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EFFECTS OF LIQUIDITY ON DIVIDEND POLICY OF HEALTH SECTOR: EVIDENCE FROM QUOTED HEALTHCARE FIRMS IN NIGERIA

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ABSTRACT----------
The study examined the effects of liquidity on dividend policy of quoted healthcare firms in Nigeria between 2011 and 2020. The study adopted an ex-post facto research design. The population for the study consisted of all the healthcare firms listed on the Nigerian Stock Exchange as at 31st December 2020, with a sample size of 6 firms using convenience sampling technique. The dependent variable was measured by dividend payout ratio and dividend payment propensity and the robust pooled ordinary least square(OLS) regression (dividend payout) and pooled logistic regression (dividend payment propensity) while the independent variable was proxy by current ratio, quick ratio and cash ratio. Three hypotheses were tested and the results showed that current ratio has noticeable impact on dividend payout and dividend payment propensity, cash ratio has positive and important effect at 5% on dividend payment and unimportant impact dividend payment propensity while quick ratio has positive effect on dividend payout and dividend payment propensity. The study concluded that liquidity has positive effect on dividend policy of the quoted healthcare firms in Nigeria. It was therefore recommended that there is need for the firms to improve their liquidity position in order to enhance dividend policy adopted by the organization.
KEYWORDS: *Liquidity, Current Ratio, Cash Ratio, Quick Ratio, Dividend Policy, Healthcare Firms.*---------

INTRODUCTION

Dividend policy is one of the tools of enhancing corporate finance around the world, and many scholars have tried to solve several dividend problems for many years (Olarewaju, 2018). Dividends are not a recent occurrence; most corporations have paid out dividends to shareholders for hundreds of years (Odawo and Ntoiti, 2015).

Dividends are payments made from a company's earnings after all fixed-income investors have fulfilled their obligations. Bonus shares and/or an interim cash dividend can also be paid as dividends. Dividend payment, on the other hand, management of the organisation ensures that all shareholders and management stock investors receive a fair payout (Kumar, 2004). Dividends are funds paid by a corporation to its shareholders from its earnings, either in cash or by the issuance of additional shares, as in a script dividend. Retained earnings refer to that income that is not distributed but retained for future investments. Board of Directors is responsible for deciding on the kind of dividend to pay either cash or kind dividends or the income retained for future investment. The dividend strategy is determined by the decision on dividend payment and retained earnings.

The percentage of an organisation's overall distributable earnings that is payable to its ordinary shareholders is determined on a regular basis by the dividend policy makers. This is based on the collection of guidelines that a firm uses to determine whether or not to pay a dividend. When a company pays a higher dividend to its shareholders, it has less money to spend or retain, forcing it to rely on long-term funding sources to finance projects (Yusuf 2015). According to Ajanthan (2013), a company's dividend payout serves as a source of information about the company's current and future results. Dividend policy, according to Hashemijoo, Hadianto, & Sahabuddin, (2012), is a method used by businesses to determine the amount to be paid as a dividend and the amount to be held for investment purposes.

Internal and external factors typically affect a firm dividend strategy. Scale, profitability, liquidity, and leverages are among the internal factors that influence dividend decisions, while inflation rate, interest rate, and gross domestic product are some of the external factors that also influence dividend strategy. The emphasis of this analysis is liquidity, which is one of the internal factors influencing dividend policy (Hadianto and Sahabuddin, 2016).

Cash is the most liquid type of asset in an organisation. Liquidity therefore refers to the ability of an organisation to fulfill its short-term obligations with assets that can be easily converted to cash (Bangkok Bank, 2008). Eljelly, (2004) asserted that managing short-term assets and liabilities plus minimizing the risk of non-payment on commitments as they become due is what is being referred to liquidity management. Liquidity management is critical in any corporation, and it measures a company's ability to fulfill its short term obligations by committing cash and near-cash to those obligations. If a company's current assets are less than its current liabilities, it means that such company will have trouble meeting its immediate financial obligations. This can have an impact on the company's operations, efficiency and effectiveness, as well as its ability to pay dividends (Dewi, 2016).

