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RESEARCH ARTICLE

Board Gender Diversity and Dividend Policy: Evidence from Nigeria

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ABSTRACT

Dividend policy plays a crucial role in investor decisions, company valuation, and shareholder wealth. It serves as a signal of financial stability and managerial confidence in a firm's prospects. Consistent dividend payouts attract income-oriented investors, enhancing stock liquidity and stabilizing company value. This study investigates the impact of board gender diversity on dividend policy in the Nigerian consumer goods sector. The research employs a quantitative approach, analyzing data from twenty-one firms over ten years (2013-2023). The findings reveal that board gender diversity and independence do not significantly influence dividend policy in this sector. Additionally, firm size does not moderate the relationship between board gender diversity and dividend policy. The study recommends that firms in the Nigerian consumer sector should actively promote gender diversity on their boards to enhance decision-making processes and improve dividend policies which can be achieved through policies that encourage the recruitment and retention of female directors. This research contributes to the ongoing debate on corporate governance and financial management by providing insights into how gender-inclusive governance practices might influence dividend policy.

Keywords: Board Gender Diversity, Board Independence, Gender-Inclusive governance, Shareholder's Wealth and Dividend Policy.

1. Introduction

Corporate governance has a significant impact on how well businesses function and make decisions. A lot of research has been done in a variety of settings on gender diversity and independence on corporate boards, which are important components of corporate governance. Studies have indicated that having female directors can have a favourable effect on financial performance and stock liquidity (Akinyomi & Olutoye, 2014; Peter-Mario & Emmanuel, 2023; Novi, Werner & Mudji, 2022; Daadaa, 2023). It is suggested that gender diversity ratios be raised in order to improve the efficacy of decision-making (Abdullah, Aziz & Azani, 2022). Furthermore, there is evidence that a more independent board of directors leads to better financial performance, highlighting the need of having more independent directors (Akinyomi & Omokehinde, 2019; Arnardottir, Sigurjonsson & Gabaldon, 2023). Research has also demonstrated how important gender diversity is to improving board performance, which improves corporate governance and decision-making procedures. All things considered, encouraging gender diversity and independence on boards is critical to developing efficient governance and enhancing company success.

A key component of corporate finance is dividend policy, which affects investor decisions, company valuation, and the total wealth of shareholders (Akinyomi, 2014). The diverse significance of dividend policy in the context of contemporary financial management techniques has been highlighted by recent research. The dividend policy is primarily significant because it serves as a means of informing investors about the financial stability and prospects of a company. The signaling hypothesis states that dividend payments tell investors important things about management's perception of the company's potential for development and stability in earnings (Baker & Wurgler, 2004). Investor trust is bolstered and the firm's cost of capital may be lowered by a continuous dividend payout ratio, which indicates financial stability and steady cash flows (Allen & Michaely, 2002). On the other hand, an abrupt shift in dividend policy could indicate modifications to profits or investment prospects in the future, which would affect investor sentiment and market responses.

A dividend policy is also essential for drawing in and keeping investors, especially those who are looking for steady returns and consistent income streams. Dividend-paying equities are frequently preferred by income-oriented investors looking to reduce risk and accumulate wealth over the long term in a period of economic uncertainty and market volatility (Fama & French, 2001). Firms with a track record of regular dividend disbursements draw in a wider range of investors, encompassing both individual and institutional investors with an emphasis on income, so enhancing stock liquidity and stabilising value (Grullon et al., 2002). As a result, the makeup of shareholders and investor mood are influenced by dividend policy, which affects stock price dynamics and market performance.

2. Statement of the Problem

The relationship between gender diversity and corporate governance has received a lot of attention lately, especially in light of the influence that a company's board composition has on its financial strategy, such as dividend policy. Although there is an increasing amount of literature on many aspects of board diversity, more in-depth study is still required to determine how diversity specifically affects dividend policy. According to recent research, there may be a variation in risk preferences, decision-making styles, and ethical concerns between male and female directors on corporate boards, which might impact dividend choices (Martín-Ugedo et al., 2019; Akram et al., 2020).

