



Moderating Effect of Board Independence on the Relationship Between Dividend Policy and Stock Prices of Listed Insurance Firms in Nigeria

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Abstract

This study examines the moderating effect of board independence on the relationship between dividend policy and stock prices of listed insurance firms in Nigeria, using data from eight firms over the period 2013 to 2024. Employing multiple and hierarchical regression analysis, the results show that dividend yield has a positive and statistically significant effect on stock price, with a coefficient of 0.0404 and a p-value of 0.019, while dividend payout ratio has a negative and highly significant effect, with a coefficient of -2.0216 and a p-value of 0.000. Dividend per share shows a negative but insignificant relationship, with a coefficient of -0.0021 and a p-value of 0.914. Among the interaction terms, only the interaction between dividend payout ratio and board independence is statistically significant, with a coefficient of -14.389 and a p-value of 0.029, suggesting that board independence intensifies the negative impact of high dividend payout on stock prices. The model explains approximately 74 percent of the variation in stock prices, with an adjusted R-squared of 0.7378, and is overall statistically significant, with an F-statistic of 38.06 and a p-value of 0.000. The study concludes that while a moderate dividend yield enhances firm value, excessive payouts may reduce it, particularly under strong board oversight. It recommends that firms should adopt a balanced and sustainable dividend policy that prioritizes total shareholder value over high per-share payments, considers liquidity and reinvestment needs, and aligns with long-term growth objectives. Additionally, companies should strengthen their corporate governance structures by appointing competent, independent board member.

Keywords: Board Independence, Dividend Policy, Stock Prices, Insurance Firms.

JEL Classification:

Contribution to/Originality Knowledge

1.0 Introduction

The relationship between corporate governance mechanisms and financial performance, particularly concerning dividend policy and stock prices, has been widely studied, especially within the context of listed insurance firms in Nigeria. In developed markets, stable dividend policies often signal financial health, attracting risk-averse investors and positively influencing stock prices, consistent with signaling and Bird-in-Hand theories (Saraci, 2019 & Ham et al., 2019). Empirical evidence from the U.S. supports this, showing that changes in dividend policy impact stock liquidity and investor perceptions (Ali et al., 2023). However, in developing countries like Nigeria, this relationship is more complex due to market inefficiencies and



economic volatility (Irabor, 2023). In Nigeria, consistent dividend payouts are seen as a sign of financial stability, positively influencing stock prices, particularly in a market where investors rely more on dividends due to underdeveloped capital markets (Hafeez et al., 2018; Ilaboya & Aggreh, 2013; Deeptee & Roshan, 2020). The pronounced effects in developing markets are attributed to less efficient markets and fewer alternative investment opportunities, unlike in developed markets where factors like capital gains taxes and market liquidity moderate the impact of dividend policies (Adams & Mehran, 2022).

Dividend policy is critical not only for firms but also for shareholders, customers, regulatory bodies, and the government, shaping investor perceptions and influencing stock prices (Adesina et al., 2017). Scholars have long explored how dividend decisions signal a firm's financial health and future prospects, reflecting company value and influencing shareholders' returns (Allen et al., 2000; Miller & Modigliani, 1961; Habib et al., 2012). For companies, selecting a suitable dividend policy impacts their investment flexibility and considers factors like managerial behavior, profitability, and willingness to pay dividends. The board of directors, especially an independent board, plays a crucial role in safeguarding shareholders' interests and making unbiased decisions regarding dividend policies (Liuraman et al., 2020).

The primary goal of a firm is to maximize stock value, with management decisions often judged by their impact on stock prices (Umar & Musa, 2013). In this context, dividends are essential as they provide income to investors and signal the firm's financial health (Alali et al., 2019). A well-structured dividend policy is crucial for management and shareholders, influencing investment decisions and reflecting the firm's performance (Dang et al., 2019; Ahmed & Idrees, 2020).

In Nigeria, where the insurance sector plays a significant role in the financial market, dividend policy is critical for investors seeking to maximize wealth (Chelimo & Kiprop, 2017). However, the literature on the impact of dividend policy on stock prices in the insurance industry is inconsistent. Some studies find that dividend policy affects stock prices (Oyinlola & Ajeigbe, 2014; Ilo & Olawale, 2018; Purna, 2020; Olatundun & Adeyemi, 2022), while others do not (Tuigong, 2015; Anabila, 2018; Abu & Adebayo, 2019; Bello & Laslis, 2020; Emuze, 2020; Otitolaiye & Siyanbolam, 2020).

