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Unclaimed Dividend and Market Value of Listed Firms in Nigeria Stock Exchange

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ABSTRACT

The study examined the unclaimed dividend and market value of listed firms in Nigeria stock exchange using data covering the period 2010 to 2019. Thus, the data gathered were analyzed using Augmented Dickey Fuller of unit root test for the stationarity of the data and autoregressive Distributed Lag (ARDL) cointegration technique. The result reveals that unclaimed dividends have negative and significant long-run effect on market price per share of listed firms in Nigeria, that there is no significant short run effect of unclaimed dividends on market price per share of listed firms in Nigeria, that unclaimed dividends have no significant long-run effect on price-earnings ratio of listed firms in Nigeria and that unclaimed dividends have positive and significant long-run effect on earnings per share of listed firms in Nigeria. Based on the findings, the study recommends among others that companies should make alternative arrangement for the provision of cash and short-term fund in case unclaimed dividends are transferred to a separate account, as this will enable the management to henceforth present true and fair statement of their business operations to stakeholders.

Keywords: **Earnings per share, Price/Earnings Ratio, Market Price/share, Unclaimed Dividends**

INTRODUCTION

Dividends are earnings that are distributed to shareholders by a corporation (Gbegi and Pavtar, 2018). These are the earnings that are kept in the company and are not dispersed to the shareholders. The dividend distribution policy is comprised of the decision on dividends and retained earnings, which are made annually. The decision on whether or not to declare a dividend is left to the discretion of the board of directors of a corporation. When it is disclosed, it becomes a liability for the firm, according to CAMA (1990).

It is the primary goal of financial management to maximize the wealth of the organization's owners, and in order to accomplish this, management, in its capacity as custodian of the owners' interest, strives to generate wealth and add value to the organization's existing assets on behalf of the owners. In order to do this, they must make judgments in three essential categories of decision making: financing, investment, and dividend decisions (Gbegi&Pavtar, 2018; Baker and Williams, 2014). Strategic decisions are critical in achieving this primary goal, and as a result, management must exercise caution in making them, particularly when it comes to the payment of dividends, because they must not only consider the question of how much of the company's earnings are required for investment, but they must also consider the possibility that their decisions will have an adverse effect on share prices (Aderemi & Adesina, 2014). Researchers have been debating the relationship between a company's worth and its dividend policy for a long length of time without reaching a conclusion. Based on the wide literature, it has been determined that a company's capacity to pay dividends is highly dependent on the profitability of the company during the time in question.

When a firm declares a dividend and the shareholder does not claim it for whatever reason, this results in the issuance of unclaimed dividends, which are a type of debt (Unegbu 2002). Dividends are deemed unclaimed after fifteen (15) months from the date of declaration, according to the Canadian Association of Mutual Insurance Companies. With the rising frequency of unclaimed dividends in Nigeria, there has been a lot of concern among regulatory officials, corporate executives, Registrars of companies, and the general public on how to deal with the situation. For whatever reason, dividends that go unclaimed represent a deterrent to investing and may damage investor trust in Nigeria's capital market (Gbegi and Pavtar, 2018).

Any investment in a business's stock might be motivated by one of two things: taking advantage of price fluctuations in the stock of the company being invested in, or participating in profit sharing through dividends. Over the years, particularly in Nigeria, dividend investors have encountered several difficulties in converting their dividend warrants into cash, resulting in a constant growth in the amount of unclaimed dividends in the country (Ekwueme &Ezelibe, 2017).

The prevalence of unclaimed dividends on the Nigerian Stock Exchange has been a major source of worry among investors and other players in the country's capital market. Despite the numerous efforts of the Securities and Exchange Commission (SEC), the world's top market regulator, the problem appears to be far from being resolved. In an effort to alleviate the problem of unclaimed dividends, the SEC implemented the e-payment method in June 2008, which entails dividend payments being made directly into the shareholder's specified bank account rather than through checks or warrants. The authors of Owolabi and Obida (2013) correctly stated that regulators made some frantic efforts to curtail the incidences of unclaimed dividend by introducing the E-dividend system of payment on June 16, 2008, which was intended to address the delay associated with the verification of proceeds of public offerings as well as the delay experienced by investors in receiving returns on their investments and also reduce the incidence of unclaimed dividend, but so far, the way and manner in which it was implemented has been impeding its effectiveness. This condition, without a doubt, negates one of the objectives of investing in such a firm and poses a significant danger to future investment opportunities (Ekwueme &Ezelibe, 2017).