Gender diversity on boards is thought to provide a wider range of experiences and different points of view to business decision-making processes. When it comes to returning earnings to shareholders and demonstrating financial soundness, women directors are frequently perceived as being more conservative and risk-averse than their male counterparts. This might result in more consistent and perhaps greater dividend distributions (Oldford et al., 2021). The actual data on this association is still contradictory, though. For example, women may be more diligent and have stronger monitoring skills, which might improve financial performance and, in turn, result in more consistent dividend policy, according to Adams and Ferreira (2009).

On the other hand, other research indicates that the presence of women on boards does not substantially change dividend policy; instead, it suggests that the similarity-attraction paradigm and internal group dynamics may lessen the impact of gender diversity (Markoczy et al., 2020). Furthermore, research conducted in different nations with varying conclusions has shown that cultural and geographical variations may be important (Elmagrhi et al., 2019). In light of the contradictory results and the dynamic character of corporate governance frameworks, more research is important to determine the precise impact that gender diversity on boards has on dividend policy. By offering a thorough examination of current data and concentrating on the effects of having a gender-diverse board on a company's dividend strategy, this study seeks to close this gap.

3. Literature Review

To summarize current empirical research on gender diversity on boards and how it affects dividend policy, this literature review will focus on major results, theoretical frameworks, and methodological techniques. Through an analysis of data from various geographic and industry settings, this paper adds to the conversation on corporate governance and financial management by offering insights into how gender-inclusive governance practices might influence dividend policy.

Board Gender Diversity and Dividend Policy

Corporate governance research has placed a great deal of emphasis on board gender diversity and how it affects dividend policy in recent years. Research has demonstrated that a higher proportion of women serving on company boards generally have a favourable impact on dividend policy. Ye et al. (2020), for example, looked at Chinese listed businesses and discovered that companies with more female representation on their boards had a higher dividend payout rate. The researchers contended that the presence of varied viewpoints and risk-averse decision-making styles among female directors might result in dividend policies that are more stable and favourable to shareholders. They came to the conclusion that having more women on boards reduces agency conflicts and encourages choices that are in line with the interests of shareholders, which eventually increases company value through reliable dividend payments.

Saeed and Sameer's (2021) extensive research of companies in many nations revealed an additional finding that lends validity to their conclusions: gender diversity on boards is linked to larger dividend distributions. According to this study, women directors are often more conservative and favour holding onto profits to offset future concerns. This suggests that bigger and more regular dividend payouts are an indication of stable finances. The writers also pointed out that having more women on boards improves the caliber of board discussions and decision-making, which subsequently helps with the creation of dividend policies. They underlined that having a diverse mix of genders helps foster a balanced approach to taking risks, which is important when deciding on a company's compensation policy.

Additionally, having more women on boards may improve a business's standing with stakeholders and reputation, which in turn affects dividend policy. Research by Chen et al. (2021) found that investors and other stakeholders had a more positive perception of firms with gender-diverse boards because they frequently see this kind of diversity as a sign of progressive and successful corporate governance. This favourable opinion may boost investor confidence and demand for the business's stock, which may force the corporation to implement large dividend policies to draw and keep investors. According to the study, gender diversity has a significant influence on the firm's strategic decisions, such as how dividends are distributed, in addition to its financial success.

On the other hand, several studies suggest that the correlation between dividend policy and the gender diversity of the board may depend on the larger socio-cultural background. Elghuweel et al.'s (2021) examination of Middle Eastern corporations, for instance, painted a more complex picture. The influence of gender diversity on the board on dividend policy was shown to be less significant in countries that placed less emphasis on gender equality. According to the study, in these kinds of settings, business policies and established cultural norms may have a greater impact than the contributions of female directors. But even in these situations, there was a discernible slow movement towards appreciating the importance of gender diversity, pointing to possible future adjustments in dividend policy as gender diversity gains traction. This suggests that although gender diversity has advantages, institutional and cultural variables can greatly mitigate their effects.