Given these conflicting results, further research is needed to explore the potential moderating role of board independence in the relationship between dividend policy and stock prices. Independent boards are crucial in protecting shareholder interests, particularly in dividend distribution decisions (Brickley & Zimmerman, 2010). However, the influence of board independence on this relationship within the Nigerian insurance sector is under-researched (Abubakar et al., 2021; Ogunleye & Akinsulire, 2020). Recent studies highlight the role of independent directors in reducing agency conflicts and enhancing transparency, which could affect how firms balance dividend payments and retained earnings, impacting stock prices (Ogunleye & Akinsulire, 2020). Despite its recognized importance in corporate governance, the moderating role of board independence between dividend policy and stock prices in Nigerian insurance firms remains largely unexplored (Adams & Mehran, 2012; Ogunleye & Akinsulire, 2020). This study seeks to fill this gap by examining how board independence

moderates the relationship between dividend policy and stock prices in the Nigerian insurance sector, providing valuable insights for policymakers, practitioners, and investors.

2.0 Literature Review

2.1 Stock Price

Stock prices, representing the cost of a single share, are shaped by both microeconomic and macroeconomic factors. Favorable microeconomic conditions, such as high profits and strong firm performance, boost investor confidence and elevate stock prices (Pandey, 2010). Specifically, on the Nigerian Stock Exchange, positive events like dividend payouts and new product launches tend to increase stock prices, while negative occurrences such as losses, restructuring, or internal scandals lead to price declines. On the macroeconomic front, adverse conditions like high inflation, political instability, and currency devaluation undermine investor confidence, resulting in lower stock prices (Majanga, 2015). Additionally, the dynamics of demand and supply are crucial in determining stock prices; when demand exceeds supply, prices rise, reflecting expectations of economic growth. Beyond these, various endogenous and exogenous factors—including mergers, management quality, technological advancements, interest rates, and political stability—also influence stock market behavior and price movements, collectively shaping how market participants react to stock prices (Ordu et al., 2014).

2.1.2 Dividend Policy

Dividend policy refers to a company's strategy for determining the portion of profits distributed as dividends to shareholders versus the amount retained for reinvestment. This policy is crucial as it balances current dividends with future growth opportunities, influencing key corporate finance decisions (Supriyantini, 2015; Puspitaningtyas, 2019; Kaymaz, Kaymaz & Güvemli, 2021; Akani & James, 2022; Ayunku & Apiri, 2020). Dividend policy encompasses the regulations and guidelines for deciding dividend payments, with key measures including dividend payout ratio and dividend yield. This policy not only impacts investor confidence and share prices but also reflects a company's commitment to good corporate governance (Nwude, 2018; Lasghari & Ahmadi, 2014; Adefila, Oladipo & Adeoti, 2013; Adesina et al., 2017; Williams & Duro, 2017).

Several factors, such as legal constraints, taxation, working capital, and long-term financial requirements, influence dividend policy. Given the variations in ownership, investor preferences, and firm characteristics, a one-size-fits-all dividend policy is not feasible, making consistency in policy essential to avoid misleading investors (Udoka et al., 2022; Bhalla, 2011; Muriungi & Mwangi, 2020). There are different types of dividend policies, including constant and variable policies in both absolute and percentage terms. The residual dividend policy suggests that dividends should be paid only from earnings remaining after financing all positive Net Present Value projects, with firms either paying a fixed percentage of earnings or a fixed amount annually (Mafiejor, 2021; Ayunku & Apiri, 2020). The choice of dividend policy is influenced by factors such as cash availability, investment opportunities, shareholder income desires, legal constraints, and the need to maintain control and ownership (Mafiejor, 2021).

2.1.3 Board Independence

The board of directors plays a vital role in ensuring a company's survival and success by providing leadership, integrity, and sound judgment. The board's independence, defined as freedom from relationships that could compromise objectivity, is essential for effective oversight. According to the Nigerian Code of Corporate Governance (2011), a balance between executive and non-executive directors is necessary to prevent dominance by any individual or group. Independent directors, in particular, enhance the board's ability to supervise and advise management, thus protecting shareholders' interests. Given that dividends are a key concern for shareholders, board independence is suggested as a mediator between dividend policy and share prices. Additionally, a moderating variable can affect the relationship between an independent and dependent variable, influencing its direction or strength (Baron & Kenny, 1986; Brickley & Zimmerman, 2010; Kabir, 2020; Liuraman et al., 2020).

