

Effect of Ownership Structure on Dividend Policy of Listed Insurance Companies in Nigeria

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Abstract

This study assessed the effect of ownership structure on dividend policy of listed insurance companies in Nigeria for the period of eleven (11) years from 2010 to 2020. Fourteen (14) out of the twenty-eight (28) listed insurance companies on the Nigerian Exchange Group were sampled. The data for the study were collected from annual reports and accounts of the sampled companies and were analyzed using descriptive statistics, correlation statistics and multiple regressions analysis using STATA software version 13.00. The study found that managerial ownership has a positive and statistically significant effect while institutional ownership has negative and significant effect on dividend policy of listed insurance companies in Nigeria. Thus, the study recommends that managerial ownership should be observed carefully by regulators and policy makers so that they do not abuse the influence they have in the company. The study also recommends that institutional ownership should be encouraged as their negative effect on dividend policy may help in checkmating managers not to excessively deplete retain earnings through excessive dividend distribution but ensure that funds are available to pursue profitable future investment.

Keywords: Ownership structure, Dividend policy, Managerial ownership, Institutional ownership.

Introduction

Dividend policy has been described as a puzzle some decades ago by Black (1976), and since then numerous studies have been conducted in an attempt to solve the puzzle. Allen, Bernardo and Welch (2000) summarized the current consensus view by concluding that dividends remains one of the most controversial puzzles in corporate finance despite putting forward several theories in literatures to explain their pervasive presence.

Dividend is the amount paid to shareholders for their investment in the firm and the compensation for the risks inherent in the business (Hanady, 2021). It is part of the corporate earnings of a company distributed to shareholders for their participation in the process of capital formation of the company (Abdulfatah, Abdulkarim, & Mohammed, 2021). The term dividend policy refers to a set of rules established by a company in determining how much portion of the profit is to be distributed to shareholders (Jacobus, Achmad, Moch, & Agung, 2020). It is concerned with division of net profit after taxes by managers between payments to shareholders (ordinary shareholders) and retention for reinvestment on behalf of the shareholders (Gill, Biger, & Tibrewala, 2010). In other words, the decision regarding whether the profits earned by a company should be distributed to shareholders as dividends or should be retained in the form of retained earnings for future investment financing is known as dividend policy.

Dividend policy is one of the most debated and striking issue in corporate finance and financial economies (Hanady, 2021). Dividend policy and declaration is one of the major financing decision of a company and its significance in the corporate governance can never be ignored. It is a major finance factor (Mamta & Hanuman, 2020). It has a crucial influence on the value of firms. This is because a company must maintain a state of equilibrium between its growth policies and the dividend payout policies (Charles, 2017). Dividend policy is vital for investors, managers, lenders and other stakeholders. It is important for investors because they consider dividend as not only a source of income but also a way to assess firms in terms of investment (Charles, 2017).

Different companies have different dividend policies which are basically decided by the management (Ramli, 2010). To ensure that the determination of the size of the profit distributed to shareholders (dividend policy) is not monopolized by certain parties in the company, it is necessary to have a good corporate governance mechanism. The governance mechanism can be determined based on the share ownership structure, so that there is control over decision making regarding dividend policy (Jacobus et al., 2020). The decision of dividend declaration does not only depend on the available profit for the year and liquidity of the company but also on ownership structure of the company (Mamta, & Hanuman, 2020).

Ownership structure is an important internal mechanism of corporate governance (Saseela, 2017). It can be seen as the distribution of equity among different group of holders that can be distinguished based on certain characteristics (Hanga, Abba, & Mathew, 2020). It can be viewed as the number of claims held by insiders and outsiders in any business entity. Ownership structure is not only defined by the distribution of equity regarding votes and

capital but also by the identity of the equity holders. From this dimension, ownership structure relates to the ratio of inside owners which may consist of managers and employees to outside owners who may be individuals, organizations or the state.

Share ownership by managers in the company they manage is called managerial ownership (He, & Kyaw, 2018). On the other hand, where shares are held by a firm in another firm, it is termed institutional ownership (Abubakar, 2015). The complex nature of businesses structures that emerged after the industrial revolution led to the separation of business ownership from its management. Shareholders are the corporate owners, while managers are agents of shareholders who are employed by the shareholders to manage the company on their behalf, hence they are supposed to allocate business resources in a way to increase shareholders' wealth (Gugong, Arugu, & Dandago, 2014). However, the existence of information asymmetry can cause managers to act to their (manager's) own benefit (Aditia, & Venusita, 2021).