A subsequent effort by the Securities and Exchange Commission (SEC) to address this issue culminated in the proposed rule earlier in 2015, which states that all unclaimed dividends held in the custody of the Registrars shall be returned to the paying company twelve (12) months after the date of approval of the dividend at a general meeting. The Nigerian capital market regulator, the Security and Exchange Commission (SEC), launched a system known as the E-Dividend Mandate Management System (E-DMMS) on July 29, 2015 in collaboration with the Central Bank of Nigeria, the Nigerian Interbank Settlement System (NIBSS), and other stakeholders to allow investors to complete their bank mandate with company registrars more easily and with less stress (Proshare, 2015).

As noted by Gwarzo (2016), the migration from the manual warrant divided system to the electronic dividend system was intended to address the alarming accumulation of unclaimed dividend in the capital market and to assist in the reduction of the amount, which stood at N158.4

billion as of December 31, 2019. N119 billion was in the custody of the paying firms, while N14.64 billion was in the custody of the registrars. The total amount of unclaimed dividends less than 15 months old was N24.77 billion, with N14.64 billion in the custody of the registrars. Approximately N42.2 billion has been paid to investors from a backlog of unclaimed dividends since the Securities and Exchange Commission (SEC) flagged-off the campaign in November 2015 utilizing the new e-dividend payment system till February 2017. As of this writing, approximately 2.2 million investors have mandated their bank accounts for direct dividend payment through the e-dividend platform, with approximately 9 million investors still to sign up for the e-dividend system, in which the dividend will be paid directly by corporate registrars to the bank accounts of investors (Ekwueme &Omenka, 2017). The Securities and Exchange Commission had originally set a deadline of June 2017 for the issuing of physical dividend warrants and cheques, but the deadline was later extended to December 31, 2017 in order to accommodate additional shareholders who had not yet registered for the e-payment system.

In addition to cash dividends, stock dividends (also known as bonus shares) and stock buyback can be paid out in the form of stock (where excess cash is used to buy company shares). The payment of a cash dividend decreases the amount of corporate cash and retained profits that are represented on the balance sheet of the company. Stock dividends do not result in the transfer of cash from the company; instead, they increase the number of shares in circulation, lowering the value of each share. Because of their dividend distribution policies, many investors are drawn to certain firms and their stock (Gbegi and Pavtar, 2018). The market value of the company's shares serves as a reflection of the company's worth. The problem of unclaimed dividends continues to be a key source of concern for shareholders considering making new investments.

The problem of unclaimed dividends has also remained a hot topic of discussion among investors in Nigeria today, particularly among those who have made stock investments. The worry extends not just to shareholders and investors, but also to regulators and other government agencies. This raises problems such as: Would the impact of partially paid dividends on the present stock price be the same if unclaimed dividends were to be paid? What is the ramifications of these unclaimed dividends on the stock market's valuation?

Because unclaimed dividends serve as a deterrent to investment, they might damage investors' faith in Nigerian listed companies and the stock market. Incapacity to access current dividend revenue for current consumption may result in individual shareholders (particularly retirees) being poor as a result of their inability to access current dividend income. Education, health, and food security may all suffer as a result of youngsters dropping out of school to engage in armed robbery, economic crime, and other social vices as a means of subsistence, putting the nation's security at risk, among other things (Gbegi and Pavtar, 2018)

Some investors believe that businesses bear a higher share of the fault when it comes to unclaimed dividends since they seek to use the funds to increase their corporate cash reserves. These unclaimed dividend funds are retained by the companies and are included in their financial statements. Union Bank Plc announced N880 million as unclaimed dividend in 2012, while First Bank of Nigeria disclosed N750 million as unclaimed dividend in the same year. An additional threat to the transparency of the Nigerian stock market may be posed by unclaimed dividend payments. The unclaimed component of these dividends has the potential to have an influence on the impact of the paid dividends on the market price of the company's stock in the long term. As a result, directors of corporations may be able to exploit flaws to manipulate the system.

A number of scholars have made attempts to create a valuable and acceptable link between dividend policy and the market value of publicly traded companies operating in Nigeria. The dividend per share and the dividend payment ratio have been the primary focus. The increasing amounts of unclaimed dividend and the various efforts of stock market stakeholders to nip it in the bud have created a gap in the literature. As a result, this study seeks to fill that gap by examining the effect of unclaimed dividend on the market value of firms listed on the Nigerian Stock Exchange (NSE). Based on the aforementioned, the purpose of this study is to assess the impact of unclaimed dividends on the market price per share, the price-earnings ratio, and the earnings per share of chosen companies that are listed on the Nigerian Stock Exchange.