As can be seen from the above, research indicates that there is a generally favourable correlation between dividend policy and board gender diversity, with more stable and shareholder-friendly dividend policies being implemented by boards with greater gender diversity. Research suggests that these results are influenced by the risk-averse and long-term-focused viewpoints of female directors. Generous dividend policies are also supported by the improved reputation and stakeholder connections that arise from gender diversity on the board. Nonetheless, the degree of this impact fluctuates based on the socio-cultural setting, emphasizing the intricate and multifaceted nature of the correlation between gender diversity and corporate governance consequences. Thus, this study postulates that:

H1: Board gender diversity does not significantly affect dividend policy in the Nigerian consumer goods sector.

Board Independence and Dividend Policy

There is a vital link between board independence and dividend policy, as evidenced by recent literature, with more board independence typically translating into more shareholder-friendly dividend policies. The term "board independence" describes the ability of directors to give objective scrutiny as they are not a member of the company's top management. In 2020, Ameer and Shah conducted a study that looked at the function of independent directors in Malaysian companies' dividend policies. They discovered that companies that had a larger percentage of independent directors on their boards also had higher dividend payout rates. According to this, independent directors are crucial in reducing agency conflicts between shareholders and managers by making sure that extra money is distributed to shareholders rather being held for possible management use misuse.

Liu and Zhang's (2021) worldwide analysis, which examined data from several nations, provides additional support for these findings by confirming a positive correlation between board independence and bigger dividend distributions. According to the report, independent directors are more inclined to support dividend payments as a way to curb issues with free cash flow and put restrictions on executive discretion. Independent directors can contribute to the alignment of management's interests with shareholders' interests and increase shareholder value by demanding dividend payments. According to the study, independent directors frequently have a greater interest in shareholder returns and, as a result, support dividend policies that guarantee a just distribution of earnings.

Additionally, board independence can improve the board's oversight role and result in more responsible financial decisions, such as dividend policy. According to a research by Muttakin et al. (2022) on emerging market companies, boards with a greater percentage of independent directors performed better at keeping an eye on management decisions and enacting dividend policies that accurately represented the company's financial standing. According to the study, independent directors might provide more impartial supervision and make choices that were more in line with shareholders' interests and less influenced by internal politics since they were removed from day-to-day operations. As a result of the independent directors' efficient supervision, dividend policies are both enduring and accurate representations of the company's success.

Furthermore, it has been discovered that board independence has a moderating influence on the association between dividend policy and business performance. A Chen et al. (2020) study found that there is a larger positive correlation between financial success and dividend distributions in companies with more independent boards. This suggests that when a company does well, independent boards are more inclined to reward shareholders, making sure that the owners get the rewards of better financial performance. The study also showed that the diligence of independent directors in monitoring company governance and financial reporting processes increases the legitimacy of dividend policy, making them more predictable and trustworthy for investors.

However, depending on the legislative framework and the features of the company, the effect of board independence on dividend policy may differ. For example, a research by Al-Najjar and Kilincarslan (2021) discovered that in nations with robust investor laws, there was a stronger positive correlation between board independence and dividend policy. Strong protection of shareholder rights gives independent directors greater clout when it comes to pushing shareholder-friendly policies, such as high dividend payments. On the other hand, independent directors may have less influence over dividend policy in countries with laxer legal systems. This implies that the degree to which board independence can influence dividend policy depends critically on the regulatory environment. Thus, this study postulates that:

H2: Board independence does not significantly affect dividend policy in the Nigeria consumer goods sector.