Jensen and Meckling (1976) contend that managers may pursue opportunistic behaviors by trying to achieve their personal aims (such as using the free cash flow for unproductive investment or personal luxury) instead of maximizing the firm's value and shareholders' returns. This can result to agency conflict. Agency conflict arises where the interest of managers and shareholders conflicts. This conflict can occur because managers tend to attach importance to personal well-being rather than the well-being of shareholders by maximizing to their own advantage (Thanatawee, 2013).

Those who have ownership in a company can help monitor the actions of managers so that managers do not do things that can harm the company because if the company fails or goes bankrupt, the owners of the company (shareholders) will suffer losses (Aditia, & Venusita, 2021). The existence of dividend distribution makes managers more focused on paying dividends. Dividends distributed will reduce agency conflict, because distributing dividends will reduce excessive cash flow, thus minimizing the actions of managers in making efforts to benefit themselves.

The importance of having control over managerial activities by shareholders is highlighted in the agency theory. The different types of ownership may have a variety of influence over firms' decisions relating to the distribution of earnings as dividend. Thus, dividends are more than just a means of distributing net profit. Investors prefer to be distributed free cash flows in the form of distributed profit (dividend) in order to reduce agency cost related to free cash flows. According to agency theory, where there is a conflict between the goal of managers and shareholders, regular paying of dividend can reduce agency conflict and through this, the

range of future probable misuse of resources by management reduces (Hosseini, 2012 as cited in Charles, 2017). Dividends can be used to mitigate agency problems in a company.

To achieve this, industrial characteristics and regulations ought to be given due consideration as each industry has its peculiarities that set it apart from other industries. Insurance business differs from other traditional businesses and its operation is critical to the development of any economy. The insurance industry was chosen for this study not just because of the widely recognized importance of the financial sector in stimulating economic growth but also most previous studies seem to be biased by focusing mainly on banks thereby relegating the other industries in the financial sector. It is against this background that the study examined the effect of ownership structure on dividend policy of listed insurance companies in Nigeria for a period of eleven (11) years from 2010 to 2020. Based on this objective, the study hypothesized that;

Ho₁: Managerial ownership and institutional ownership have no significant effect on the dividend policy of listed insurance companies in Nigeria.

The study findings would be of importance to numerous users including investors, regulatory agencies, policy makers, shareholders, researchers and academicians as it will provide them with various levels of information for decision making and literature for further studies.

Literature Review

Ownership Structure

Many scholars have advanced quite a number of definitions on the concept of ownership structure. Jensen and Meckling (1976) see ownership structure in terms of capital contributions that comprise of inside investors (managers) and outside investors (debt holder and equity holder). This view shows the concept as the amount of claims held by insiders and outsiders in any business entity. Agustin (2014) conceived ownership structure as the proportion of shares held by shareholders which entitles them to control and have participatory right in the company's policies. Ownership structure is the distribution of equity among different group of holders that can be distinguished based on certain characteristics. It is not only defined by the distribution of equity with regard to votes and capital but also by the identity of the equity owners (Mamta & Hanuman, 2020). In corporate parlance, ownership structure can be distinguished by the identity of the owners as well as the level of concentration of ownership rights in a corporation. Ownership structure includes those shareholders within the company (such as managers and employees) and those who are outside the company who may be individuals, organizations or the state.

Dividend Policy

Dividend is a term that is derived from the Latin word “dividendum” meaning “thing to be divided”. Therefore, dividend can loosely be defined as the money that a company pays out to its shareholders from the profits it has made (Doughty, 2000). Dividends have traditionally been considered the primary approach for publicly traded firms to return cash or assets to their stockholders. Dividend decision is a very important and crucial part of the business concern, because these decisions are directly related with the value of the business concern and shareholder’s wealth (Paramasivan, & Subramanian, 2009).

Dividend policy represents agreed guidelines which regulate management decision in sharing profit to shareholders (Ashamu, Abiola, & Badmus, 2009). Jacobus et al. (2020) defined dividend policy as the policy followed by a company in deciding whether to distribute the profit earned by the company as dividend to shareholders or to retain it in the company for future investment as retained profit. It is a decision that considers the amount of profits to be retained by the company and that to be distributed to the shareholders of the company (Watson & Head, 2004).