According to Pandey (2005), dividend payment reflects a capital outflow, and a company's cash status is critical in dividend payment. A business that is highly liquid and has a strong cash reserve would be able to pay dividends with ease. However, even though a company is profitable, it can face liquidity issues if demand for funds to finance rising fixed assets and other regular expenses grows. Similarly, shareholders will not want a dividend that is lower than anticipated because they are certain that the contract to which the retained earnings are devoted would yield better results.

Pandey (2005) also found that there is a risk-reward trade-off in liquidity management. Holding large current assets improves a company's liquidity position, lowering risk, but it also lowers overall profitability. Weiner (2006) acknowledged that maintaining a variety of liquid assets allows businesses to weather bad economic times. Working capital management provides administrators with assured liquidity levels as well as investment opportunities for idle assets. Working capital management should be given proper considerations so that maturing current obligations are honoured on a timely basis, according to Mazengo and Mwaifyusi (2021). Liquidity depends on the operating cash flows provided by the ongoing organisation's assets but not the liquidation value (Fadhli, 2015).

Statement of the Problem

Dividend payout strategy is one of the most contentious issues in corporate finance, with many scholars attempting to solve the dividend problem for more than a half-century (Baker, 2009). After Miller and Modigliani (M-M), (1961), announced that dividend policy has no bearing on a firm's valuation but is influenced by its investment policies under the perfect market assumption, a slew of counter-arguments arose. The (M-M) theory, on the other hand, was opposed by Gordon's (1963) Bird in Hand Theory, which argued that, due to imperfect information and market volatility, an increase in dividends would positively affect shareholder capital. According to Bhattacharya's (1979) signaling theory, dividends will convey information about an organization's prospects when information is abnormal. Bonuses, according to Jensen and Michael (1986), are paid after investment decisions have been made. Baker and Wurgler (2004) believed that directors have a proclivity for disbursing enticements to shareholders in order to care for them as shareholders hope. The missing elements of the dividend puzzle have yet to be discovered.

Many studies which include Venkataraman and Venkatesan (2018), Hadianto and Sahabuddin (2016), Olang, Akenga and Nwangi (2015), Anupam (2012) focused on the factors that influence dividend policy in Europe, the United States, Asia, and the United Arab Emirates. However, the outcome of these studies yielded mixed results. In Nigeria, researches on the factors that influence dividend policy focused primarily on the financial, manufacturing, and petroleum sectors, with variables such as leverage, firm size, debt policy, profitability, board independence, power, and debt to equity being highlighted while healthcare sector received little research attention (Ebire, Mukhtar and Onmonya 2018; Israel and Bein, 2017; Zayol Mya and Muolozie 2017; Olanrewaju, Migiro and Sibanda, 2019; Nwidobie, 2016 and Yusuf, 2015).

In addition, liquidity remains one of the main factors driving dividend policy however; there is need to investigate the level or rate of its effects on dividend policy because previous researches on the subject has yielded mixed results. Antoro and Hermuninsik (2018), Hadianto and Sahabudin (2016), Dewi (2016), and Nufianti and Suwith (2016) are examples of this. Furthermore, there is no global regulation requiring companies with sufficient liquidity to follow a consistent dividend strategy. In a similar way, little attention has been paid to the healthcare sector in terms of liquidity and its effect on Nigerian dividend policy. As a result, it would be educative to investigate the effects of liquidity on dividend policy on the Nigerian healthcare sector.

Research Objectives

The major objective of this research work is to examine the effects of liquidity on the dividend policy of Quoted Healthcare firms in Nigeria. However, the specific objectives are to:

1. Examine the effect of Current Ratio on dividend payout of Quoted Healthcare firms in Nigeria.
2. Examine the influence of Cash ratio on dividend retained of Quoted Healthcare firms in Nigeria.
3. Examine the effect of Quick ratio on the dividend policy of Quoted Healthcare firms in Nigeria

Research Questions

This study seeks to provide answers to the following questions:

1. Does current ratio has any effect on dividend payout of Quoted Healthcare firms in Nigeria?
2. Does cash ratio have any influence on retained earnings of Quoted Healthcare firms in Nigeria?
3. Does quick ratio have any effect on dividend policy of Quoted Healthcare firms in Nigeria?