2.2 Empirical Review

A number of empirical studies have been conducted across various economies to investigate the nexus between dividend policy and firm performance, market valuation, and corporate governance mechanisms. While many of these studies support the relevance of dividend policy in financial performance and investor behavior, significant literature gaps remain. The following review highlights empirical contributions and their respective gaps, forming the basis for further inquiry.

The study by Ojogbo et al. (2022) focused on the relationship between dividend payout ratio and market share prices on the Nigerian Stock Exchange. Using regression analysis, the authors found that dividend payout, along with earnings per share, dividend yield, return on investment, and retention rate, significantly influenced share prices. The study concluded that dividend policy is a vital determinant of market valuation and recommended optimal payout strategies. However, it highlighted a literature gap in sector-specific and time-dynamic analyses within the Nigerian context.

Building on this, Taufik et al. (2022) explored how board diversity affects dividend policy in Indonesia. Employing panel data regression, they discovered that board age and accounting expertise significantly influenced dividend policy, while gender, education level, and nationality had no impact. Notably, profitability moderated the relationship between board nationality and dividend policy but not with gender. The authors recommended focusing on board competency rather than demographic diversity, pointing out a gap in understanding the financial performance role in governance-dividend dynamics in emerging economies.

Similarly, Bappah et al. (2022) examined the interaction between board structures and profitability in shaping dividend policy in Nigerian industrial firms. Their quantitative analysis revealed that profitability positively moderated the relationship between board independence and board meetings with dividend policy, though it had an insignificant effect on board size and diversity. The study concluded that governance effectiveness depends on financial strength and noted a gap in identifying which board features interact most meaningfully with firm performance.

In a related effort, Udoka et al. (2022) investigated the impact of dividend policy on firm performance in Nigeria, incorporating a corporate governance index as a moderating variable. Their findings showed that the dividend payout ratio only became significant when corporate governance was factored in. The authors concluded that sound governance mechanisms enhance the performance implications of dividend decisions and recommended strengthening governance structures. The gap identified was the scarcity of studies integrating governance indices in performance-dividend models.

Shifting focus to Kenya, Murimi and Mumgai (2021) evaluated the effects of dividend components on insurance firm performance. Through regression analysis, they found that retained earnings and dividend yield improved financial performance, while dividend payout had no significant effect. The authors emphasized the importance of internal financing and recommended retention over payout. They identified a literature gap in industry-specific dividend research, especially in the insurance sector in developing markets.

In the Indonesian context, Abdul et al. (2021) examined the effect of dividend decisions on Sharia-compliant stock prices. The study found a significant relationship, supporting the relevance of dividend signaling in Islamic finance. The authors concluded that dividend policy plays a crucial role in market perception and called for policy standardization. The literature gap was the underrepresentation of Islamic capital markets in dividend policy studies.

Further enriching the conversation, Kaymaz et al. (2021) analyzed how dividends predict future profitability in non-financial firms, using return on capital employed (ROCE) as a proxy. They found dividends to be strong predictors of future profitability when ROCE was applied. The study recommended that firms consider dividend levels for long-term signaling, and highlighted a gap in using alternative profitability measures like ROCE in dividend research.

Meanwhile, Nguyen et al. (2021) provided contrasting insights from Vietnam by revealing that dividend policies negatively influence accounting-based performance but improve market expectations. Using regression models, the authors concluded that market perception of dividends may be more favorable than the internal financial realities suggest. The study identified a gap in the inconsistent effects of dividend policies depending on the type of performance measure used.

In Russia, Eryomin et al. (2021) studied firms listed on the Moscow Exchange and found that dividends, especially under residual dividend policies, positively affected company capitalization. The authors emphasized that aligning dividend payouts with internal financing needs builds investor confidence. The literature gap identified was the limited exploration of residual policies in post-Soviet economies.

More so, in Nigeria, Nwankwo and Agbo (2021) found mixed results when exploring the effect of dividends on performance indicators such as profit after tax, total sales, and total assets. Their results showed no significant relationship with profit but weak positive associations with sales and assets. They recommended a more strategic approach to dividend allocation. The

literature gap pointed to the need for deeper firm-specific or sectoral analyses to explain the inconsistencies.