LITERATURE REVIEW

Concept of Unclaimed Dividends

When warrants for the reward on investment, whether in the form of cash or property, are delivered to shareholders but are not received within a specified amount of time, the warrants are returned to the company by the registrar as unclaimed. According to the Securities and Exchange Commission (SEC), unclaimed dividends are dividends that have not been claimed by shareholders after fifteen (15) months from the date of original payment. Those dividends that go unclaimed after fifteen months after being declared are presumed to have been returned to the corporation, from which the beneficiary / investor may file a claim no later than twelve years after the dividend was announced. Therefore, unclaimed dividends are regarded statute barred and as a result, the shareholders are deprived of their rights to receive them. It is presumed that the dividends have been delivered to the recipient by the registrar/company, but that the dividends have been returned to the registrar as unclaimed. According to data from December 2019, the total amount of unclaimed dividends in the Nigerian capital market was N158.44 billion. Following the federal government's proposal suggested in the 2020 Financial Act, this figure–which may have climbed by now–as well as another yet-to-be established sum in inactive accounts across the nation's financial system would be placed in a trust fund under the control of the federal government. Year after year, massive dividend distributions are announced, but only a small portion of that money is claimed by shareholders for a variety of reasons that are known to the shareholders themselves (Ogbodo, 2017).

Forms/Types of Dividends that Companies Pay-out

Various types of dividends are distributed to shareholders in the form of a portion of the earnings per share of each individual stock in a firm that has been earned. Management and the board of directors of the firm frequently make this announcement at the conclusion of the fiscal year. Dividend payments are based on accumulated profits, which are also known as retained earnings, or on other capital items such as donations or extra capital paid-in, which are not included in retained earnings. The payment of a dividend to investors shows that the firm is doing well financially and otherwise. Dividends are often given in the form of cash dividends, although they may also be distributed in the form of stock, scrip, or any other asset on occasion. Below are the numerous types of dividends that are available.

Cash dividends

Dividends are declared by the board of directors, which votes and proposes the decision. It is not fully reimbursed since the transfer of shares from one shareholder to another necessitates the preparation of an up-to-date list of shareholders. It is for this reason that a date for the declaration of dividends is set at each board of directors meeting. There is a record date for the purpose of closing the shareholder register. After then, there is a payment deadline, after which cheques are mailed to stockholders. The dividends are approved by shareholders at the annual general meeting, bringing the declaration of cash dividends to a close. A declared cash dividend is not seen as a liability, but rather as a component of the shareholder's equity, because the choice to declare a dividend can be revoked. Treasury stock does not earn dividends in cash, and hence does not pay dividends.

Property dividends

It is a nonreciprocal transfer of nonmonetary assets between an enterprise and its owners that is not repaid to the enterprise. It is due in assets other than cash, and it is not refundable. They can be in the shape of commodities, real estate, or financial assets, among other things. The board of directors revalues its assets at the fair market value of the property it intends to distribute, accounting for any profit or loss. The amount that would be realizable in an outright sale at or near the time of the distribution is the fair value, which is calculated as follows: Market pricing or other accessible facts are used to determine the amount to be quoted. Accounting for property dividends at fair value enables future comparisons of other dividend rates to be made possible.

Liquidating dividends

This is a sort of dividend that employs paid in assets in early years as a basis for dividend payments. As a result, it decreases the corporate paid in capital. Without sufficient disclosure, shareholders may assume the firm has been running at a profit. This sort of misconception may be prevented by requiring a detailed disclosure of the basis of every payout to accompany the dividend check. Any payout not based on earnings must be a reduction of corporate paid-in capital and, to the degree, it is a liquidation dividend.

Stock dividends

It is a kind of dividend whereby management decides to capitalization some of the earnings and maintain them in the firm on a permanent basis by distributing stock dividend. No assets are allocated and each shareholder has precisely the same proportional stake in the firm and identical book value after the stock dividend was given as before it was announced. A stock dividend does not affect the overall stockholders' equity. Earnings are apportioned evenly to shareholders in accordance to the quantity of stock they possess with the company. When a firm wishes to obtain money from investors, it can issue debt (bonds and notes) and equity (common stock, preferred stock and warrants) (common stock, preferred stock and warrants). All corporate dividend payments must originate from retained profits — the cumulative profits of the corporation. Common stock indicates an ownership stake of a business that permits shareholders to participate in the governance and growth of the organization. The benefits of firm expansion include increased stock prices and, potentially, common stock dividends and dividend hikes. A corporation can choose to pay common stock dividends in the form of cash or extra shares, but dividends on common stock are not compulsory and can be adjusted by a vote of the corporation management.