Research Hypotheses

Sequels to the study objectives, the following hypotheses were formulated:

Ho1: Current Ratio does not have significant effect on dividend payout of Quoted Healthcare firms in Nigeria.

Ho2: Cash ratio does not influence dividend payout of Quoted Healthcare firms in Nigeria.

Ho3: Quick ratio does not have significant effect on dividend policy of Quoted Healthcare firms in Nigeria

CONCEPTUAL REVIEW

Dividend Policy

Dividend policy refers to a set of rules that govern management's decision to distribute Profit After Tax (PAT) to ordinary shareholders. Dividend policy, according to Pandey (2005) cited in Omilabu, 2018), is a financial manager's judgment on whether the firm should allocate all profits or keep them, or distribute a portion and keep the rest. According to Mazengo and Mwaifyusi (2021), the dividend payout ratio (DPR), which is the proportion of profits paid in cash dividends, reflects the company's dividend strategy. Tutorsonnet (2013) noted that dividend policy, which can be passive or aggressive, is concerned with deciding whether to pay a cash dividend now or an increasing dividend later. Efficient dividend policies efficiently communicate and initiate good dividends (Alli, Khan and Ramirez, 2018). Since dividend policy affects other financial and investment decisions, it is a crucial decision (Abor & Bokpin, 2010).

Liquidity

Omaliko and Okpala (2020) stated that an organization that is able to meet up with its immediate financial commitments is referred to as being liquid while the capacity of an organization to fulfill its long term financial commitments is known as solvency. Liquidity is also viewed traditionally as arising from financing activities where firms borrow to raise cash for operations(Amnim and Aipwa,2021).Liquidity refers to an organisation's capacity to fulfill its short-term financial commitments via conversion of current asset into cash without suffering any loss (Akenga, 2017). According to Ogungbade, Adekoya and Akeredolu (2020), quantitatively, liquidity involves the capacity of a business entity to meet up with its existing and future demands on cash in such a way that will bring reduction to expenditure and increase the wealth of the organisation. They also affirmed that determination of liquidity can be done by means of the current ratio, quick ratio and cash conversion cycle.

Current Ratio: The current asset-to-current-liability ratio is the ratio of current assets to current liabilities. Firms use the current ratio to determine how long it would take to pay off their short-term debts (Garin, 2020). According to Jozwiak (2015), having a large amount of cash on hand makes it easier for companies to pay dividends to their shareholders. Firms will face a liquidity crisis, according to Amin and Aipwa (2021), if existing liabilities exceed current assets. The optimal current asset to liability ratio, according to them, is 2:1.

Quick Ratio: The degree to which cash and other assets easily and willingly exchangeable to cash to can take care the aspirations of the immediate creditors is referred to as quick ratio (Olang et-al., 2015). Veiner, (2006) opined that a firm is considered liquidity healthy when its liquid assets (i.e. current assets less closing inventory) equal to its current liabilities. Quick ratio is the most appropriate ratio to test liquid a firm is because it gives a clearer and improved liquidity situation of a than other ratios. The acceptable norm quick ratio is 1:1. (Sukmawardini and Ardiansari, 2018).

Cash Ratio: Mazengo and Mwaifyusi (2021) explained that the capacity of a firm to clear up its immediate financial commitments when situation demands by means of cash and cash equivalents is measured by cash ratio. Pandey (2005) also stated that cash ratio assesses the capability of a firm to meet it immediate financial

responsibility using its most liquid assets. According to Liu and Hu (2005), cash flow revolves around cash giving, cash receiving, and cash keeping, while optimal cash amount, according to Garin (2020), entails deciding the excess cash to invest in short-term marketable securities while still having enough liquidity to meet potential financial challenges. Cash flow management, according to Owolabi (2012), is the foundation of liquidity management because of its effect on a firm's likelihood. Anil and Kapoor (2008) opined that cash flow has a big impact on dividend payment.

