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Accounting Information Disclosure and Dividend Payout of Listed Pharmaceutical Firm in Nigeria

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ABSTRACT: *This study analyzed the accounting information disclosure and dividend payout of listed pharmaceutical firm in Nigeria from 2016 to 2021. The specific objectives were to: Examine the effect of earnings per share on dividend payout of listed pharmaceutical firm in Nigeria; Assess the effect of Net Profit Margin on dividend payout of listed pharmaceutical firm in Nigeria; Evaluate the effect of stock price on dividend payout of listed pharmaceutical firm in Nigeria The following independent variables were used: earning per share, net profit margin and stock price while dividend payout policy was used as the dependent variables. Secondary sources of data were employed; the relevant data were obtained from the financial report of the selected firms. Panel Least Square (OLS) method was used in analyzing the data. The result revealed that Earnings per share have significant effect on dividend payout of listed pharmaceutical firm in Nigeria. It was found that Net Profit Margin has no significant effect on dividend payout of listed pharmaceutical firm in Nigeria It was found that Stock price has significant effect on dividend payout of listed pharmaceutical firm in Nigeria. The researcher recommends that Shareholders always consider the dividends as a source of income as the board should ensure a stable price ratio. The accounting information generated should be readily available for potential investors' decision making. The qualities of financial information which include timeliness, clarity, relevance and accessibility of the information should be a guide in providing financial information.*

KEYWORDS: earnings per share, dividend payout, Net Profit Margin, stock price

INTRODUCTION

Accounting provides vital information to users. Investors and other users of accounting information use financial accounting information, among other publicly available information to assess the risk and value of firms when making investment decisions (Odo, & Andrea, 2021). Government agencies need it particularly for tax purposes; while regulatory agencies use it to determine whether existing statutory pronouncements are complied with, among others. Accounting plays a noteworthy role within the concept of generating and communicating wealth of companies. Financial statements still remain the most vital source of externally feasible information on companies (Peters, and Ogonda, 2022). Nevertheless, in the wake of the recent and reported cases of window dressing and economic meltdown where billions of naira of investment and retirement wealth have disappeared, the very integrity and import of value relevance of accounting information has been called to question. There are reported cases like that of Cadbury Plc which was as a result of doctoring of accounts to cover up certain inadequacies and unscrupulous deals perpetuated by the management. There is also a situation where the Central bank of Nigeria (CBN) sacked the then intercontinental bank, Oceanic Bank, and Fin Bank managing directors and Executive Directors for mismanagement and alleged fraud (Ijeoma, 2014).

Accounting information is an ingredient in most, if not all, financial managerial decisions. In developed economies, these decisions are worth billions of dollars each year. In some cases, the decisions are lacking in quality. Consequently, if researches can improve decision making through improved information, society will benefit. Accounting information is therefore a data organized for the special purpose of decision making. Wahab (2013) says that Information is the dictionary of business and management as “that which is assigned to data by means of convention used in their representation. Information consists of data that have been retrieved, processed or otherwise used for informative or inference purpose argument or as a basic for forecasting and decision making (Macgregor, & Ibanichuka, 2021). The encyclopedia of professional management states that information must be distinguished from data and this distinction is important. Data are merely facts and figures that have little to do with decision making, while information on the other hand are essential raw material for decision making, Peterson (2011). Accounting is not an end itself but an important information device thereby the optimum objectives is in use of accounting information through analysis and interpretation as a basis for business decision. Its function is to provide quantitative information, primarily financial in nature about economic entities that are intended to be useful in making quantitative choices among competing alternative course of action that have for reaching consequences the entity concerned,Carol (2012).

Accounting is not only an information system design to communicate meaningful economic information about a business firm or an entity to interested parties. It is also a discipline which provides financial and other information. The information which it provides is more so essential for effective planning, controlling and decision making, Peterson (2011). Furthermore, accounting information directs attention to problem areas, thus facilitating the operations of management by exception. It should also be problem solving, in other future actions, highlighting possible alternative solution to organizational problems and aid in the establishment of best alternative, Jackson (2016). Accounting information must aid efficiency and not only must it highlight existing deficiencies and provide a basis for appropriate action, but it must further the interest of the business organization by recommending changes for the improvement of the plans, policies, procedures and various phases business operations. Accounting information should be of assistance in estimating the future earning potential of the firms and it should generally disclose information relevant to the users of financial statements (Ogiriki, & Olufunke,2022).