Managerial Ownership and Dividend Policy

Literatures have it that managerial ownership may have an influence on dividend policy. Prior empirical studies show mixed results regarding the relationship between managerial ownership and dividend policy. According to Wiberg (2008), the link between managerial ownership and dividend policy is well documented. It is argued that managers prefer to retain earnings instead of giving out to shareholders as dividend. Managers want to use the resources for the growth of the firm as well as for personal benefits (Charles, 2017).

Mohammed, Perry and Rimbey (1995) employed panel data on three hundred and forty-one (341) United State firms over 18 years from 1972 to 1989 using weighted least squares regression to examine the effect of managerial ownership on dividends. They discovered that there is a negative relationship between managerial ownership and dividend payout. This is also corroborated by the work of Abdulfatah et al. (2021) in their study of ownership structure and dividend payout of listed deposit money banks in Nigeria. Using 96 observations from the data obtained from eleven sampled firms between the years 2011 to 2018 and adopting multiple regression technique, specifically the robust ordinary least square (OLS) estimation to analyzed the data obtained from the audited annual reports and accounts of sampled firms, the study found that managerial ownership has significant negative effect on dividend payout of listed deposit money banks in Nigeria. The result of their findings

revealed that higher dividend payouts are observed when managers own a lower percentage of shares and the outside ownership becomes more dispersed.

On the other hand, Bokpin (2011) studied ownership structure, corporate governance and dividend performance on the Ghana stock exchange using panel data covering a period from 2002 to 2009 for 23 firms. The data obtained from the sampled companies were analyzed within the framework of fixed effect techniques. The result showed that managerial ownership has a positive and significant impact on the dividend policy adopted by the sampled companies. The study of Shah, Ullah and Hasnain (2011) examined the relationship between ownership structure and dividend policy of Karachi Stock Exchange using data of the companies obtained for the period from 2002 to 2006. The study measured ownership structure as the percentage of shares held by directors to total shares. The study also found that managerial ownership has a positive and significant effect on dividend policy. The study of Nasih, Gumilang, Alkhomah, Nurrohmah and Endah (2020) using multiple linear regression methods to analyzed the data obtained from the annual reports of sampled listed companies on the Indonesia Stock Exchange found that managerial stock ownership has non-significant effect on dividend payout ratio. Similarly, Jacobus, et al. (2020) in their study of ownership structure on dividend policy and its impact on firm value found that managerial ownership has no effect on dividend policy. The study employed multiple regression to analyzed the data.

Institutional Ownership and Dividend Policy

The presence of institutional shareholdings may lead firms to change their behaviour. They have the influence on investee companies and can affect their decision making and policies because of their substantial holdings. One of these policies is dividend policy. A significant relationship between institutional ownership and dividend policy is expected.

Hanady (2021) investigated the impact of ownership structure on dividend policy in Jordan for a sample of 66 Jordanian Industrial and Service firms listed on the Amman Stock Exchange (ASE) for the period 2014 to 2017. Tobit Panel Regression was used to test the hypotheses of the study. The results showed a significant positive association between institutional ownership and dividend yield. This is in line with the study conducted by Nasih et al. (2020) on ownership structure and dividend policy in Indonesian with a sample of fourth-five (45) firms listed on the Indonesian Stock Exchange from 2016 to 2018 using multiple linear regression and discovered that there is a positive significant effect between institutional ownership and dividend payout ratio. This study revealed that higher dividend payouts are observed when institutional shareholders own a higher percentage of shares.

Hence, the study provides clear evidence that high institutional ownership as an external control mechanism increases the need to pay dividends.

In contrast, Mardani, Sumiati and Indrawati (2018) carried out a study on ownership structure, corporate governance and dividend policy using 27 dividend paying financial companies listed on the Indonesia Stock Exchange for the period 2014-2016. Total observations were 81 firm-year observations. The study used multiple regression as a means of analysis and found that institutional ownership has a negative and significant impact on the dividend policy adopted by the sampled companies. Also, Abdulfatah et al. (2021) studied ownership structure and dividend payout of listed deposit money banks in Nigeria based on 96 observations obtained from eleven (11) sampled firms between the years 2011 to 2018. Multiple regression technique using robust ordinary least square (OLS) estimation was employed in analyzing the data obtained from the audited annual reports and accounts of sampled firms. The study found that institutional ownership has significant negative effect on dividend payout of listed deposit money banks in Nigeria.