Stock split dividend

Another kind of dividend distribution that raises the number of shares outstanding for each shareholder but subsequently diminishes the par value of each share. A stock payout of more than 20–25 percent of the number of shares previously outstanding is considered a high stock dividend or stock split. A stock split can be likened to a reverse stock split which decreases the number of shares outstanding and increases the per share price. The major goal of a stock split is to boost the commercial viability of the shares and for management to assume control (www.testden.com).

Preferred stock dividends

Preferred stock likewise indicates an ownership stake in a firm, but substitutes the opportunity to participate in corporate development and governance for high-fixed-dividend payments. Preferred dividends generally pay 4 to 8 percent dividend yields (the yearly pay-out divided by the stock price) (the annual pay-out divided by the stock price). Because the payouts are set, preferred dividends don't benefit from corporate growth. Corporations must pay preferred dividends in full before the corporation shells out any common dividends for the quarter. Cumulative‖ preferred stock mandates a firm to make up on any missed dividends before beginning payment of common stock dividends.

Qualified dividends

The vast majority of dividends paid by U.S. firms are subject to lower capital-gains tax rates. The most important criteria is that the issuer is not a non-profit organization and that it pays taxes on its profits and dividends. Many overseas stock dividends qualify for the tax deduction as well, as long as they fulfil the same requirements as domestic stock dividends and their shares may be traded easily in the United States. You must hold common stock for a period of 61 days prior to the ex-dividend date, which is the first day of trading on which the stock trades without the current dividend, in order to be eligible for the tax benefit. A preferred stock that pays a dividend on the basis of a term more than 366 days requires a 91-day holding period before it can be sold. Cash dividends from non-qualified stock are treated as regular income and are taxed at your marginal rate of taxation.

Fund dividends

A mutual fund must pass along all the dividends, interest and capital gains it earns over the course of a year. In return, the fund doesn't pay income taxes which privilege passes through to shareholders. Fund payments that result from dividends on stock are qualified if the stock pays qualified dividends.

Review of Empirical Studies

Numerous academics and researchers have been able to investigate the nature of dividends, unclaimed dividends, dividend policies, and their impact on the market value of corporations. Some researchers looked at the impact of dividend policy on the financial performance of Nigerian companies. A study conducted by Ekwueme and Ezelibe (2017) investigated the impact of unclaimed dividends on the profitability and firm value of selected deposit money banks (DMBs) that are publicly traded on the Nigerian Stock Exchange (NSE). The study's population comprised of all of the deposit money banks (DMBs) that were publicly traded on the Nigerian Stock Exchange throughout the five-year period

(2012–2016) under consideration. A total of nine banks were chosen to participate in the investigation. The data was analyzed with the use of the ordinary least square (OLS) statistical technique. The findings of the study revealed that there is no statistically significant association between unclaimed dividend and profitability; in addition, it was discovered that there is no statistically significant relationship between unclaimed dividend and the firm worth of the selected banks. Regulations and other players in the capital market should guarantee that the new e-dividend payment system is effectively implemented in order to dramatically minimize the amount of unclaimed dividends, according to the report's findings. The shareholders should also be educated on the significance of receiving an electronic dividend payment and how they may take advantage of it, according to the recommendations made by the committee.

On the other hand, Ogbodo (2017) investigated the impact of unclaimed dividends on the financial statements of a sample of Nigerian commercial banks. Data from time series and a survey research approach were used in this study. Primary and secondary sources of information were used to compile the information for this study. This was accomplished through the use of questionnaires and the annual reports and financial statements of the two selected commercial banks in Nigeria from 2008 to 2012. The hypotheses were examined using the statistical method known as the Z-test. Unclaimed dividends have a direct impact on the financial positions of financial institutions, increasing their total liabilities and, as a result, decreasing their total assets while also diminishing their owner's equity, according to research findings. Furthermore, it has been demonstrated that investors are worried about what happened to unclaimed dividends, and that the prevalent perception that most investors are just concerned about their payout has been proven incorrect. As a result, it is recommended that companies make alternative arrangements for the provision of cash and short-term funds in the event that unclaimed dividends are transferred to a separate account, as this will enable the management to present true and fair statements of their business operations going forward.

A recent poll conducted by Ekwueme and Omenka (2017) examined Nigerian investors' attitudes about electronic dividends and payment systems in the capital market. Data were acquired from both primary and secondary sources. The questionnaire and interviews are the most important data collecting instruments. Following the presentation and analysis of data, the research discovered, among other things, that the stakeholders in the Nigerian capital market were sufficiently aware of the e-dividend payment system. Evidence of this may be found in the view of investors in the Nigerian stock market, where 60 percent of those who responded agreed that there is sufficient distribution of information about the e-divided policy in place.