On the Ghana Stock Exchange, Acheampong et al. (2021) revealed that higher dividend yields reduce stock price volatility. Using historical analysis, they concluded that dividend yield can stabilize stock performance and advised firms to adopt yield-based dividend strategies. The identified gap was the lack of empirical studies focusing on the volatility effects of dividends in West African stock markets.

Likewise, Purna (2020) in Nepal explored how different forms of dividends—cash versus stock—impact stock prices. Using event study methodology, the author found that while cash dividends negatively influenced stock prices, stock dividends had a positive effect. The study recommended leveraging stock dividends for signalling purposes. The gap here was the under analysis of dividend forms in emerging markets. In a similar vein, Bello and Lasiri (2020) examined how internal characteristics like business risk, firm life cycle, and asset tangibility influence dividend policy in Nigerian consumer goods firms. Regression results indicated that risk and life cycle positively affected dividend decisions, while tangibility had a negative impact. The authors urged risk-aware dividend strategies and pointed out the absence of models integrating firm life cycle dynamics in dividend policy literature.

Furthermore, Emuze (2020) investigated how dividend payment timing and form influence return on assets (ROA) among Nigerian firms. Results showed that timing and form significantly affect ROA, with positive links to earnings per share, price-earnings ratio, and dividend yield. The author concluded that dividend decisions should be strategically timed and structured. A notable gap identified was the neglect of timing in most dividend policy studies.

Finally, Ahmed and Idrees (2020) analysed the link between dividend pay-out and share prices in Pakistan and found a significant positive relationship, supporting the Bird-in-Hand theory. However, dividend per share and retention ratio were found to be insignificant. The study recommended focusing on payout ratios to enhance investor confidence. The literature gap was the minimal testing of classical dividend theories like Bird-in-Hand in South Asian markets.

2.3 Theoretical Review

Theoretical frameworks provide the foundation through which the relationship between variables is understood and interpreted. In the context of dividend policy and firm performance, several theories have been developed to explain why firms pay dividends and how such decisions influence investor behaviour and market valuation. This section reviews the signalling theory, which is particularly relevant for this study due to its emphasis on information asymmetry and the communicative role of dividend decisions in shaping investor expectations.

2.3.1 Signaling Theory

Signalling theory, first introduced by Lintner (1956) and later refined by Bhattacharya (1979), challenges the dividend irrelevance hypothesis of Miller and Modigliani (1961) by proposing

that dividend announcements carry informational value that can influence a firm's stock price. According to this theory, firms operate in environments where asymmetric information exists particularly between corporate insiders (managers) and external investors. Because investors cannot directly observe the firm's future earnings potential, they rely on observable such as dividend changes to interpret management's expectations about future performance. Thus, dividend payments act as "signals" of a company's financial health and prospects.

The core idea is that firms with strong future earnings are more likely to increase dividends to differentiate themselves from weaker firms, as such signals are costly and not easily imitated by underperforming companies. Managers, possessing superior information about the firm's intrinsic value, are more inclined to sustain or increase dividend payments to communicate stability and confidence in the company's outlook (Akorsu, 2014; Muriungi & Mwangi, 2020). Reductions or omissions in dividends, on the other hand, are generally perceived as negative signals and may trigger adverse market reactions.

Budagaga (2017) further emphasizes that signaling theory is built upon the credibility of dividend announcements as tools to mitigate the effects of information asymmetry. This theory aligns with Alali et al. (2019), who assert that high-quality firms use dividend increases to credibly distinguish themselves from low-quality firms, thereby enhancing investor trust and firm valuation.