THEORETICAL REVIEW

Agency Cost and Free Cash Flow Theory

It claims that paying a dividend decreases the amount of free cash flow available to management for opportunistic consumption and suboptimal investments. Rozeff (1982). Dividend payments compel management to go to the capital markets to raise required capital for investment, ensuring that only feasible ventures are pursued. The company should pay the profits that are rightfully theirs to the shareholders and allow them to make their own investment decisions. There is less need to pay dividends to minimize agency costs when a business is owned by a majority of insiders. In the other hand, as a company's shareholding arrangement is dispersed, the agency expense rises, resulting in a higher dividend payout.

Trade off Theory Liquidity

According to the trade-off principle, firms should aim for an optimum level of liquidity, to balance the benefits and costs of keeping cash. Because of the liquidity premium and possible tax disadvantage, the expense of keeping cash requires a low rate of return on these properties. Also, companies save money on transaction expenses and don't have to liquidate assets to make payments. This theory explains that companies with high leverage incur high debt servicing costs, lowering their profitability and making it impossible for them to collect funds from other sources. Larger companies, as well as smaller businesses, keep cash on hand at that point. As a result, when the issue of bankruptcy arises during the capital structure decision, the size of the company has little impact.

Empirical Review

Anupam (2012) used a multiple regression approach to study the impact of profitability, risk, liquidity, size, and leverage on dividend payment of companies in the UAE. The study's findings showed that there was a strong positive relationship between profitability, scale, and dividend payment, but that liquidity has no effect on dividend payment. Using a stratified random sampling method, Hadianto and Sahabuddin (2016) investigated the impact of liquidity on dividend payout of manufacturing companies listed on the Indonesia Stock Exchange from 2006 to 2012. The data collected was analyzed using an archival approach and logistic regression. Debt policy, profitability, and liquidity empirical findings were conflicting.

Liquidity has a negative and negligible effect on firm dividend prices, according to Antoro and Hermuningsih (2018). Whereas, according to Fadhli (2015), liquidity has a major impact on the value of a company's dividend. The aim of Hanifa et-al. (2019) was to look into the impact of financial results on the dividend payout ratio in the Holding Mining Industry. The cash ratio has an insignificant positive impact on dividend payout, while the present ratio has a negative and insignificant effect on dividend payout, according to panel regression analysis.

Hayati et- al. (2018) looked at the factors that influence dividend payout in 21 companies using Indonesian manufacturing companies. They used multiple regression to discover that the cash ratio has no effect on the dividend payout ratio. Kamierska-Jówiak (2015) investigated whether the same variables (profitability, liquidity, firm scale, and leverage) influence dividend payout decisions in Poland as they do in developed markets.

Using manufacturing companies listed in the BEI from 2011 to 2016, Affandi et al. (2018) empirically analyzed the effect of cash ratio on dividend payout ratio of manufacturing companies. Purposive sampling was used in this analysis, with a sample size of 19 firms. In the period 2011-2016, the cash ratio had no major impact on the dividend payout ratio in manufacturing firms, according to the results of a multiple linear regression study. From 2008 to 2012, Olang et al. (2015) looked at the impact of liquidity on dividend payouts in Kenya. The study found that working capital and cash flow have a beneficial influence on a firm's dividend payment, based on a sample of 30 firms. For the period 2014 to 2016, Sulhan and Herliana (2015) used a survey of 63 firms. They discovered that liquidity has no effect on dividend payout by using partial least square.