The subject matter of dividend payout prediction' remains one of the most controversial in corporate finance. Dividend payout prediction' has been an issue of interest in financial literature since joint stock companies came into existence. For a long time now, financial analysis have engaged in modeling and examining corporate dividend policy and earnings as they affect firm's stock prices in Nigeria (Mohammed 2017). Dividend is commonly defined as the distribution of earnings (past or present) in real assets among the shareholders of the firm in proportion to their ownership. Dividend policy is essential for the running of any business organization to flourish and perhaps it is one of the successive and impressive instrument for evaluating the performance and existence of a company. Dividends perform a great value in comforting shareholders and it is highly important because of its advert effect on share values. A stable dividend policy is expected to lead higher share prices because of the greater confidence of investors about future prospects of the company yet needs to be viewed in the wider context at the end of each financial year, each company ascertains its performance by establishing whether a profit has been made or not. Dividend payout prediction' remains one of the most consequential financial policies not only from the perspective of the company, but also from that of the shareholders, the consumers, employees, regulatory bodies and the government (Uwuigbe et al 2012)

The term 'dividend payout prediction' refers to "the practice that management follows in making dividend payout decisions or, in other words, the size and pattern of cash distributions over time to shareholders" (lease et al., 2010). Dividend policy is a statement which guides the payment or the appropriation of profit between a firm and its residual owners. It is a statement which clarifies the proportion of profit that should be paid out as a dividend to shareholders taking cognizance of the organization's environment and the expectations of the shareholders

(Oladipupo, 2017). According to Baker (2019), dividend policy is a statement that compromises the two extremes of zero percent dividend (retain all) and hundred percent dividend (pay-out all). Dividend payout prediction' provides the management with the guidelines and regulations on how to determine the proportions of the firm's returns to be retained and distributed to the shareholders as cash dividend (Alii, Khan & Ramirez as cited in Kimunduu, Mwangi, Kaijage & Ochieng, 2017). It is the schemes and rules followed by the management when rewarding the owners of the firm for investing their financial resources in the company (Nissim & Ziv, 2011)

Statement of the Problem
Currently, the world and human life has been transformed from information age to a knowledge age (Curtis, 2015), and knowledge has been recognized as the most valuable asset. In fact, knowledge is not impersonal like money and does not reside in a book, a data bank or a software program (Choe, 2016). Choe believed that knowledge is always embodied in a person, taught and learned by a person, used or misused by a person. Accounting information is an unbiased tool for an effective administration. Poor accounting information jeopardizes administrative effectiveness, which makes managers malnourished administratively especially in the Nigerian pharmaceutical firms**.** This results in the lack of proper and adequate contemporal accounting information for management decision. It is on these premises that the study wishes to examine the effect of accounting information on the dividend payout with special reference to selected pharmaceutical firm in Nigeria.

Aim and Objectives of the Study
The main aim of the study is to determine effect of accounting information on the dividend payout of listed pharmaceutical firm in Nigeria. Specifically, the study sought to;
1. Ascertain the influence of earnings per share on dividend payout of listed pharmaceutical firm in Nigeria
2. Determine the influence of Net Profit Margin on dividend payout of listed pharmaceutical firm in Nigeria
3. Investigate the influence of stock price on dividend payout of listed pharmaceutical firm in Nigeria

Research Questions
The following research questions guided the study:
4. To what extent earnings per share affect dividend payout of listed pharmaceutical firm in Nigeria?
1. To what extent does effect of Net Profit Margin on dividend payout listed pharmaceutical firm in Nigeria?

2. To what extent does stock price on dividend payout of listed pharmaceutical firm in Nigeria?

Hypotheses of the Study
Ho1: Earnings per share have no significant effect on dividend payout of listed pharmaceutical firm in Nigeria
Ho2: Net Profit Margin has no significant effect on dividend payout of listed pharmaceutical firm in Nigeria
Ho3: Stock price has no significant effect on dividend payout of listed pharmaceutical firm in Nigeria.

Significance of the Study
The outcome of this study will be of immense benefits to shareholders, employers, investors, creditors, government etc. This research study will help to maximize the beneficial impact of accounting information on the decision making process of an organization. This boosts the profitability of the organization as well as ensuring its continuity as a business entity. The study will help in the efficient allocation of scare resources that have alternative being use as well as increase productivity thereby uplifting the standard of living. It will review the improvement in the organization or company handling the accounting information and show equally the ways through which improvement could be accomplished. This research will equally serve as a reference to students who may be interested to embark on a research of this nature.

Scope of the Study
Content scope: This study covered the effect of accounting information on the dividend payout of listed pharmaceutical firm in Nigeria.
Variable scope: earnings per share, Net Profit Margin and stock price as independent variable, on dividend payout as dependent variable.
Time scope: The study period is between 2016 and 2021, both years inclusive because of data availability.