Okeke and Okeke (2018) investigated the impact of dividend policy on the performance of selected Nigerian public companies between 2010 and 2016. The data for the study was gathered using an ex-post facto research design from the Nigerian stock market fact book, as well as the annual report and financial statements of the companies under investigation. A total of four research questions and hypotheses were conceived and developed throughout the course of the study. Data were presented using descriptive statistics in the form of tables and frequencies, and they were analyzed using ordinary least square multiple regressions. The study's dependent variable was return on investment (ROI), while the study's independent variables were dividend payout ratio (DPR), retained earnings (RE), and cash dividend (CD). The findings revealed that DPR and RE had a favorable and statistically significant impact on ROI among the studied enterprises over the time period under consideration. CD has a negative and statistically negligible impact on ROI.

Ubaka (2017) investigated the effect of corporate dividend policy on the performance of conglomerate firms listed on the floor of the Nigerian stock exchange by employing the correlated random effects-Hausman test technique with the assistance of the E-view statistical package and regression analysis. It spanned the years 2012-2016 and used a sample of three conglomerate businesses drawn from a larger population of seven publicly traded conglomerate enterprises in Nigeria to conduct the research. As a result of the regression analysis, it was discovered that business size, dividend payout, profit after tax, and firm age are not significant in determining performance, however corporate governance is significantly associated with firm performance in the conglomerate industry in Nigeria.

Turakpe and Filwe (2017) conducted a research study in Nigeria on Dividend Policy and Corporate Performance: A Multiple Regression Model Analysis utilizing dividend payout, return on equity, profit after tax, and profits per share as the dependent variables. The data for the study was gathered from the annual reports and financial statements of the selected companies, and a multiple regression model was used to examine the selected companies, which were Nigerian Breweries Plc, Zenith Bank Nigeria Plc, and Guaranty Trust Bank Plc, over the period 2011-2015, according to the findings. Because of the wide range of results, there was no way to draw a general conclusion on the relationship between dividend policy and business success.

Enekwe, Nweze, and Agu (2015) conducted a research study in Nigeria to determine the impact of dividend distribution on the performance evaluation of listed cement businesses on the Nigerian stock exchange during a twelve-year period (2003-2014). To conduct the analysis, the researchers employed four variables: the Dividend Payout Ratio (DPR), the Return on Capital Employed (ROCE), the Return on Assets (ROA), and the Return on Equity (ROE). When it came to performance assessments, the proxy measures used were Return on Capital Employed (ROCE), Return on Assets (ROA), and Return on Equity (ROE). The dividend payout ratio (DPR) was a component of the independent variable. The data utilized was gathered from the annual reports and financial statements of the selected listed cement businesses in Nigeria on the Nigerian Stock Exchange, which were obtained from secondary sources. For the analysis, basic linear regression was utilized in conjunction with ex post facto panel estimation, which was the research approach used in this study. The results revealed a statistically significant relationship between dividend payout ratio, return on capital employed, and return on asset, but the relationship between dividend payout ratio and return on equity of listed cement businesses in Nigeria was found to be inconsequential. As a result, the study concluded that management should adopt an optimal dividend policy that would benefit shareholders both in the short and long term; the study also recommended that management design a dividend policy that will enhance firm's performance and shareholder value; maximize company value and attract more investors.

Okafor, Ugwuegbe, Ugochukwu, and Ezeaku (2016) used a pooled panel least squares model to explore the influence of board interest on dividend policy in the Nigerian manufacturing sector from 2009 to 2015. The study covered the period from 2009 to 2015. In the end, it was discovered that the interest of the board of directors had a negative and minor influence on the dividend payouts of the companies under examination. Furthermore, ownership concentration has a positive but negligible influence on the dividend pay-out of Nigerian manufacturing businesses, whereas firm size has a positive and substantial effect on the dividend pay-out of Nigerian manufacturing firms, according to the findings.

Using an ordinary least square regression model, Muhammad and Muhammad (2016) investigated the drivers of dividend pay-outs in the Oil and Gas business listed on the Karachi Stock Exchange (KSE) in Pakistan. In a study that spanned the period from 2008 to 2014, researchers discovered that financial leverage, sales growth, and business risks were the most important factors of dividend pay-out in the Pakistani oil and gas industry. To be more specific, it has been demonstrated that financial leverage and company risk have a considerable negative impact on dividend pay-out, whereas sales growth has a favorable positive influence on dividend pay-out. Furthermore, there is a statistically significant positive relationship between profitability and business size and dividend payout, but government ownership has a negative relationship with dividend payment. The relationship between dividend payout and investment opportunities, liquidity, and managerial ownership was found to be insignificant.

