimation strategies mean that the coefficients should not be treated as directly interchangeable.

Leverage is negatively and significantly associated with DPR ($\beta = -0.193$, $p < 0.01$). The finding indicates that, holding the other variables constant, more highly leveraged firms tend to report lower dividend payouts. The result is consistent with the financing-constraint interpretation that debt-service commitments can reduce funds available for distributions and with the agency perspective that debt can impose financial discipline. Firm size is positively and significantly associated with DPR ($\beta = 0.027$, $p < 0.05$), suggesting that larger firms tend to report higher payouts, potentially reflecting greater access to capital markets and more stable operating capacity.

The overall R-squared is 0.708, meaning that the included regressors account for 70.8% of the sample variation in DPR within the fitted random-effects specification. This relatively high explanatory share should not be interpreted as evidence that the model captures all relevant determinants or establishes causality. Dividend policy may also be influenced by omitted factors such as liquidity, ownership structure, corporate governance, investment opportunities, macroeconomic conditions and oil-price volatility. Consequently, the reported coefficients remain conditional associations within the specified model, and omitted-variable bias cannot be ruled out. The Wald chi-square statistic (96.840, $p < 0.001$) indicates that the explanatory variables are jointly statistically significant.

5.0 Conclusion

The findings broadly align with several earlier Nigerian oil and gas studies but also show some differences. The positive association between ROA and DPR is consistent with Wilson et al. (2022), while the positive PAT association is broadly consistent with the earnings-based explanation reported by Ezeh et al. (2022). The positive size coefficient differs from Wilson et al. (2022), who reported a negative size effect, but is closer to the positive size relationship reported by Taiwo et al. (2022). These differences may reflect differences in study periods, variable definitions, sample composition and estimation procedures. The negative leverage association is consistent with the general financing-constraint interpretation in the prior literature. Overall, the contribution of this study is therefore confirmatory and comparative: it updates the sector evidence and shows that the direction of several relationships remains observable under a diagnostically assessed random-effects specification, while also highlighting areas where prior studies do not fully agree.

This study examined the financial determinants of dividend payout ratio among listed Nigerian oil and gas firms using panel data and random-effects regression. The analysis incorporated ROA, revenue, PAT, leverage and firm size and applied correlation, VIF, heteroskedasticity, normality, Hausman and Breusch–Pagan LM diagnostics before estimating the preferred panel model. The results show positive associations of ROA, revenue, PAT and firm size with DPR and a negative association of leverage with DPR. These findings broadly confirm parts of earlier Nigerian evidence while also revealing differences in the size effect relative to Wilson et al. (2022) and the modelling choices of Ezeh et al. (2022) and Taiwo et al. (2022). The study should therefore be viewed as updated sector-specific evidence rather than as establishing a wholly new relationship.

The evidence indicates that the selected financial variables are statistically associated with dividend payout behaviour, but the results should be interpreted within the limits of the ex-post facto design and the 70 firm-year observations. In particular, the R-squared of 0.708 indicates substantial explanatory power within the specified model, not complete explanation of dividend policy. Unobserved or omitted factors, including liquidity, governance, ownership, investment opportunities, macroeconomic conditions and oil-price volatility, may still affect the estimated coefficients. The conclusions are consequently framed in terms of associations and empirical consistency rather than causal effects.

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