REVIEW OF RELATED LITERATURE

Conceptual Review
Accounting Information
Accounting information can be seen as the outcome of accounting systems that measure and routinely disclose audited, quantitative data concerning the financial position and performance of an enterprise. Audited balance sheets, income statements, and cash-flow statements, along with supporting disclosures, form the foundation of the financial accounting reports to investors and indeed a wide range of accounting information users. Financial statements have the ability to

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perform a number of functions. They basically provide financial aid to managers in decision making, measurement or evaluation of a firm's performance, and also to portray a firm's value. Thus, for disclosed financial information to be useful, it must be relevant and faithfully represent what it purports to represent. The usefulness of financial information is enhanced if it is comparable, verifiable, timely and understandable (Conceptual Framework, 2010). Financial information supplies a key quantitative representation of Individual Corporation that supports a wide range of contractual relationships.

According to the American Institute of Certified Public Accountants (AICPA. 2015), financial statements must properly reflect the organization's financial and economic reality, so that the users are not induced to take decisions on misleading information. Financial information also enhances the information environment of the reporting entity and those associated with it. The quality of financial disclosure can impact on firms' cash flows directly, in addition to influencing the cost of capital at which the cash flows are discounted. Financial information, such as that conveyed in publicly disclosed accounting reports, is also critical to the analysis of temporal liquidity positions of equity markets. Financial information is information which describes an account for a utility. It processes financial transactions to provide external reporting to outside parties such as to stockholders, investors, creditors, and government agencies etc. For financial reporting to be effective, accounting information should be completed as relevant and reliable (Hendricks, 2016). The primary purpose of the financial statements is to provide information about a company in order to make better decisions particularly the investors (Germon and Meek, 2011).

Earning Per Share

Earnings per share (EPS) is a company's profitability analysis tool that uses the concept of conventional earnings. Earnings per share is one of basic considerations in investing. Changes in the use of debt will result in changes in earnings per share and also risk changes (Brigham dan Houston, 2016). Earnings per Share is one of the important company ratio indicators. Earnings per share is the amount of rupiah earned on each share owned. Earnings per share is earned by dividing net income after tax by the number of ordinary shares outstanding. High Earnings Per Share (EPS) reflects the company in a good performance condition so that the company is able to pay high dividends. When the dividend payout is high, then the investor will be interested to invest in the company which makes the stock price will be high. High EPS values also indicate that the company experienced sales growth followed by an increase in corporate earnings resulting in an impact on stock prices that tend to be high. In accordance with research Dwimulyani (2010), it proved that profit has value relevance and give positive influence to stock price of a company.

Net Profit Margin

The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. Net profit margin is the ratio of net profits to revenues for a company or business segment. Net profit margin is typically expressed as a percentage but can also be represented in decimal form. The net profit margin illustrates how much of each dollar in revenue collected by a company translates into profit (Sitkin & Weingart, 2015). This is the percentage of revenue remaining after all operating expenses, interest, taxes and preferred stock dividends (but not common stock dividends) have been deducted from a company's total revenue. Net profit margin is one of the most closely followed numbers in finance. Shareholders look at net profit margin closely because it shows how good a company is at converting revenue into profits available for shareholders. Changes in net profit margin are endlessly scrutinized. In general, when a company's net profit margin is declining over time; a myriad of problems could be to blame, ranging from decreasing sales to poor costumer experience to in adequate expense management. Net profit margin is often used to compare companies within the same industry in a process known as 'margin analyses. Net profit margins is a percentage of sales, not an absolute number, so it can be extremely useful to compare net profit margins among a group of companies to see which are most effective at converting sales into profits.

Stock Price

Shares are securities that indicate the ownership of the company so that the shareholder has the right of claim over dividends or other distributions made by the company to its shareholders, including the right to claim the assets of the company with priority after the rights of other securities holder claim is met in the event of liquidity. Husnan (2012) mentioned that securities (share) is a piece of paper indicating the right of the investor (i.e the party owning the paper) to obtain part of the prospect or wealth of the organization issuing such securities and the conditions under which the investor may exercise his / her rights. Before investing the funds, investors will conduct an analysis of the company's ability to generate profits. Investors are also interested in information related to the condition or financial performance of the company as a guide to make investments, so that the funds invested may generate added value in the future in the form of dividends or capital gains. According to Tandelilin (2011), there are three types of values in the valuation of the share, including:

1. The book value is the value calculated based on the bookkeeping of the issuing company (issuer).
2. The market value is the value of shares in the market, which is indicated by the price of such shares in the market.
3. Intrinsic or theoretical value is the actual or expected value of the share.