The study conducted by Wallgren (2006) in Sweden investigated whether ownership structure has linkage with dividend policy found that institutional ownership does not seem to have any significant effect on dividend level of firms. In a like manner, Cook and Jeon (2006) investigated the determinants of foreign and domestic ownership and a firm's payout policy. Their empirical study based on a sample of 507 firms out of the 683 firms listed on Korea Stock Exchange for the period 1999 to 2004 found that institutional investors do not play a prominent role in a firm's payout policy. It can be seen that the empirical studies conducted on institutional ownership and dividend policy produces mixed results and it is not country specific or related to the extent of the development of the concerned country but more likely related to the perception of the investors.

Theoretical Framework

This study is anchored on the agency theory. An agency relationship arises between two or more parties when one, designated as the agent, acts on behalf of or as representative for the other, designated the principal, in a particular domain of decision problems (Ross, 1973). Due to the separation of ownership and management, there is bound to be problem of aligning the interest of the agent and that of the principal, which will result to additional cost termed "agency cost". This serves as the basis for the formation of the agency theory.

The theory suggests that, given the chance, agents will behave in a self-interested manner that may conflict with the principal's interest (Chrisman, Kellermanns, Chan, & Liano, 2010). As such, principals will enact structural mechanisms that monitor the agent in order to curb the

opportunistic behavior and better align the parties' interest (Cruz, Gomez-Mejia, & Becerra, 2010). One of the mechanisms is to increase the level of dividends to take the free cash flow from the firm. Higher dividend may provide a disciplinary mechanism that can reduce the manager shareholder conflicts (Madison, 2014).

Masulis (1980) on the other hand posits that when managers own fewer stakes in a firm, agency costs increase relatively. This partial ownership will cause the managers to work less vigorously and will consume more luxuries like company cars and expensive hotels, since majority of the owners share most of the costs (Grigore, & Stefan-Duicu, 2013). This implies encouraging managers to own more shares in the company they manage will help in reducing agency problem. Another option for reducing agency conflict as suggested by Fuad as cited in Marcella and Paskah (2014) is increasing the monitoring activity by the company which can be done by the institutional shareholders. This study adopts agency theory due to its relevance in resolving conflict that may arise between managers (agent) and shareholders (principal) of companies. Managerial and institutional ownership are seen to moderate dividend policy therefore the agency conflict in companies.

Methodology

The research design used in this study is ex-post facto research design. This is because the variables of the study are the uncontrolled type and the events have occurred before the study. The population of the study consists of all the twenty-eight (28) listed insurance companies on the Nigerian Exchange Group as at 31st December, 2020 (see appendix 1). A sample of fourteen (14) companies were selected using stratified sampling making the various categories of the insurance business (Life, General, and Composite) a strata to ensure that each category is represented in addition to the criteria that a sampled company must have available annual report for the study period 2010 to 2020 as well as must be quoted on the Nigerian Stock Exchange before 2010 and without been delisted up to 31st December, 2020. Data were collected from annual reports and accounts of the sampled companies. The study used two variables; dependent and explanatory variables. The dependent variable of the study is "dividend policy" and it was proxy by Dividend Per Share (DPS). The explanatory variables comprise both the independent and control variables. The independent variable of the study is ownership structure and is proxy by managerial ownership and institutional ownership. Firm size and leverage were used as control variables to control the firm specific characteristics that may influence the choices of dividend policy. All variables were expressed as proportion which is consistent with prior studies. Table 1 presents the study variables and how they were measured.

Table 1: Description of Variables and Measurement

Variable	Specification	Description
Dividend Per Share	DPS	Dividend paid divided by Total number of issued equity shares of the company
Managerial Ownership	MO	Total equity shares held by Managers divided by issued equity shares of the company
Institutional Ownership	IO	Total equity shares held by Institutional shareholders divided by issued equity shares of the company
Firm Size	FS	Natural Log of total assets
Leverage	LV	Total debt divided by Total assets

Source: Developed by the Authors.