A study conducted by Abiola (2014) looked at the impact of dividend policy on the earnings and growth of Nigerian banking businesses. He employed a survey study design to get information from Eco Bank Plc personnel, and a structured questionnaire was used to collect the information. The chi-square statistical method was used to test the hypotheses that had been established. Results indicated that there is a considerable association between dividend policy and profitability in the banking business, as demonstrated by the findings. According to the findings of the study, the board of directors of the banking industry should review the dividend payout policy in order to ensure maximum operation and compliance with relevant and required dividend payment policies in order to reduce the adverse effects of dividend payment on the profitability of the banking industry.

Ijaiya, Sanni, Amujo, and Suleiman (2013) in Nigeria evaluated the association between financial performance and dividend distribution among publicly traded companies in Nigeria using two models, which they found to be significant. Both the birds-in-hand dividend relevance theory and Modigliani and Miller's (MM) dividend irrelevance theory were established in order to offer a theoretical explication on these two theories of dividend relevance and irrelevance. The data for the study was collected from the annual reports of the sampled quoted companies using an ex post facto research approach, and the results were analyzed using a panel data regression model. When the first model was tested, the results revealed that there was no significant relationship between dividend payout ratio and financial performance of the selected quoted firms in Nigeria, whereas the second model revealed that there was a significant but inverse relationship between dividend payout ratio and earnings per share of the selected quoted firms in Nigeria. According to the findings of the study, enterprises should maintain a decreased but consistent dividend distribution in order to boost internal finance, market valuation, and long-term shareholder wealth maximization.

A study conducted in Nigeria by Uwuigbe, Jafaru, and Ajayi (2012) examined the relationship between dividend policy and firm performance among publicly traded companies over the period 2006-2010. The researchers looked at the dividend pay-out ratio, return on equity, ownership structure, and firm size. The precise objectives that were employed were the ownership structure, the size of the enterprises, the dividend payouts, and the size of the firms. In an ex post facto study approach, data from annual reports of the 50 sampled companies were gathered via the companies' websites. Multiple regressions were used to analyze the data obtained, and these were the statistical approaches used. The findings of the study revealed a statistically significant positive link between the performance of enterprises and the dividend payments made by the sampled companies in Nigeria. It was also shown that the ownership structure and the size of the company had a substantial influence on the dividend distribution of the company.

According to Kighir (2002), the influence of dividend payouts as well as unclaimed payments on the stock price in Nigeria was researched. The survey design was used in the study, and cross-sectional secondary data from 55 businesses listed on the Nigerian Stock Exchange was used for the analysis. OLS regression analysis was the statistical tool that was employed. The primary data was gathered through the use of questionnaires, interviews, and focus group discussions. A positive association between paid cash dividends and current stock price was discovered, as was a positive relationship between unclaimed dividends and current stock price, according to the findings of the study. According to the findings of the study, the influence of declared dividends on stock prices in the banking business is 50%, 33.3 percent in the manufacturing industry is 33.3 percent, and 50% in Nigeria as a whole is due to an inbuilt slack of unclaimed payouts. The study recommended the following: the establishment of a standard on dividends, which would include unclaimed dividends; the establishment of a threshold value above which unclaimed dividends must be reported to the Securities and Exchange Commission; the establishment of an Abandoned Financial Assets Trust Fund; and the amendment of CAMA 1990 and ISA 1999 to make it mandatory that all companies must include the amount, names, and addresses of all persons entitled to unclaimed dividends from the previous year above a certain threshold value.

Methodology

This study adopted the use of *ex-postfacto* research design. The data were sourced secondarily from published annual reports of the ten manufacturing companies quoted in Nigeria Stock Exchange (NSE) for period 2010 to 2019. Thus, the data extracted was analysed using simple regression as stated in the model below.

Model Specification

The regression models are expressed as:

MPS = f(UND)……………………….i

PER = f (UND)……………………….ii

PER = *f* (UND)……………………….iii

The stochastic form of the models are expressed as,

$MPS_{it} = \beta_0 + \beta_1 UND_{it} + \varepsilon_{it}$………….....……iii

$PER_{it} = \beta_0 + \beta_1 UND_{it} + \varepsilon_{it}$………………….....iv

Where:

MPS = Market Price/share

PER = Price/Earning Ratio

EPS = Earnings per share

UND = Unclaimed Dividends

β = Intercept

β_1 = Slope coefficient

ε = Stochastic Error term

i = Cross section of firms

t = time period

Panel Unit Root Test

ADF Test for Panel Unit Root

Variables	ADF Fisher Chi-square statistic	Probability Value	Order of Integration
LOGUND	23.3058	0.0097	1 (1)
MPS	49.9914	0.0000	1 (1)
PER	53.8808	0.0000	1 (1)
EPS	27.1491	0.0184	1 (1)

Source: Researcher's examination using Eviews 9

The ADF test was used to test for panel unit root in our variables. The results indicate that UND, MPS, PER and EPS are stationery at 1st difference or integrated at order 1 indicating that there is unit root. The implication of this is result is that there is most likely a long-run relationship between our variables. The order of integration of the variables justify the use of pooled mean group/panel auto-regressive distributive lag (ARDL).