Dividend Payout

Pandey (2011) defined dividend as that portion of a company's net earnings which the directors recommend to be paid to the shareholders in proportion to their shareholdings in the company. In other words, dividend is that part of the profit (after tax) of a corporation that is distributed to its shareholders. It is a reward to equity shareholders for investing in the company. Dividend payout is a statement guiding the payment or appropriation of profit between a firm and its residual owners. It is a statement clarifying the proportion of profit that should be paid out as dividend to shareholders taking cognizance of the organization environment and the expectations of the shareholders (Oladipupo, 2017). Dividend payout is one of the most controversial issues in corporate finance. It is a policy a company uses to determine whether to pay dividends out of the profit made in a particular financial period to shareholders or to plough it back to the business. If earnings are to be paid as dividends, dividend policy also guides the company on when to pay and the intervals of payments (Musyoka, 2015). According to Velnampy, Nimalthasan and Kalaiarasi (2014), dividend payout can provide information to stakeholders concerning the company's performance. Priya and Nimalathasan (2013) stated that divided policy was more commonly an instrument of wealth distribution to shareholders than it was an instrument of wealth creation to stakeholders. Nissim and Ziv (as cited in Musyoka, 2015) described dividend payout as the regulation and guidelines that a company uses to decide to make divided payments to its shareholders.

Theoretical Review

Clean Surplus Theory

The theoretical basis used in this research is clean surplus. It states that the value of the company is reflected in the accounting information contained in the financial statements (Ohlson 1995). Based on the theory of clean surplus, Ohlson stated that the company's market value is shown in the income statement and balance sheet. Furthermore, this theory provides a framework that is consistent with the measurement perspective. This theory states that the accounting data has value relevance. Value relevance research is designed to establish the benefits of accounting values related with the valuation of the firm's equity. Value relevance is the reporting of accounting figures that have a prediction with respect to the equity market values. The concept of value relevance is inseparable from the relevant criteria of the financial accounting standard because the number of an accounting number is relevant if the amount presented reflects the information relevant to the assessment of a firm. Relevant information is information that has a relationship with the problem at hand. Based on Standar Akuntansi Keuangan (SAK), information has a relevant quality if it can influence the economic decisions of financial statement users by helping them evaluate past, present or future events, as well as affirming or correcting the evaluation results that have been done in the past. The term of relevance value in accounting information is derived from the theory of clean surplus which states that the value of the company is reflected in the accounting information contained in the financial statements (Feltham & Ohlson, 1995; Ohlson, 1995).

Empirical Review

Okoro and Micah (2020) studied the relationship between accounting information and the stock prices of quoted firms in Nigeria. The general objective was to examine if accounting information have any effect on market value of quoted firms. Cross sectional data was sourced from financial statement of 23 manufacturing firm from 2008-2017. Stock price of the firms was modeled as a function of assets turnover rate, book value per share and debt equity ratio. Ordinary least square method of co-integration, unit root and granger causality test was used to determine the extent to which human resource cost affect quality of financial report. After cross examination of the validity of the pooled effect, fixed effect and the random effect, the study accepts the fixed effect model. The study found that the independent variables explained 78 percent variation on the market value of the quoted firms. The beta coefficient of the variables indicates debt equity ratio and assets turnover rate have positive effect on the stock prices of the quoted firms while book value per share have negative effect on the stock prices of the manufacturing firms. From the regression summary, the study concludes that there is significant relationship between accounting information and prices of the quoted firms. The study recommends that management of the manufacturing firms should formulate policies that will increase book value per share and internal and external factors that affect negatively the book value per share of the firms should be discouraged.

Ogundajo, Enyi, Akintoye and Dada (2019) examined the usefulness of accounting information in predicting the investors return especially dividend payout. Ex-post facto design was adopted using secondary data obtained from annual reports and accounts of 36 selected manufacturing firms for a period of 20 years (1997-2016). The results of the regression (fixed effects) analysis carried out revealed that lagged dividend, leverage and sales growth have significant positive effect on dividend payout while earnings per share, operating cash-flow and firm size influences dividend payout ratio negatively with the exemption of asset utilization ratio with insignificant effect. It is evident that accounting information is useful to investors' in predicting the returns on their investment and dividend payout. Investors should look beyond past dividend in forecasting expected returns but several factors as presented in the financial statements in taking informed investment decisions.

Nakitende, (2019) focused on the effect of accounting information on decision making of an organization. The study was carried out at MTN Uganda located in Jinja, Uganda. The objectives of the study were to examine the users of accounting information, the qualities of good accounting information that influence effective decision making and the relationship between accounting information and decision making of MTN Uganda. Related literature on quality management and financial performance of an organization was reviewed. Cross-sectional study design was chosen because it was the most appropriate given the nature of the objectives and limited time available to conduct this research. Qualitative and Quantitative research designs were used and processed using qualitative models to show what existed at MTN Uganda. A sample of 25 respondents was selected using simple random sampling technique together with purposive sampling which helped the researcher select respondents of different categories. A population of 40 individuals was chosen in which a sample of 25 respondents was selected using purposive and simple random sampling technique. Primary data was collected using closed ended questionnaires with questions drafted from the objectives of the study rated using the 5 point likert scale and secondary data was collected from the secondary data sources was presented using, frequency tables and analyzed using frequency tabulation. The study found out that various individuals in accounting department, suppliers, government agencies, employers and their union representatives, managers need accounting information. The findings indicated that good accounting information must be relevant, should achieve cost benefits balance, timeliness is required for good accounting information; it must be accurate, clarity and conciseness. The study concluded that the information supplied by the accountant shows the effect of risk and uncertainty and the range of likely decision making outcomes. The recommendation was made that MTN Uganda should use accounting information systems effectively to verify the accuracy of accounting information provided by the accountants and a precedent database should formulate the accounting standards based on the systems of management. Further studies should be conducted on the effect of accounting information on the effectiveness of an organization.

