

Dividends Smoothing in an Era of Unclaimed Dividends: A Panel Data Analysis in Nigeria

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Abstract : This research investigates dividends smoothing among non-financial companies trading on the Nigerian Stock Exchange in an era of unclaimed dividends from 2004 to 2013. There has been a raging controversy among Regulatory Authorities, Company Executives, Registrars of Companies, Shareholders and the general public regarding the increasing incidence of unclaimed dividends in Nigeria. The objective of this study is to find out if corporate earnings management through dividends smoothing is implicated in unclaimed dividends among Nigerian non-financial firms. The research used panel data and employed Generalized Method of Moment as method of analysis. The research finds evidence of dividends-smoothing in this era of unclaimed dividends in Nigeria. The research concludes that dividends-smoothing is a trigger and red flag for unclaimed dividends, an output of earnings management. If earnings management and hence unclaimed dividends in Nigeria is allowed to continue, it will lead to great consequences to the investors and corporate policy of government. It is believed that the research will assist investors and government in making informed decisions regarding dividends policy in Nigeria.

Keywords : dividends smoothing, non financial companies, Nigerian stock exchange, unclaimed dividends, corporate earnings management

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