Pooled Mean Group /Autoregressive Distributed Lags

To ascertain the long-run relationships, the study employed Pooled Mean Group (PMG)/Panel ARDL proposed by Pesaranet al. (1999). This model takes the cointegration form of the simple ARDL model and adapts it for a panel setting by allowing the intercepts, short-run coefficients and cointegrating terms to differ across firms. One of the merits of PMG is that of its flexibility that it can be applied when the variables are of mixed order of integration (Demirgunes, 2015).

Optimal Lag Selection

The choice of appropriate lags order is critical. The optimal lag order can be determined by SBC or AIC. The study selected the appropriate lag length based on AIC. The optimal lag for the independent variable LOGUND is 1 as indicated by the selected criteria. The optimal lag for MPS, PER and EPS is 1,1,2 as indicated by the selected criteria.

Analysis and Interpretation of Panel ARDL/Pooled Mean Group for Model (1)

Table 1 Panel ARDL/Pooled mean group for Model (1)

Dependent Variable: D(MPS)
Method: ARDL
Date: 07/31/21 Time: 09:24
Sample: 2011 2019
Included observations: 57
Maximum dependent lags: 1 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (1 lag, automatic): LOGUND
Fixed regressors: C
Number of models evalulated: 1
Selected Model: ARDL(1, 1)
Note: final equation sample is larger than selection sample

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
	Long Run Equation			
LOGUND	-96.71460	17.64056	-5.482513	0.0000
	Short Run Equation			
COINTEQ01	-0.430360	0.187563	-2.294479	0.0266
D(LOGUND)	9.357326	38.93341	0.240342	0.8112
C	427.1721	176.6705	2.417902	0.0198
Log likelihood	-248.6225			

*Note: p-values and any subsequent tests do not account for model selection.

Source: Researchers examination using Eviews 9

The model for the relationship between MPS and unclaimed dividends was estimated by using the recently developed Pooled Mean Group (PMG)/ARDL estimator due to Pesaranet al. (1999). Table 4.4 presents the results from the ARDL (1,1) for model 1. The lags order is selected based on Akaike information criterion (AIC).

The results from Table 1 revealed that LOGUND is negatively related to market price per share of the firms in the long-run. The negative coefficient of UND indicates that as 1% increase in unclaimed dividends decreases MPS by 0.96 units in the long-run.

The speed of adjustment coefficient of -0.43 is significant at 5% level of significance (prob<0.05), indicating that it will take almost 2 years for the variables to adjust to long-run trend after a short drift to equilibrium state.

In the short-run however, LOGUND showed a positive and insignificant effect on market price per share of firms.

Analysis and Interpretation of Panel ARDL/Pooled Mean Group for Model (2)

Table 2: Panel ARDL/Pooled mean group for Model (2)

Dependent Variable: D(PER)
Method: ARDL
Date: 07/31/21 Time: 09:47
Sample: 2011 2019
Included observations: 58
Maximum dependent lags: 1 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (1 lag, automatic): LOGUND
Fixed regressors: C
Number of models evalulated: 1
Selected Model: ARDL(1, 1)
Note: final equation sample is larger than selection sample

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
Long Run Equation				
LOGUND	-0.007453	0.379689	-0.019629	0.9844
Short Run Equation				
COINTEQ01	-1.156884	0.171592	-6.742067	0.0000
D(LOGUND)	-23.21299	19.97081	-1.162346	0.2512
C	30.57498	11.52355	2.653261	0.0110

Mean dependent var	0.119450	S.D. dependent var	57.27290
S.E. of regression	35.25703	Akaike info criterion	7.528568
Sum squared resid	55937.63	Schwarz criterion	8.252497
Log likelihood	-230.2070	Hannan-Quinn criter.	7.815028

*Note: p-values and any subsequent tests do not account for model selection.

Source: Researchers examination using Eviews 9

Table 2 presents the results from the Panel ARDL (1,1) for model 2. This model establishes the relationship between price/earnings ratio (PER) and unclaimed dividends in the long-run and in the short run. The lag orders were selected based on Akaike information criterion (AIC).