Akadakpo and Mgbame (2018) focused on the impact of timeliness on the value relevance of accounting information using 17 companies listed on the Nigerian Stock Exchange during the period of 2011-2014. In analyzing the collected data, the panel data approach was applied. The findings of the study indicate that earnings per share has a positive though non-significant effect on market value, dividends has a negative though non-significant effect on market value, cash flow has a negative though non-significant effect on market value and book value of assets has a positive and significant effect on market value. The study concluded that stringent rules backed up by legislations that will enhance value relevance of accounting information should be implemented by policy makers. This will compel diligence, accountability and responsibility in preparation and application of accounting standards which will increase investors' confidence in Nigerian Stock Exchange.

Sihar, Murwaningsari and Sekar (2018) examined the effect of accounting information on the accuracy of analyst predictions, using stock price fluctuations as a mediation variable. Accounting information uses three measurements, i.e. changes in revenue, changes in net income before extraordinary (NIBE), and changes in debt. This accounting information is combined with market information such as stock price information. A sample of 54 issuers listed on the Indonesia Stock Exchange. The sample is selected using the purposive sampling method. The analytical method uses the ordinary least square estimation method with the data panel structure, to test for direct influence. For indirect effect test, used two least square methods with panel data structure. The tool that used in this analysis was State. The results show that changes in revenue have a significant impact on stock price fluctuations. Then, stock price fluctuations may mediate the effect of information on revenue changes on the precise prediction of analysts. This means that changes in revenue will be stronger influence on the accuracy of analyst predictions, if there is an increase in stock prices. For indirect influence, this study proves that changes in revenue affect the accuracy of analyst predictions, through fluctuations in stock prices.

Harnovinsah and Sustari A. (2017) analyzed the influence of profitability on the company's value, and determine whether this influence intervenes the value relevance of accounting information, investment opportunities and dividend policy, assuming that investors act rationally so that the fundamental aspects of the financial statements become major factor in the shares investment decision. The contribution of this research is to provide input to the management about the importance of maintaining and improving performance in order to give satisfaction to investors and provide expectations for the return on investment which can ultimately increase the company’s value. This study design is causality with the unit of analysis is the samples taken by purposive sampling technique on a population of listed companies on the IDX Kompas 100 index from 2011 - 2014. The analysis technique used is Path Analysis. The results from this study are: 1. Profitability has significant and positive influence on the company’s value; 2. Profitability has no significant and positive influence on the value relevance of accounting information; 3. Profitability has negative and significant influence on investment opportunities; 4. Profitability has significant and positive influence on the dividend policy; 5. The value relevance of accounting information has significant and negative influence on the company’s value; 6. The investment opportunities have no significant and positive influence on company’s value; 7. Dividend policy has no significant and positive influence on company’s value; 8. The value relevance of accounting information, investment opportunities and dividend policy have not been able to mediate the influence of profitability on company’s value.

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METHODOLOGY

Research design

This study adopted ex-post facto research design according to study.com ex-post facto research design is a quasi- experimental study examining how independent variables present prior to the study affects a dependent. Groups with qualities that already exist are compared on some dependent variable in a method. Quasi-experimental study means that participants are not randomly assigned.

Area of Study

In concluding this research, the area of study focuses on some selected quoted companies in Nigeria from which the data required for a thorough analysis were derived.

Population of the Study

The population of the study consists of the eleven (11) health care sector listed on the floor of the Nigerian Stock Exchange from 2016 to 31st December 2021. Afrik Pharmaceuticals, Ekocorp, Evans Medical, Fidson Healthcare, GlaxoSmithKline Nigeria, Juli, May & Baker Nigeria, Neimeth International Pharmaceuticals, Nigeria-German Chemicals, Pharma-Deko, Union Diagnostic & Clinical Services

Sample Size and Sampling Method

The (11) listed health care sector represent the sample size for this study. Data were gathered from the published financial statements of the eleven (11) quoted firm for a six (6) year period spanning from 2016-2021, Afrik Pharmaceuticals, Ekocorp, Evans Medical, Fidson Healthcare, GlaxoSmithKline Nigeria, Juli, May & Baker Nigeria, , Nigeria-German Chemicals, Pharma-Deko, Union Diagnostic & Clinical Services using purposive sampling method (that is all the banks that filed their annual financial statements with NEL from 2016-2021 without missing any year was selected for this study).