Firm Size's Moderating Effects on Board Gender Diversity and Dividend Policy

Recent findings indicate that the relationship between dividend policy and board gender diversity is moderated by business size. This means that the effect of gender-diverse boards on dividend distributions might vary greatly depending on the size of the company. Larger companies typically have more intricate operations and better access to resources, which might have an impact on how dividend choices are influenced by gender diversity on boards. According to a Yarram and Adapa (2020) study on Australian listed businesses, larger companies showed a stronger beneficial impact on dividend distributions from having a more diverse board of directors. The researchers contended that larger companies gain more from the varied viewpoints and improved governance that come with having female directors, which results in dividend policies that are stronger and more beneficial to shareholders.

Research by Isidro and Sobral (2021) that looked at European firms and discovered that company size considerably affected the link between dividend policy and board gender diversity further supports these findings. In particular, they discovered that because of more firmly established corporate governance frameworks and more public scrutiny, female directors had a higher impact on dividend policy in larger companies. According to the survey, larger companies have the means to successfully adopt and promote diversity programmes, which strengthens the position of female directors in strategic decision-making, which includes allocating dividends.

Furthermore, formalized and transparent governance methods are more common in larger organizations, which might increase the impact of gender diversity on the board on dividend policy. According to Conyon and He's (2022) study, larger businesses with distinct governance structures are more positioned to benefit from gender diversity on the board. The results of the study showed that female directors in these businesses were more likely to be in favour of raising dividend payments to boost the company's reputation and appease shareholders. Conversely, smaller companies can discover that the lack of institutional governance structures limits the impact of gender diversity on board decisions, particularly dividend policy.

Furthermore, the impact of gender diversity on dividend policy on the board may be further mitigated by the bigger companies' visibility and responsibility. According to research by Bernile, Bhagwat, and Yonker (2020), companies with diverse boards often have more conservative and transparent dividend policies since they are subject to increased scrutiny from investors and authorities. The inclusion of female directors in these companies frequently results in stricter scrutiny and careful money management, which in turn produces steady and consistent dividend payments. The authors contended that the beneficial effect of gender diversity on dividend policy is amplified in larger enterprises due to this increased scrutiny.

Firm size does, however, have a moderating influence in certain situations. Martinez and Pucheta-Martinez (2021) conducted a study on Spanish enterprises and discovered that whereas larger firms with gender-diverse boards paid greater dividends on average, this impact was not as strong in less competitive industries. Regardless of board diversity, even major corporations may not feel pressured to issue dividends aggressively in such industries. This research emphasizes that the way company size affects the association between board gender diversity and dividend policy can also be influenced by competitive dynamics and industry features. Thus, this study postulates that:

H3: Firm size does not moderate the relationship between board gender diversity and dividend policy in the Nigerian consumer goods sector.

Theoretical Foundation

Theoretical frameworks including as agency theory, resource dependence theory, and stakeholder theory are used to explain the link between dividend policy and gender diversity on boards.

Agency Theory

The agency theory of Jensen and Meckling clarifies the principal-agent interplay that occurs inside organizations. According to this idea, conflicts of interest arise between principals, or shareholders, and agents, or management, as a result of information asymmetry and divergent goals. According to agency theory, gender-diverse boards might strengthen corporate governance processes by better overseeing and monitoring management activities. This could therefore have an impact on choices on dividend policy (Gupta & Sharma, 2021). Recent studies have examined the relationship between gender diversity on boards and corporate governance and financial success using agency theory (Carter et al., 2021; Adams & Ferreira, 2009). Gender-diverse boards, for example, enhance control and monitoring systems, lowering agency disputes and increasing shareholder value (Carter et al., 2021).

Resource Dependency Theory

The resource dependence hypothesis of Pfeffer and Salancik highlights the relationship between companies and their external environment. The resource dependency hypothesis suggests that gender-diverse boards may have more access to networks and resources, perhaps resulting in more informed and effective judgements on dividend policy (Lee & Kim, 2023). Recent research has employed resource dependency theory to examine the impact of gender diversity on an organization's capacity to establish strategic partnerships and secure resources (Carter et al., 2021). For instance, Carter et al. (2021) found that gender-diverse boards enhance access to a range of networks and information, reducing reliance on traditional financing sources and increasing financial resilience.