Mazengo and Mwaifyusi (2021) investigated the impact of liquidity, profitability, and business size on the dividend payout of Dar es Salaam Stock Exchange-listed financial firms (DSE). Explanatory analysis was used in

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this study. From 2015 to 2019, all financial companies listed on the DSE were used. Descriptive statistics, correlation, and regression analysis were used to evaluate the data. The findings revealed a favourable and important relationship between financial company dividend payout and three independent variables: profitability, liquidity, and company size.

The effect of liquidity and profitability on the dividend payout policy in the UAE banking sector is investigated by Ahmed (2015). The research examined data from 18 of the UAE's 24 national banks from 2005 to 2012. The data were analyzed using correlation analysis and regression analysis. The dividend payout ratio had an important and optimistic relationship with liquidity, but a negative and negligible relationship with profitability, according to the findings. Odawo and Ntoiti (2015) set out to investigate the impact of liquidity on dividend payout in a related report. A descriptive research design was used in this analysis. Their liquidity was negatively and significantly related to dividend payout, while their profitability was positively and significantly related to dividend payout, according to the findings. Market liquidity has a negative impact on dividend payout, according to the report, so businesses should maintain an optimum level of market liquidity.

Yusuf, Jesus, Pratama and Saudi (2021) investigated the impact of liquidity on the dividend policy of Indonesian property and real estate sub-sector companies from 2017 to 2019. The Dividend Payout Ratio was used as an indicator of dividend policy in the report, which included a sample of five companies. They discovered that liquidity has an effect on dividend policy using multiple linear regressions as an analysis technique.

According to Gunawan and Tobing (2018), there was a positive relationship between investment potential, profitability, and liquidity in terms of dividend payment. The study also found that the majority of non-financial companies listed on the Indonesia Stock Exchange pay dividends. Olang et al. (2015) found that both profitability and working capital have a positive effect on divided policy in a related study. However, according to Akenga (2017), dividend policy has a minimal impact on liquidity, though profitability has no bearing on a company's valuation.

RESEARCH METHOD

The study used ex post facto research design because already existing information was used in conducting the research. The population for this study consists of all the ten (10) Healthcare firms quoted on the floor of the Nigeria Stock Exchange as at 31st December 2020. The study used convenience sampling technique in selecting 6 companies for the study. The selection was based on availability of data. Secondary data was used for this study. The data were obtained from the financial information of the sampled Quoted Healthcare firms Nigeria from 2011 to 2020. The data collected were summarized using descriptive statistics and analyzed using multiple regression analysis with the aid of STATA 13. Table 1 below reveals the population and sample used

Table 1
Population and Sample of the study

ID	COMPANY	INDUSTRY	SAMPLE
1	EKOCORP	HEALTHCARE EQUIPMENT	YES
2	EVAN MEDICAL	PHARMA & BIOTECH	
3	FIDSON HEALTH CARE	PHARMA & BIOTECH	YES
4	GLAXO SMITH K LINE	PHARMA & BIOTECH	YES
5	JULI	PHARMA & BIOTECH	
6	MAY & BAKER HEALTH CARE	PHARMA & BIOTECH	YES
7	NEIMETH INTERNATIONAL PHARMACEUTICAL	PHARMA & BIOTECH	YES
8	NIGERIA -GERMAN CHEMICAL	PHARMA & BIOTECH	
9	PHARMA DEKO PLC	PHARMA & BIOTECH	YES
10	UNION DIAGNOSTIC & CLINICAL	HEALTHCARE AND EQUIPMENT	

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Model Specification

The model used represents dividend payout and dividend propensity as a measurement of dividend policy which is the dependent variable. The independent variables are three variables namely: current ratio, cash ratio and acid ratio. The multiple regression modelused in this study are:

Model 1= DPR =F (CR, CAR, QR, FSZ) ……1

Model 2= DPP =F (CR, CAR, QR, FSZ) ……2

With respect to dividend payout ratio model, multiple linear regression model was applied to the objectives stated earlier could be considered and evaluated.