The results revealed that unclaimed dividends have no significant influence on the price/earning ratio of the firms in the long-run (prob>0.05). The cointegration coefficient of -1.156884 was significant at 5% alpha level (prob<0.06), and it indicates the speed of adjustment at which variables will adjust to long-run trend after a short drift to equilibrium state. The short-run effect here is also not significant as expected.

Analysis and Interpretation of Panel ARDL/Pooled Mean Group for Model (3)

Table 3: Panel ARDL/Pooled mean group for model 3

Dependent Variable: D(EPS)
Method: ARDL
Date: 07/31/21 Time: 10:03

Sample: 2012 2019
Included observations: 51
Maximum dependent lags: 2 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (1 lag, automatic): LOGUND
Fixed regressors: C
Number of models evalulated: 2
Selected Model: ARDL(2, 1)
Note: final equation sample is larger than selection sample

Variable	Coeffic ient	Std. Error	t- Statistic	Prob.*
Long Run Equation				
LOGUND	0.9101 54	0.05987 0	15.2022	30.0000
Short Run Equation				
COINTEQ01	- 0.8561 28	0.26695 5	- 3.20701	70.0027
D(EPS(-1))	0.4827 75	0.42831 8	1.12714	10.2668
D(LOGUND)	- 7.0513 22	8.12090 3	- 0.86829	30.3907
C	1.4052 75	4.76346 6	0.29501	10.7696

Mean dependent var	- 0.0099 98	S.D. dependent var	22.573 36
S.E. of regression	13.680 35	Akaike info criterion	3.5293 97
Sum squared resid	7111.7 74	Schwarz criterion	4.4836 67
Log likelihood	- 89.234 80	Hannan-Quinn criter.	3.9070 04

*Note: p-values and any subsequent tests do not account for model selection.

Source: Researcher's examination using Eviews 9

Table 3 presents the results from the ARDL (2,1) model for model 3. This model establishes the relationship between earnings per share and unclaimed dividends in the long-run and in the short run. The lag order is selected based on Akaike information criterion (AIC). The results revealed that unclaimed dividend has positive and significant effect on the earnings per share of the firms in the long-run (prob<0.05). The positive coefficient of LOGUND indicates that 1% increase in unclaimed dividends increases EPS by 0.0091 units in the long-run.

The cointegration coefficient of -0.8561 is significant at 5% alpha level, and it indicates the speed of adjustment at which the variables will adjust to long-run trend after a short drift to equilibrium state. the short-run equations show that unclaimed dividends have no significant short run effect on EPS.

To test the hypothesis that:

H0= Unclaimed dividends have no significant effect on market price per share of listed firms in Nigeria.

H1= Unclaimed dividends have significant effect on market price per share of listed firms in Nigeria.

Statement of Decision Criteria: The decision rule involves rejecting H0 if the p-value of the t-statistics is less than 0.05, otherwise accept H0.

Since the coefficient of the t-statistic has probability value of 0.0000, the study rejects, H0 in favor of H1 and based on the ARDL model estimate from table 4.4, the study concludes that unclaimed dividends have significant long-run effect on market price per share of listed firms in Nigeria.

Summary of Findings

The findings of the study are summarized as follows:

i. Unclaimed dividends have negative and significant long-run effect on market price per share of listed firms in Nigeria.
ii. There is no significant short run effect of unclaimed dividends on market price per share of listed firms in Nigeria
iii. Unclaimed dividends have no significant long-run effect on price-earnings ratio of listed firms in Nigeria
iv. Unclaimed dividends have positive and significant long-run effect on earnings per share of listed firms in Nigeria.
v. There is no significant short run effect of unclaimed dividends on earnings per share of listed firms in Nigeria

Conclusion

The study evaluated the how unclaimed dividend effect market value of listed corporations in Nigeria. The study indicated that there is strong long-run correlations between unclaimed dividend and share market price, it was also noticed that a long-run negative link existed between unclaimed dividend and firms' earnings per share. This data, therefore, shows that the occurrence of unclaimed dividend has influence on market value of listed corporations in Nigeria. Though the incidence of unclaimed dividend does not damage the market value of enterprises in the near run, it no doubt defies the goal of shareholders' investment.

Recommendations

Fromthefindings, the study therefore recommends that:

1. Companies should create alternative arrangement for the provision of cash and short-term fund in case unclaimed dividends are transferred to a separate account, as this would enable the management to thereafter offer truthful and fair disclosure of their company activities to stakeholders.
2. Company should develop possibilities that will enable the owners of the unclaimed dividend or their beneficiaries recover them and enforce conformity to the regulations of the companies.
3. The dividend policy of organizations should be adjusted to enable potential investors and shareholders who could be examining the company to have a positive picture of their reputation.

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