The study data was analyzed through descriptive statistics, correlation and multiple regression (OLS), using STATA software version 13.00. The regression model used to test the effect of ownership structure on dividend policy is stated thus:

$$DPS_{it} = f(MO_{it} + IO_{it} + FS_{it} + LV_{it}) \quad (1)$$

$$DPS_{it} = \beta_0 + \beta_1 MO_{it} + \beta_2 IO_{it} + \beta_3 FS_{it} + \beta_4 LV_{it} + \epsilon_{it} \quad (2)$$

Where; DPS = Dividend Per Share, MO = Managerial Ownership, IO = Institutional Ownership, FS = Firm Size, LV = Leverage, it = Firm and time, β_0 = Regression Intercept, $\beta_1 - \beta_4$ = Regression coefficients of independent and control variables, ϵ = Error Term.

Results and Discussion

This section presents, analyzes and interprets the result obtained from the data generated from annual reports and accounts of the sampled listed insurance companies in Nigeria for the period of the study. The section starts with the preliminary analysis of the data using descriptive statistics and correlation matrix of the dependent and explanatory variables followed by the presentation of the regression analysis.

Table 2: Descriptive Statistics

Variables	Obs	Mean	Std. Dev.	Min.	Max.
DPS	154	0.0417	0.0730	0.0000	0.4500
MO	154	0.2966	0.2311	0.0002	0.8348
IO	154	0.4708	0.2215	0.0950	0.8341
FS	154	10.2593	0.3673	9.7125	11.3858
LV	154	0.5226	0.1834	0.0988	0.9261

Source: Generated by the Authors from Annual Report Data of the Listed Insurance Companies, using STATA 13 Output.

Table 2 shows the descriptive statistics for the dependent variable (Dividend Per Share) and explanatory variables (managerial ownership, institutional ownership, firm size, and leverage) of the study. The mean dividend per share for the sampled listed insurance

companies in Nigeria shows an average of about 0.0417. This implies that on the average the listed insurance companies in Nigeria pays four Naira Seventeen Kobo (4.17K) per share as dividend. DPS has a standard deviation of 0.0730, which implies that the deviation from the mean value, from both sides is 7.3%. The minimum and maximum DPS of the sampled listed insurance companies during the period covered by the study are 0.0000 and 0.4500 respectively.

Managerial ownership has a mean value of 0.2966, implying that on average, 29.66% of the issued shares of listed insurance companies are held by their managers with a minimum of 0.0002 and maximum of 0.8348. The standard deviation of 0.2311 suggests that there is no significant variation in the share ownership by managers of the sampled listed insurance companies during the period of the study. The mean institutional ownership of 0.4708 signifies that 47.08% of the shares of listed insurance companies is held by other firms with a minimum and maximum ownership of 0.0950 and 0.8341 respectively. The standard deviation of 0.2215 shows that there is no significant variation in the proportion of share ownership among the institutional shareholders of the sampled listed insurance companies during the period of the study.

In relation to the control variables used in the study, the results from the Table 2 indicates that Firms Size (FS), which is measured as the natural logarithms of total assets of the sampled listed insurance companies in Nigeria during the period of the study has a mean value of 10.2593 with a minimum value of 9.7125 and maximum value of 11.3858. The standard deviation of 0.3637 suggests a slight dispersion in the total assets among the sampled companies. Finally, the mean leverage of 0.5226 signifies that on average, the total liabilities covers up to 52.26% of the total assets of the sampled listed insurance companies in Nigeria, with a minimum of 0.0988 and maximum of 0.9261. The standard deviation of 0.1834 indicates lack of substantial variation.

Table 3: Correlation Matrix

Variables	DPS	MO	IO	FS	LV	VIF	1/VIF
DPS	1.0000						
MO	0.4949	1.0000				1.03	0.9749
IO	-0.3240	0.0687	1.0000			1.10	0.9076
FS	0.3913	0.1299	0.2990	1.0000		1.34	0.7488
LV	-0.0487	-0.0199	0.1673	0.4280	1.0000	1.24	0.8091

Source: Generated by the Authors from Annual Report Data of the Listed Insurance Companies, using STATA 13 Output.