Model Specification

In an attempt to determine the effect of accounting information on the dividend payout of listed pharmaceutical firm in Nigeria. The researcher develops an empirical model to ascertain the relationship that exists between the variables. Generally, specification of model is based on accounting theory and on the available data relating to the characteristics being studied. The model of accounting analysis in this study will therefore follow the conventional method, and this, is in reference to the variables of interest in the model above. Okoro and Micah (2020) who studied the accounting information and the stock prices of quoted firms in Nigeria, and the model as

SP= (ATR, BVPS, DER)--i

where,
SP = Stock price
ATR = Assets turnover rate
BVPS = Book value per share.
DER = Debt equity ratio.
Our model can be modify to suit out objective
DPO=f (EPS, NPM, SP)---------------------------------------ii
Where
DPO – Dividend payout
EPS – Earning per share
NPM. – Net profit margin
SP – Stock price
F= Functional notation
Our model can be restated in an econometric form as:
DPO - BO + B_1EPS + β_2NPM + β_3SP + u -------------------------------iii
Where
B_0 = Autonomous Intercept
B_1 = Coefficient of parameter EPS
B_2 = Coefficient of parameter NPM
B_3 = Coefficient of parameter SP
U = Stochastic error term

Method of Analysis
The regression method of data analysis was adopted in this study to be specific, the ordinary least square regression techniques was adopted to analysis the relationship (association) between the dependent variable (dividend payout) and independent variable (accounting information) in the model. OLS correlation method is appropriate therefore; descriptive statistics and multiple regression analysis was the major statistical tool used in analyzing the data.

The Panel Least Squares Theorem, is supported by Koutsoyiannis (1985) and Nyong (1993) cited in Okeke (2016) as the Best Linear Unbiased Estimator (BLUE), thus this study adopted it. Tests done using OLS includes r^2, t-test, F-test and auto-correlation analysis. The Statistical Package E-view version 8.0 for windows is the computer software used for the analysis of our model above.

The explanation to the test statistics are:
i. Coefficient of Determination (R^2) Test = measures the explanatory power of the independent variables on the dependent variable. The coefficient of determination varies between

0.0 and 1.0. A coefficient of determination, say 0.25 means that 25% of changes in the dependent variable is explained by the independent variable(s).

ii. F-Test = measures the overall significance. The extent to which the statistic of the coefficient of determination is statistically significant is measured by the F-test. At 5% level of significance, we reject null hypotheses for tests with probability estimates lower than 5% (0.05) and conclude that they are statistically significant. Otherwise, we accept (when probability estimates are above 0.05) and conclude that there is no overall statistical significance.

iii. Student T-Test = measures the individual statistical significance of the estimated independent variables. At 5% level of significance, reject null hypotheses for tests with probability estimates lower than 5% (0.05) and conclude that they are statistically significant. Otherwise, we accept (when probability estimates are above 0.05) and conclude that there is no overall statistical significance.

iv. Durbin-Watson (DW) test = test for autocorrelation. This is used to check for the appropriateness of the models for analysis. Any equation with Durbin-Watson less than or greater than values not approximately 2, is not acceptable. Unacceptable Durbin-Watson suggests that the analysis cannot be relied on.

Source of Data

This study made use of secondary data mainly. The data were sourced from publications of the Nigerian Exchange Limited (NEL), the annual report and accounts of the listed health care sector firms, particularly the comprehensive income statement and statement of financial positions of these companies as well as their respective notes to the accounts. Both the dependent and independent variables were computed from the data extracted from publications of the Nigerian Exchange Limited (NEL), the annual report and accounts of the listed firms and ratios were computed from the figures as reported in the annual reports.

DATA PRESENTATION AND ANALYSIS

Introduction

This section presents and analyses the descriptive statistics, and panel multiple regression analysis of the Dependent and Independent variables. The instrument for the data analysis is the E-view. The study investigates the effect of accounting information on the dividend payout of listed pharmaceutical firm in Nigeria..

Descriptive Statistics

Here, the individual characteristics of the variables used in this study were presented. The aim of descriptive statistics is to examine the performance of the variables within the review period. The descriptive statistics is presented in table 4.1 below.