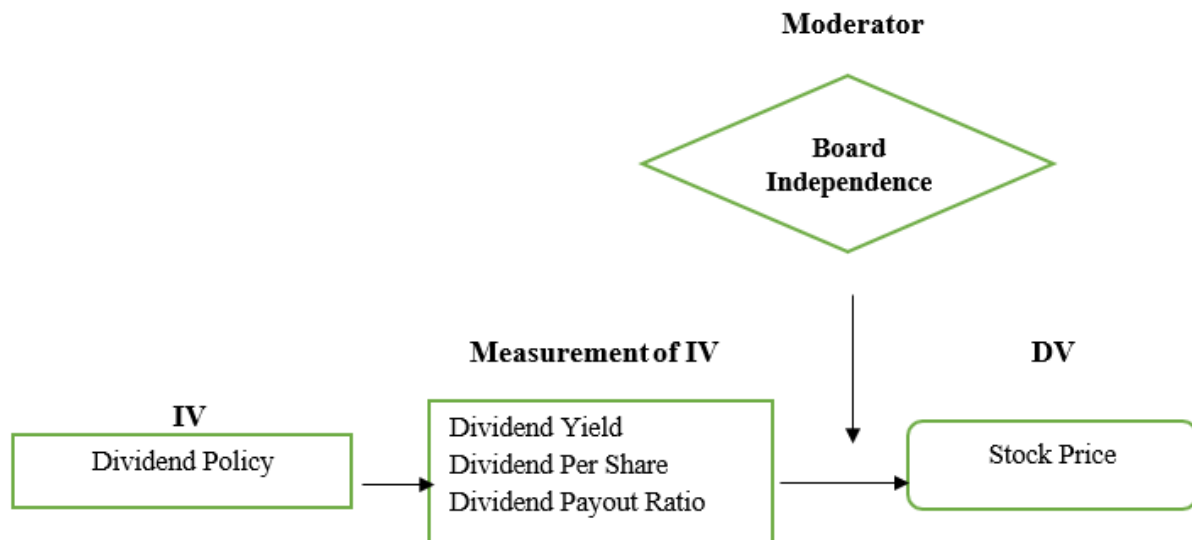
Signaling theory is adopted as the theoretical underpinning for this study because it provides a robust explanation for the observed relationship between dividend policy and firm performance, particularly through its emphasis on information asymmetry and market perception. Given the study's focus on how dividend decisions affect firm value and investor responses, especially in emerging markets like Nigeria, where information asymmetry is prevalent, signaling theory offers a relevant and widely accepted framework. It enables a deeper understanding of how dividend changes serve as communication tools that shape investor expectations, thereby influencing share prices and firm valuation.

2.4 Conceptual Framework

The conceptual framework illustrates the expected relationship between dividend policy (independent variable) and firm performance (dependent variable), while considering the influence of a moderating variable via corporate governance.

Figure. 1: Conceptual Framework

The conceptual framework for this study is proposed and depicted in Figure. 1.



Source: Researcher's design, 2025.

The diagram in figure 1, represents a moderation in the framework, where a moderator variable influences the strength or direction of the relationship between independent variables (IVs) and the dependent variable (DV). In this framework, the IVs (such as dividend payout, dividend yield, or board characteristics) are the predictors whose effects on the DV (share price) are not uniform but vary depending on the level or presence of the moderator (board interdependence). This means that the moderator helps explain when or under what conditions the dividend policy and stock prices, making the relationship more context-specific rather than general.

3.0 Methodology

This study adopted an ex-post facto research design to examine the moderating effect of board independence on the relationship between dividend policy and stock prices of listed insurance firms in Nigeria. The ex-post facto approach was appropriate because it relied on historical data and did not involve manipulation of variables.

3.1 Sources and Measurement of Data

Secondary data were sourced from the audited annual financial reports of eight (8) selected insurance companies listed on the Nigerian Stock Exchange (NSE) between 2013 and 2022. The selection was based on data availability and consistent reporting. The dependent variable was stock price (SP), while the independent variables included dividend yield (DY), dividend per share (DPS), and dividend payout ratio (DPO). The moderating variable was board independence (BOIN), measured as the proportion of independent directors on the board.

3.2 Method of Data Analysis

The data were analyzed using STATA 14.0 software. The analysis followed a hierarchical regression approach, consistent with Baron and Kenny (1986), to determine whether board independence moderates the relationship between dividend policy and stock price. This

approach enables the assessment of both direct and interaction effects of variables on firm value.

3.2 Estimation Techniques

The study employed multiple regression analysis for both the main effects and interaction terms.

To ensure the reliability of the model, pre-estimation tests such as multicollinearity (Variance Inflation Factor - VIF), descriptive statistics, and correlation analysis were conducted. Specifically, the empirical model is specified as;

$$SP_{it} = \alpha_0 + \beta_1 DY_{it} + \beta_2 DPS_{it} + \beta_3 DPO_{it} + \beta_4 (DY_{it} * BOIN_{it}) + \beta_5 (DPS_{it} * BOIN_{it}) + \beta_6 (DPO_{it} * BOIN_{it}) + \varepsilon_{it} \quad (1)$$

Where:

SP = Represents share price;

DY = Means dividend yield,

DPS = Stands dividend per share;

DPO = Dividend payout ratio;

BOIN = Board Interdependence

$[(DY_{it} * BOIN_{it}), (DPS_{it} * BOIN_{it}), \text{ and } (DPO_{it} * BOIN_{it})]$ = The interaction variables measure whether in the presence of independent boards, dividend policy influence share prices of listed insurance firms in Nigeria.