Table 3 indicates the correlation coefficients on the relationship between the dependent variable (DPS) and explanatory variables (managerial ownership, institutional ownership,

firm size and leverage). From Table 3, it can be seen that managerial ownership and firm size have moderate and positive relationship with dividend per share with correlation coefficient value of 0.4949 and 0.3913 respectively. On the other hand, institutional ownership and leverage have a negative moderate (-0.3240) and negative weak (-0.0487) relationship with dividend per share respectively. In terms of the relationship between the independent variables themselves and between the independent variables and control variables, managerial ownership has a weak positive relationship with both institutional ownership and firm size with correlation coefficient of 0.0687 and 0.1299 respectively while leverage have a negative weak relationship with managerial ownership with correlation coefficient of 0.0199. Institutional ownership and leverage both have positive moderate relationship with firm size with correlation coefficient of 0.2990 and 0.4280 respectively while institutional ownership have a weak positive relationship with leverage with a correlation coefficient of 0.1673.

To determine the presence of collinearity problem, a Variance Inflation Factor (VIF) test was conducted with the results providing evidence of the absence of collinearity problem. This is because the results of the VIF test ranges from a minimum of 1.03 to a maximum of 1.34. VIF of less than 10 is a proof of absence of collinearity problem and VIF in excess of 10 should be considered an indication of harmful multicollinearity (Gujarati, 2003). Thus, the predictive ability of the independent variables is not adversely affected by the relationship.

Table 4: Regression Results

Variables	Coefficient	Std. Error	t- Value	p > t
Constant	-1.034***	0.113	-9.12	0.000
MO	0.143***	0.016	8.74	0.000
IO	-0.162***	0.018	-9.17	0.000
FS	0.112***	0.012	9.59	0.000
LV	-0.079***	0.023	-3.52	0.001
No. of observation				154
F-Statistics				58.99
Sig				0.000
R – Square				0.613
Adj. R – Square				0.603
Root MSE				0.046

Note: *** indicate 1% significant level

Source: Generated by the Authors from Annual Report Data of the Listed Insurance Companies, using STATA 13 Output.

Table 4 presents the regression result of the dependent variable (DPS) and the explanatory variables of the study (managerial ownership, institutional ownership, firm size and leverage). From the OLS regression, the coefficient of “R-squared” (0.613) which is the multiple coefficients of determination gives the proportion of the total variation in the

dependent variable explained by the explanatory variables jointly. Hence, it signifies that 61.30% of the total variation in dividend per share (DPS) of listed insurance companies in Nigeria was caused by managerial ownership, institutional ownership, firm size and leverage, while the remaining 38.70% of the total variation in dividend per share (DPS) was caused by factors not explained by the model. This indicates the fitness of the model and the proper selection of the explanatory variables used in the study. This is further confirmed by the F-statistics value of 58.99 at 1% level of significance. Hence, the findings of the study are reliable.

Managerial ownership is found to have a positive significant effect on the dividend per share of listed insurance companies in Nigeria at 1% level of significance with p-value of 0.000. This can be observed from the regression coefficient with a positive value of 0.143, implying a direct relationship between managerial ownership and dividend policy of listed insurance companies in Nigeria. This means that an increase of one (1) shareholding by managers will lead to an increase of ₦0.143 in dividend per share of listed insurance companies in Nigeria. This finding is in line with the findings of Shah, et al. (2011) and Bokpin (2011). However, it contradicts the findings of Mohammed, et al. (1995) and Abdulfatah, et al. (2021) who found managerial ownership to negatively affect dividend policy.

On the other hand, institutional ownership is found to have a significant negative effect on dividend per share of listed insurance companies in Nigeria at 1% level of significance with p-value of 0.000. This can be observed from the negative value (-0.162) of the regression coefficient, implying an inverse relationship between institutional ownership and dividend policy of listed insurance companies in Nigeria. This result implies that dividend per share will reduce with increase in institutional ownership while holding other factors constant. The result is consistent with some empirical findings such as Mardani, et al. (2018) and Abdulfatah, et al. (2021). The finding conflict with that of Nasih, et al. (2020) and Hanady (2021) who found that institutional ownership has a positive significant effect on dividend policy.