Table 4.1 Summary of the Descriptive Statistics

Variables	Mean	Median	Maximum	Minimum	Std. Dev.	Skewness	Obs
DPO	8.180500	2.085000	117.0000	0.070000	18.92807	4.056963	66
EPS	43.32117	13.75000	190.3000	0.610000	57.76263	1.188912	66
NPM	14.68200	13.48500	29.80000.	4.600000	5.915580	0.429034	66
SP	10.53350	0.690000	69.00000	0.220000	13.33834	1.646728	66

The summary statistics show that on the average mean the divided pay out in Nigeria is about . 8.180500. The average earning per share is 43.32117, while average mean of net profit margin, dividend pay-out ratio and stock price are 14.68200 and 10.53350 respectively. The standard deviations of these variables were. 18.92807, 57.76263, 5.915580 and 13.33834 for earning per share, net profit margin, stock price and dividend pay-out ratio. The values of the standard deviations indicate that there is wide spread in the performance of firms in Nigeria. This is more with earnings per share followed by stock price and net profit margin.

This is also evident in the wide gap between the maximum and minimum values. For example, the maximum value of earning per share is .190.3000 while the minimum is 0.610000, with difference of 189. Similarly, the maximum of net profit margin is 29.80000 while the minimum is 4.600000. These performance variations are rather at the high side. Even in the case of stock price the maximum is 69.00000 and the minimum is 0.220000. The wide variation over time indicates high level of fluctuation of the firms which affects the dividend payout of firm.

Pearson Correlation Matrix

Pearson's correlation matrix was applied to check the degree of association between the effects of accounting information on dividend payout, a case study of pharmaceutical companies in Nigeria so as to determine the nature or degree of association i.e. positive or negative correlation or strong or weak association and the significance of the relationship between dependent variable and independent variables. Therefore, in examining the association among the variables, we employed the Pearson correlation coefficient (correlation matrix) and the results are presented in the table below.

Table 4.2 Pearson correlation matrix

	DPO	EPS	NPM	SP
DPO	1.000000	0.143528	0.006816	0.121035
EPS	0.143528	1.000000	0.105885	0.449708
NPM	0.006816	0.105885	1.000000	0.107515
SP	0.121035	0.449708	0.107515	1.000000

Source: Author's Computation (2021)

The use of correlation matrix is to check for multi-colinearity and to explore the association between each explanatory variable and the dependent variables. The findings from the correlation analysis show that a positive relationship exists between dividend payout, earning per share, net profit margin and stock price. In checking for multi-colinearity, the study observed that no two variables were perfectly correlated using 75% threshold/ benchmark. This means reveals the absent of multi-colinearity problem in our model.

Regression Result Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.95702	15.86812	0.753524	0.4549
EPS	0.033587	0.050257	2.668317	0.0072
NPM	1.336798	1.290444	1.035920	0.3055
SP	0.186614	0.096682	2.930190	0.0096
	Effects Specification			
			S.D.	Rho
Cross-section fixed (dummy variables)				
Period random			0.000000	0.0000
Idiosyncratic random			19.06567	1.0000
	Weighted Statistics			
R-squared	0.597844	Mean dependent var		8.180500
Adjusted R-squared	0.456961	S.D. dependent var		18.92807
S.E. of regression	18.99383	Sum squared resid		16955.99
F-statistic	9.966010	Durbin-Watson stat		2.254615
Prob(F-statistic)	0.000434			
	Unweighted Statistics			
R-squared	0.597844	Mean dependent var		8.180500
Sum squared resid	16955.99	Durbin-Watson stat		2.254615

The R- squared which is the coefficient of determination or the measure of goodness of fit of the model, tests the explanatory power of the independent variables in any regression model. It tests for the goodness of fit of the model. From our result in table 4.3 above, R^2= 0.597844 (59%), this shows that our model has high goodness of fit, because the closer R^2 is to 100%, the higher the goodness of fit of the model. Hence the explanatory variables can explain up to 59% out of the expected 100% leaving the remaining 39% which would the accounted for by the other variables outside the model which will be captured by the error term. The adjusted R^2 is 45%, meaning that even with an adjustment in the independent variables it can still accounted for about 45% of the change in the independent variables.

The F-statistics measure the overall significant of the parameter estimates in the model. From table 4.3 above, the calculated value of F- statistics is 9.966010, while its probability is 0.000434, since the prob value is less than the desired 0.05 level of significant, we accept and state that there is a significant relationship between the variables; this means that the parameter estimates are statistically significant in explaining the relationship in the dependent variables.

The T-statistics helps in measuring the individuals' statistical significance of the parameters in the model from the result report. It is observed from table above that earning per share (EPS) is statistically significant with its value as 2.668317; this implies that it has contributed significantly to dividend payout ratio. Net profit margin (NPM) is statistically insignificant. This also shows that it contributes to dividend payout ratio. However, Stock price (SP) is statistically significant. Our model is free from the problem of autocorrelation because the Durbin Watson value is 1.922089

Durbin–Watson statistics is used to test the presence or otherwise of autocorrelation in our model. Whenever the value of Durbin Watson is closer or little bit above (2), it means the absence of autocorrelation. From our model it is observed that our Durbin Watson is (2) this implies the absence of autocorrelation in our model. Hence our model result can be use for prediction and inferences.