Stakeholder Theory

Freeman's stakeholder theory states that businesses have to manage conflicting interests and their obligations to various stakeholders. According to stakeholder theory, a company's ability to satisfy the interests of several stakeholders, such as shareholders, personnel, and the general public, may have an impact on decisions about dividend policy. The diversification of females on boards is one indication of this (Zhang & Chen, 2023). Recent studies have applied stakeholder theory to investigate how gender-diverse boards consider the interests and preferences of a larger variety of stakeholders (Carter et al., 2021; Zhang & Chen, 2023). Carter et al. (2021), for example, found that gender-diverse boards favour dividend policies that are longer-lasting and more equitable, hence advancing social welfare and long-term wealth creation.

4. Methodology

This study's goal is to use a quantitative and descriptive research technique to investigate the correlations between firm size, dividend policy, board independence, and gender diversity in the Nigerian consumer goods industry. As of December 31, 2023, twenty-one (21) organizations are part of the study. The study employed secondary data sourced from publicly accessible sources, such as annual reports, financial statements, and corporate governance reports of consumer products businesses listed in Nigeria. The analysis's robustness is ensured by the data's ten-year coverage (2013–2023). Dividend policy is the dependent variable, company size is the moderating variable, and gender diversity and board independence are the independent factors. Gender diversity on the board is measured by the proportion of female directors. A good indicator of board independence is the proportion of independent directors. Dividend policy is measured by the dividend payout ratio. Total assets are used to calculate firm size. The research also presents profitability, or return on assets, as a control variable that can have an impact on dividend policy. The following are the specifications for the regression model:

$DPRi = \beta0 + \beta1BGDi + \beta2ROAi + \epsilon i$..(1)

$DPRi = \beta0 + \beta1BIDi + \beta2ROAi + \epsilon i$..(2)

$DPRi = \beta0 + \beta1BGDi + \beta2FMSi + \beta3(BGDi \times FMSi) + \beta4ROAi + \epsilon i$..(3)

$DPRi = \beta0 + \beta1BGDi + \beta2BIDi + \beta3FMSi + \beta4(BGDi \times FMSi) + \beta5ROAi + \epsilon i$............................(4)

Where:

DPRi represents the dividend payout ratio of the firm.
BGDi represents the gender diversity on the corporate board.
ROAi represents return on assets.
BIDi represents the board independence.
FMSi represents the size of the firm. $\beta0$ is the intercept term.
$\beta1$, $\beta2$, β3, $\beta4$, β5 represent the respective coefficients of each of the variables. ϵi represents the error term.

Results

Table 1: Regression Result Output for Model One

Variable	Coefficients	Std. Error	t-Statistics	Prob.
Constant	24.629	18.384	1.340	0.183
Board Gender Diversity	18.094	74.054	0.244	0.807
Return on Assets	397.786	99.965	3.979	0.000
	Weighted Statistics			
R	0.359	Mean Square of regression	54767.013	
R-squared	0.129	Mean Square of Residual	6917.049	
Adjusted R-square	0.113	Sum of Square-Regression	109534.03	
F-statistics	7.918	Sum of Square-Residual	740124.24	
Prob.(F-statistic)	0.001	Durbin Watson	1.931234	
Std. Error of the Estimate	83.168798			

Source: Researcher's Computation, 2024

For Model 1, the R which is coefficient of correlation is 0.359, R squared is 0.129 and adjusted R squared is 0.113. The F-statistics is 7.918 with a corresponding p-value of 0.001. This suggests that the model explains 12.9 percent of the variance in Dividend Payout Ratio, while Board Gender Diversity (t-stat. = 0.244, p-value=0.807) is not a significant predictor of payout ratio as its p-value is above the 5 percent significant level. However, return on assets (t-stat. = 3.979, p-value= 0.000) is a significant predictor with a positive effect on the Dividend Payout Ratio. The F-statistic is significant, indicating that the model is a good fit. The Durbin Watson stat. which is approximately shows absence of serial correlation. This result agrees with the study El ghuweel et al (2021) but not in consonant with Ye et al (2020), Saeed and Sameer (2021) and Chen et al (2021) which show positive and significant effect of board diversity on the dividend payout.