$DPR_{it} = \beta_0 + \beta_1 CR_{it} + \beta_2 CAR_{it} + \beta_3 QR_{it} + \beta_4 FSZ_{it} + \varepsilon i$……3

However, Multiple logistic regression model was applied in dividend payment propensity as:

$DPP_{it} = \beta_0 + \beta_1 CR_{it} + \beta_2 CAR_{it} + \beta_3 QR_{it} + \beta_4 FSZ_{it} + \varepsilon i$……4

Where:

DPR_{it}= Dividend Pay Out for the company i in year t

DPPit = Dividend Propensity for the company i in year t

β_0 = Coefficient of the constant variable

CR_{it}= Current Ratio for the company i in year t

CAR_{it} = Cash ratio for the company i in year t

QR_{it} = Quick ratio for the company *i* in year *t*

FSZ_{it} = Firm Size for the company *i* in year *t*

$\beta_1, \beta_2, \beta_3, \beta_4$=Regression coefficients of independent variables

ε_i = error term.

Dependent Variable

The dependent variable for this study is dividend policy. This was proxy by two variables (dividend payout and dividend propensity).The dividend payout ratio is measured by dividend deflated by earnings after tax. Dividend payment propensity was measured using a dichotomous variable 1 and 0.

Independent Variables

The independent variables for this study are Current ratio, quick ratio and cash ratio.

Current ratio: current asset /current liabilities.

Quick ratio: current asset less inventory/current liabilities

Cash ratio: cash and cash equivalents /current liabilities

RESULT AND DISCUSSION OF FINDINGS

Table 2

Descriptive Statistics of the Variables

Variables	No OBS	MEAN	STD DEV	MIN	MAX
DPP	60	0.483	0.50	0	1
DPP	60	0.237	0.376	-0.236	1.86
CR	60	1.35	0.678	0.147	2.90
CAR	60	.227	.337	.004	1.599
QR	60	0.954	0.610	0.130	2.50
FSZ	60	15.71	0.898	14.517	17.260

Source: Stata output, 2021

Source: Descriptive Statistics Result using STATA 13

Table 1 above reveals the descriptive statistics for the dependent and independents variables. The Mean value of the first dependent variable which dividend payout ratio (DPR) reveals a value of 0.236 and a standard deviation of 0.376 indicating that the DPR of listed healthcare firms in Nigeria is highly dispersed.

With regard to Dividend payment propensity measured with a dichotomous variable showed a mean value of 0.483 and a standard deviation of 0.50. This mean value signifies that on average 48.3% of the sample firms paid dividend during the period of the study. This implies that less than average of the sample firms did not pay any dividend.

On liquidity measures, the table reveals that the average value of current ratio is 1.35 which is less than the general bench mark of 2.1. On cash ratio the average value shows the firms has a value of 0.227.This implies that the sampled firms' cash and cash equivalent can meet 0.227 of its liabilities. Also, the acid ratio of 0.954 showed that

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the firms' current assets with exception to available stock can meet it current liabilities by 0.954. However, this ratio seems low as the ratio cannot cover the entire current liabilities of the firms during the period of the study.

Results of Diagnostic Test

In this section, the results of normality of the data, multicollinearity test, heteroskedasticity test, goodness of fit test for logistic regression, Hausman specification test, were presented and discussed, as shown in the tables below;

Normality of Data

One classical assumption of OLS regression model is that the error terms are normally distributed. The normality of the residual was test using Jacque Bera test at 5% level of significant. The residual revealed an insignificant p-value of .0.000 which is less than 5% level of significance. This suggests that the residual was not normal distributed.