Hypothesis Testing

The need to examine the relationship between the collected data and the stated hypothesis has called for this section. This result will be compared with the statistical criteria to see if the preconceived notion in this research work holds or not.

Hypothesis One

Ho1: Earnings per share have no significant effect on dividend payout of listed pharmaceutical firm in Nigeria

From the result of our test in table 4.3 above, we found out that the value of our t–test for Earnings per share is 2.668313 with a probability of 0.0072 this probability value is less than the desired level of significance (0.05). We reject the null hypothesis and accept the alternative hypothesis, which states that Earnings per share have significant effect on dividend payout of listed pharmaceutical firm in Nigeria.

Hypothesis Two

Ho2: Net Profit Margin has no significant effect on dividend payout of listed pharmaceutical firm in Nigeria.

From the result of our test in the table 4.3 above, we found out the value of our T–test for Net Profit Margin is 1.035920 with a probability of 0.3055. This probability value is greater than the desired level of significance (0.05). We reject the alternative and accept the null hypothesis, which states that Net Profit Margin has no significant effect on dividend payout of listed pharmaceutical firm in Nigeria.

Hypothesis Three

Ho3: Stock price has no significant effect on dividend payout of listed pharmaceutical firm in Nigeria.

From the result of our test in the table 4.3 above, we found out the value of our T–test for Stock price is 2.930190 with a probability of 0.00.96, this probability value is less than the desired level of significance (0.05). We reject the null hypothesis and accept the alternative hypothesis, which states that Stock price has significant effect on dividend payout of listed pharmaceutical firm in Nigeria.

SUMMARY OF FINDING, CONCLUSION, AND RECOMMENDATION

Summary of Findings

The study evaluates the accounting information on the dividend payout of listed pharmaceutical firm in Nigeria. The model adopted is Ordinary Least Square panel analysis. The variables obtained were on earning per share, stock price and newt profit margin. Multicollinearity and descriptive statistics were employed. The following finding emerges from the study

It was found that Earnings per share have significant effect on dividend payout of listed pharmaceutical firm in Nigeria.

It was found that Net Profit Margin has no significant effect on dividend payout of listed pharmaceutical firm in Nigeria

It was found that Stock price has significant effect on dividend payout of listed pharmaceutical firm in Nigeria.

Conclusion

For the improvement in the application of accounting information to be sustained, there is adequate need to understand the difficulty in the application of accounting information. If this is applied as at when due failure in business both private and public sectors will be highly minimized. Accounting information on decision making process has helped in the proper allocation of resource such as material, money, machinery and man. In conclusion, the failure of firms may not be due to non-generation of financial information but ineffectively, inefficiently and inappropriately utilization of the accounting information generated in an organization. Accounting information is a formal and comprehensive statement which describes the financial activities of a firm, it contains all relevant information presented in an understandable manner for proper and uniform decision making in terms of investment, planning, performance evaluation, and forecasting, expected return by the users. Accounting information is presented in a structured manner and in a form that is easy to understand.

Recommendation

1) Retained earnings have a positive impact on shareholders wealth. Shareholders always consider the dividends as a source of income as the board should ensure a stable price ratio.
2) The accounting information generated should be readily available for potential investors' decision making. The qualities of financial information which include timeliness, clarity, relevance and accessibility of the information should be a guide in providing financial information
3) Thus, a portion of the earnings per share of a firm should be paid as dividend while a portion is also retained for further investments.

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Dependent Variable: DPO
Method: Panel EGLS (Period random effects)
Date: 12/20/22 Time: 23:04
Sample: 2016 2021
Periods included: 6
Cross-sections included: 11
Total panel (balanced) observations: 66
Swamy and Arora estimator of component variances
White cross-section standard errors & covariance (d.f. corrected)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.95702	15.86812	0.753524	0.4549
EPS	0.033587	0.050257	2.668317	0.0072
NPM	1.336798	1.290444	1.035920	0.3055
SP	0.186614	0.096682	2.930190	0.0096
	Effects Specification			
			S.D.	Rho
Cross-section fixed (dummy variables)				
Period random			0.000000	0.0000
Idiosyncratic random			19.06567	1.0000

	Weighted Statistics		
R-squared	0.597844	Mean dependent var	8.180500
Adjusted R-squared	0.456961	S.D. dependent var	18.92807
S.E. of regression	18.99383	Sum squared resid	16955.99
F-statistic	9.966010	Durbin-Watson stat	2.254615
Prob(F-statistic)	0.000434		

	Unweighted Statistics		
R-squared	0.597844	Mean dependent var	8.180500
Sum squared resid	16955.99	Durbin-Watson stat	2.254615