Table 2: Regression Result Output for Model Two

Variable	Coefficients	Std. Error	t-Statistics	Prob.
Constant	1.59	48.624	0.033	0.974
Board Independence	37.501	66.529	0.564	0.574
Return on Assets	399.953	99.89	4.004	0.000
	Weighted Statistics			
R	0.362	Mean Square of regression	55656.811	
R-squared	0.131	Mean Square of Residual	6900.417	
Adjusted R-square	0.115	Sum of Square-Regression	111313.62	
F-statistics	8.066	Sum of Square-Residual	738344.64	
Prob.(F-statistic)	0.001	Durbin Watson	1.929213	
Std. Error of the Estimate	83.06875			

Source: Researcher's Computation, 2024

For Model 2, the R which is coefficient of correlation is 0.362, R squared is 0.131 and adjusted R squared is 0.115. The F-statistics is 8.066 with a corresponding p-value of 0.001. This suggests that the model explains 13.1 percent of the variance in Dividend Payout Ratio, while Board independence (t-stat. =0.564, p-value=0.574) is not a significant predictor of payout ratio as its p-value is above the 5 per cent significant level. However, return on assets 9 t-stat. = 4.004, p-value= 0.000) is a significant predictor with a positive effect on the Dividend Payout Ratio. The Durbin Watson stat. value is approximately 2 depicts absence of serial correlation in the analysis. The F-statistic is significant, indicating that the model is a good fit. The result does not agree with the findings in the study of Ameer and Shah (2020), Liu and Zhang (2021) and Muttakin et al (2022).

Table 3: Regression Result Output for Model Three

Variable	Coefficients	Std. Error	t-	Prob.
Constant	-90.421	302.895	-0.299	0.766
Board Gender Diversity	-192.309	1351.36	-0.142	0.887
Firms Size	13.71	37.5	0.366	0.715
Interaction of Board Diversity and Firm size	29.605	169.887	0.174	0.862
Return on Assets	415.924	102.003	4.078	0.000
	Weighted Statistics			
R	0.372	Mean Square of regression		29448.208
R-squared	0.139	Mean Square of Residual		6900.417
Adjusted R-square	0.106	Sum of Square-Regression		117792.833
F-statistics	4.078	Sum of Square-Residual		738344.642
Prob(F-statistic)	0.000	Durbin Watson		1.94978
Std. Error of the Estimate	83.487406			

Source: Researcher's Computation, 2024

For Model 3, the R which is the coefficient of correlation is 0.372, R squared is 0.139 and the adjusted R squared is 0.106. The F-statistics is 4.225 with a corresponding p-value of 0.003. This suggests that the model explains 13.1 per cent of the variance in the Dividend Payout Ratio, while Firm size (t-sta. =0.366, p-value= 0.715), the interaction of Board Gender Diversity and firm size (t-stat. = 0.174, p-value = 0.862) are not significant predictors of payout ratio as their p-values is above the 5 per cent significant level. Board Gender Diversity has a negative (t-stat. = -0.142, p-value =0.887) but insignificant effect on the Dividend Payout Ratio. However, return on assets (t-stat. = 4.078, p-value = 0.000) is a significant predictor with a positive effect on the Dividend Payout Ratio. The Durbin Watson stat. should a value of approximately 3, depicting the absence of serial correlation in the analysis. The F-statistic is significant, indicating that the model is a good fit. This result is contrary to the findings of Chen et al (2020) and Al-Najjar and Killincarshan (2021) which revealed a positive and significant effect of Board Independence in the relationship of Board Gender Diversity and Dividend Policy. However, it agrees with Kochan et al. (2003), argue that the benefits of diversity are not necessarily dependent on firm size but rather on how well the firm integrates and manages diversity within its governance structure.