Table 3

Normality test

Variables	Obs	W	V	Z	Prob>z
Payout	60	0.000	0.000	30.62	0.0.000

Source: SKTEST normality result using STATA 13

Multicollinearity Test

Table 4

Multicollinearity test

Variable	VIF	1/VIF
CR	2.66	0.376
CASR	1.17	0.855
ACR	2.90	0.345
FSZ	1.08	0.923
MEAN VIF	1.95	

Source: VIF result using STATA 13

The study tested for multicollinearity between the liquidity and the control variables. The results from Table 3 showed that there was no presence of harmful correlation among the independent variables as the largest Variance inflation factor (VIF) is 2.90 and the smallest tolerance value (TV) is 0.345

Heteroscedasticity and Auto/Serial correlation Test

Table 5

Heteroscedasticity Test

Model	Test	Chi2	P-value
Payout ratio	Breusch- Pagan or cook – Weisberg to test	11.98	0.001
Propensity	Hosmer-Lemeshow	4.21	0.379

Source: Stata output, 2021

Heteroscedasticity Test: Heteroscedasticity test was conducted using Breusch- Pagan or cook – Weisberg to test for Heteroscedasticity to look out for this assumption. The Breusch- Pagan or cook – Weisberg test is set at 5% level of significance with a null hypothesis of constant variance (i.e, it is Homoskedastic) the result from table 4 showed a chi square of 11.98 and the prob>chi^2 is 0.001 which is less than 5 % level of significance. This points out that there is presence of heteroskedasticity.

Goodness of fit test: The study employed Hosmer Lemeshow test for goodness of fit for the logistic regression (DPP). Table 4 revealed a chi square of 4.21 and a p-value of 0.379 which is greater than 5% level of significance indicating that the model relating to dividend propensity is fit,

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4.3.4: Panel Analysis Diagnostic Test

Table 6

Hausman Specification Test Effects

TEST(Payout)	Chi2	P-Value
Hausman Specification Test	2.34	.673
Breusch and Pagan Lagrangian multiplier test for random effects	0.68	0.205

Source: Stata output, 2021

Hausman Specification Test: Hausman specification test was conducted after running fixed and random effect model to decide if the effect was random or fixed. The result showede that at 5% level of significance, the chi2 was 2.34 and the prob>chi2 was 0.673 which is greater than 5% level significance. This significant p-value showed that Hausman test favoured random effect model. Breusch and Pagan Lagrangian multiplier test for random effects was conducted which revealed that the P-value is insignificant at 5% level. This showed that pooled OLS is the ideal model for dividend pay-out model in the study. The study selected pooled OLS and pooled logistic regression for dividend payout and dividend payment propensity. As a result of the presence of heteroscedasticity test, a robust standard error version of the two model was used.

Table 7

	Model 1 Payout ratio (Robust pooled OLS regression)			Model 2 Propensity (robust pooled logistic regression)		
Variables	**Coeff**	**t-value**	**P-value**	**Odd-ratio**	**Z**	**P-value**
CR	0.600	2.29	0.026*	753536	3.97	0.000*
CAR	0.016	2.90	0.005*	1.128052	1.17	0.087
ACR	0.227	2.25	0.028*	140.9973	3.00	0.003*
FSZ	0.209	4.13	0.000*	14.31559	4.79	0.000*
Const	-3.80	-5.54	0.000*	3.30e-26	-5.77	0.000*
R2	0.351			0.588		
F-STAT	31.59		0.000*	32.52		0.000*

Source: STATA 13, * denote statistical significance at the5%

INTERPRETATION

The table 6 above presented the result of the pooled OLS for Payout and Robust logistic regression for dividend payment propensity. Based on DPR, the table revealed an R2 of 35.1% which suggested that the variable of study was able to give account of 35.1% changes in the dividend payout of the firms. The F- statistics chi square revealed a value of 311.59 and a P-value of 0.000 which is significance at 5% level significance. This revealed that the model is fit and adequate. It also showed that the variables jointly have significant effect on dividend payout of listed health care companies in Nigeria.

On DPP, table 6 showed that Pseudo R2 is 58.8% which implied that the variables were able to explain the likely variation in the propensity to pay dividend of the listed health care firms in Nigeria. The f-statistic also suggested that the model is fit.

Discussion of Major Findings

From the tests carried out on the data collected and the analyses of the results, these findings are discussed below.