In relation to the control variables adopted for this study, firm size has a positive and significant effect on dividend per share of listed insurance companies in Nigeria at 1% level of significance with p-value of 0.000 and with a positive regression coefficient value of 0.112, which indicates that the size of the company influences its dividend policy as found by Shah, et al. (2011) and Haron (2018). Leverage, on the other hand is found to have a negative and significant effect on dividend per share of listed insurance companies in Nigeria at 1% level of significance with p-value of 0.001 and a negative regression coefficient value of -

0.079, which indicates that leverage has significant effect on dividend policy adopted by a company. This result is consistent with the findings of Jacobus, et al. (2020) and Abdulfatah, et al. (2021).

Conclusion and Recommendations

The paper assessed the effect of ownership structure on dividend policy of listed insurance companies in Nigeria for a period of eleven (11) years from 2010 to 2020. Based on the findings, the study concluded that managerial ownership positively influences the extent of dividend payment of listed insurance companies in Nigeria. As managers increase their shareholding in a company, they align their interest with that of other shareholders as they also become direct beneficiaries of the dividend. It also showed that managers who hold shares in the company they manage have strong influence, not only because of the agency relationship between them and shareholders but also because their shareholding gives them significant influence on the dividend policy of the company. Institutional ownership on the other hand negatively influences the dividend payment of listed insurance companies in Nigeria. This shows that the effect of institutional shareholders and managerial shareholders conflict with one another which may be due to the active monitoring role of the institutional shareholders on the managerial shareholders. Similarly, both firm size and leverage impact the dividend payment of listed insurance companies in Nigeria.

Based on the findings and conclusion drawn therefrom, the study recommend that the positive effect managerial ownership have on dividend policy should be monitored to ensure that the retained earnings of the companies is not depleted to the extent that profitable investment cannot be pursued due to lack of fund. It is important to note that dividend payment means decrease in total retained earnings available for current and future investment. Managers should be careful not to deplete their retained earnings to a point where future investment will require raising money from external sources at an exorbitant cost. On the other hand, as a result of the negative effect institutional ownership has on dividend policy, institutional shareholding should be encouraged as they tend to checkmate managers because of their ability and capability to collect and evaluate information pertaining to their investments. Though they are beneficiaries of the dividend, they will not just watch while money that will be used for future profitable and beneficial investment is distributed as dividend.

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Appendix 1: Population and Sample of the Study

S/No	Name of Company	Type of Business	Year of Listing	Remark
01	African Alliance Insurance Company Plc.	Life	2009	Not Sampled
02	Aiico Insurance Plc.	Composite	1990	Sampled
03	Axa Mansard Insurance Plc.	Composite	2009	Sampled
04	Consolidated Hallmark Insurance Plc.	General	2008	Sampled
05	Continental Reinsurance Plc.	Composite	2007	Not Sampled
06	Cornerstone Insurance Company Plc.	Composite	1997	Sampled
07	Coronation Insurance Plc.	Composite	1990	Sampled
08	Custodian and Allied Insurance Plc.	Life	2007	Sampled
09	Goldlink Insurance Plc.	Composite	2008	Not Sampled
10	Great Nigerian Insurance Plc.	Composite	2005	Not Sampled
11	Guinea Insurance Plc.	General	1990	Not Sampled
12	International Energy Insurance Company Plc.	General	2007	Not Sampled
13	LASACO Assurance Plc.	Composite	1991	Sampled
14	Law Union and Rock Insurance Plc.	General	1990	Not Sampled
15	Linkage Assurance Plc.	General	2003	Not Sampled
16	Mutual Benefits Assurance Plc.	Composite	2002	Sampled
17	NEM Insurance Co. (Nig) Plc.	General	1990	Sampled
18	Niger Insurance Company Plc.	Composite	1993	Not Sampled
19	Prestige Assurance Plc.	Life	1990	Sampled
20	Regency Alliance Insurance Company Plc.	General	2008	Sampled
21	Royal Exchange Plc.	Life	1990	Not Sampled
22	Sovereign Trust Insurance Plc.	General	2006	Sampled
23	STACO Insurance Plc.	General	2007	Not Sampled
24	Standard Alliance Insurance Plc.	General	2003	Not Sampled
25	Sunu Assurance Plc.	General	2007	Sampled
26	Unic Insurance Plc.	Life	1990	Not Sampled
27	Universal Insurance Company Plc.	General	2008	Not Sampled
28	Veritas Kapital Assurance Plc.	Life	2009	Sampled

Source: Extracted by the Researchers from the Nigerian Stock Exchange website.