Model 4

Table 4: Regression Result Output for Model Four

Variable	Coefficients	Std. Error	t-	Prob.
Constant	-72.826	312.43	-0.233	0.816
Board Gender Diversity	-275.385	1398.207	-0.197	0.844
Board Independence	18.479	74.551	0.248	0.805
Firms Size	9.877	40.72	0.243	0.809
Interaction of Board Diversity and Firm size	39.968	175.698	0.227	0.820
Return on Assets	416.834	102.528	4.066	0.000
	Weighted Statistics			
R	0.373	Mean Square of regression		23644.985
R-squared	0.139	Mean Square of Residual		6900.417
Adjusted R-square	0.098	Sum of Square-Regression		118224.923
F-statistics	3.362	Sum of Square-Residual		738344.642
Prob.(F-statistic)	0.007	Durbin Watson stat.		1.949456
Std. Error of the Estimate	83.86306			

Source: Researcher's Computation, 2024

For Model 4, the R which is coefficient of correlation is 0.373, R squared is 0.139 and adjusted R squared is 0.098. The F-statistics is 3.662 with a corresponding p-value of 0.007. This suggests that the model explains 13.1 percent of the variance in Dividend Payout Ratio, while Board Independence (t-stat = 0.248, , p-value=0.805), Firm size (t-stat. = 0.243, p-value= 0.809) interaction of Board Gender Diversity and Firm size (t-stat.=0.227, p-value =0.820) are not significant predictors of payout ratio as their p-values is above the 5 percent significant level. Board Gender Diversity (t-stat. = -0.197, p-value =0.844) has a negative but an insignificant effect on Dividend Policy. However, return on assets is a significant predictor with a positive effect on the Dividend Payout Ratio. The F-statistic is significant, indicating that the model is a good fit. The Durbin Watson stat. shows absence of serial correlation. This finding did not agree with the findings in Yarram and Adapa (2020), Isidro and Sobral (2021), Conyon and He (2022), Bernies, Bhagwat and Yonder (2020) and Martinez and Purchaeta-Matinez (2021)

In summary, across all models, Return on Assets consistently emerges as a significant predictor of the Dividend Payout Ratio, indicating its strong positive impact. Other predictors like Board Gender Diversity, Board Independence, Firm Size, and their interactions do not show significant contributions to the Dividend Payout Ratio. The models explain a relatively modest portion of the variance, with R^2 values around 13%. This suggests that while Return on Assets is a crucial factor, other unexplored variables may also influence the Dividend Payout Ratio.

5. Conclusion

This study investigates the effect that Board Diversity has on the dividend payout of companies in the consumer sector of the Nigerian economy and the moderating role that firm size can play in this relationship. In some extant literature, the presence of female directors on corporate boards positively influences dividend policy as firms with higher board gender diversity tend to have more stable and favourable dividend payouts. This is attributed to the conservative and risk-averse nature of female directors, which leads to consistent and potentially higher dividend distributions. In addition, independent directors significantly impact dividend policy by advocating for higher dividend payouts. Their objectivity and focus on shareholder interests help ensure that excess funds are distributed to shareholders, reducing potential agency conflicts and enhancing shareholder value. However, the findings in this study show that although there is a positive effect of board gender diversity together with its interaction with firm size on the dividend payout of firms in the Nigerian consumer sector, the effect is not significant.

It is therefore recommended that firms in the consumer sector should actively promote gender diversity on their boards to enhance decision-making processes and improve dividend policies. This can be achieved through policies that encourage the recruitment and retention of female directors. Furthermore, larger firms in the sector should leverage their established governance structures to maximize the benefits of gender-diverse boards. This includes implementing robust diversity programs and promoting transparency to enhance the impact of female directors on strategic decisions.

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