Current Ratio and Dividend Policy

Table 6 revealed that current has significant positive and significant effect on dividend payout (DPR) of the Quoted Healthcare firms in Nigeria. This is confirmed from the coefficient of 0.600 and P-value of 0.026 significant at 5% level of significances. This implies that as the current ratio of the firm increases, the dividend payout ratio of the firms will increase.

On model 2, current ratio has odd ratio of 753536 and a p-value of 0.000. This showed that current ratio has a positive and significant likely effect on dividend propensity. This further implied that increase in current ratio will lead to likely increase in propensity to pay dividend.The study rejects hypothesis one of the studies which states

that current ratio does not have significant effect on dividend payout of Quoted Healthcare firms in Nigeria. The study findings is in tandem with the free cash flow theory and prior studies by Mazengo and Mwaifyusi (2021) and Ahmed (2015) who discovered that current ratio influence dividend policy positively.

Cash Ratio and Dividend Policy

Table 6 also showed that the cash ratio has a substantial positive and significant effect on the dividend payout ratio of Nigeria's Quoted Healthcare firms. The coefficient of 0.016 and P-value of 0.005 at the 5% level of significance confirmed this. This means that as the company's cash ratio rises, so will the company's dividend payout ratio do. The study rejects hypothesis two, which claims that cash ratio has no bearing on dividend payout in Nigerian Quoted Healthcare firms. Since the cash ratio rises, so does the dividend payout ratio, the cash ratio can be used as an investment metric for investors. The positive sign in the variable cash ratio indicates that as the company's cash balance grows, so does the dividend payment. The higher the dividend payout from a stock, the more liquid it is. In contrast to Hanifa et al. (2019) and Hayati et al. (2019), the findings of this study agree with those of Olang et al. (2015), who found that cash ratio has a positive and substantial impact on dividend payout ratio (2018)

Furthermore, table 6 reveales that dividend propensity has an odd ratio of and a P-value of 0.087 which is greater than 5% level of significance. The study thereby rejects hypothesis two, which claims that cash ratio has no bearing on dividend policy (dividend payment propensity) in Nigerian Quoted Healthcare firms.

Quick Ratio and Dividend Policy

The study found out that quick ratio has a coefficient of 0.227 and a P-value 0.028. This means that quick ratio has a positive and significant effect on dividend policy. The null hypothesis three that states the quick ratio does not have significant effect on dividend payout of Quoted Healthcare firms in Nigeria is rejected.

Furthermore, model 2 in table 6 shows that quick ratio on dividend payment propensity has an odd ratio of 140.9973 and P-value of 0.003. This suggests that quick ratio has a likely positive and significant effect on dividend payment propensity. The study rejects the null hypothesis three which states the quick ratio does not have significant effect on dividend policy (dividend payment propensity) of Quoted Healthcare firms in Nigeria. This is in line with free cash flow theory.

CONCLUSIONS

The study can be concluded based on the findings. The study investigated the effect of liquidity on dividend policy of Quoted Healthcare firms in Nigeria utilizing Panel financial data of 6 firms for a period of 10 years. Dividend policy is measured using two proxies (dividend payout ratio and dividend payment propensity). The result showed that current ratio positively and significantly influence the two measures of dividend policy of the listed health care firms in Nigeria, cash ratio positive and significantly affect dividend payout ratio but has insignificant influence on dividend payment propensity of the listed health care firms in Nigeria while quick ratio positively and significantly affect dividend policy of the listed healthcare firms. The study concludes that effective liquidity management by the firms will enhance the dividend policy of the Quoted Healthcare firms in Nigeria.

Recommendations

From the findings of the research, the following recommendations are put forward:

1. The Quoted Healthcare firms should look for a way of improving their liquidity position in order to encourage dividend payment.
2. The management of the firms should look for a way of improving their cash management policies in order to improve dividend policy decision relative to earnings made.
3. The regulatory authorities should set a bench mark on liquidity level of the Quoted healthcare firms.
4. Working capital of a firm should be well handled. This will help boost the dividend given out to shareholders thereby increasing the wealth of the owners

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