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ and β_6 = are parameters of the variables in the model.

i = represents the cross-section of insurance firms while subscript t is the time in years, from 2013-

4.0 Results and Discussion of Findings

This section presents and interprets the findings from the data analysis. It begins with a summary of the descriptive statistics, followed by correlation analysis and moderated regression results. These findings provide insights into the relationships among dividend policy variables, board independence, and stock prices.

4.1 Result Summary Statistics

The summary statistics describe the central tendency, dispersion, and range of the study variables across the sampled insurance firms. This provides an overview of the data distribution before further econometric analysis.

Table 1: Summary Statistics

Variables	Minimum	Maximum	Mean	Std. Dev	N
SP	0.32	1.33	0.74	0.23	80
DY	-9.22	6.72	1.81	-2.19	80
DPS	-2.50	2.38	0.45	0.77	80
DPO	0.21	0.19	0.06	0.06	80
BOIN	-0.09	0.29	0.04	0.08	80

Source: Author's Estimation Using STATA 14.0, 2015

The descriptive statistics for the 80 observations show variation across the key variables. Stock price (SP) ranges from a minimum of 0.32 to a maximum of 1.33, with a mean of 0.74 and a standard deviation of 0.23, indicating moderate variability in stock performance among the listed insurance firms. Dividend yield (DY) has a wide range, from -9.22 to 6.72, with a mean of 1.81 and a negative standard deviation of -2.19, which appears to be a data entry error as standard deviations cannot be negative. Dividend per share (DPS) ranges from -2.50 to 2.38, with a mean of 0.45 and a standard deviation of 0.77, suggesting that although most firms paid positive dividends, some reported negative or zero payouts. Dividend payout ratio (DPO) shows relatively low dispersion, with a minimum of 0.06 and a maximum of 0.19, averaging 0.06 and a standard deviation of 0.06, indicating conservative dividend distribution policies. Board independence (BOIN) ranges from -0.09 to 0.29, with a mean of 0.04 and a standard deviation of 0.08, suggesting limited variability and generally low levels of board independence across the firms studied.

4.2 Result of Correlation Analysis

This subsection presents the correlation analysis conducted to examine the strength and direction of the linear relationships among the variables such as stock price, dividend yield, dividend per share, dividend payout ratio, and board independence.

Table 2: Correlation Analysis

Variables	SP	DY	DPS	DPO	BOIN
SP	1.0000				
DY	- 0.3256*	1.0000			
	0.0032				
DPS	0.0254	-0.0024	1.0000		
	0.8232	0.9833			
DPO	-0.5559*	0.8140*	0.8140*	1.0000	
	0.0000	0.0000	0.7863		
BOIN	-0.2918*	0.0541	-0.6355*	0.1641	1.0000
	0.0086	0.6338	0.0000	0.1457	

Source: Author's Estimation Using STATA 14.0, 2015

The correlation results in table 2, reveal several significant relationships among the variables. Stock price (SP) has a moderate, negative, and statistically significant correlation with dividend yield (DY), with a coefficient of -0.3256 and a p-value of 0.0032. This suggests that higher dividend yields are associated with lower stock prices, possibly due to investor perceptions of risk or firm undervaluation. SP also has a strong, negative, and highly significant

correlation with dividend payout ratio (DPO), with a coefficient of -0.5559 and a p-value of 0.0000, indicating that firms with higher payout ratios tend to have lower stock valuations, potentially due to reduced earnings available for reinvestment. The relationship between SP and board independence (BOIN) is also negative and statistically significant, with a coefficient of -0.2918 and a p-value of 0.0086, suggesting that greater board independence may lead to more conservative dividend policies that affect stock price. However, dividend per share (DPS) has a very weak and statistically insignificant relationship with SP, with a coefficient of 0.0254 and a p-value of 0.8232, indicating minimal influence on stock price. Additionally, DY and DPO are strongly and positively correlated, with a coefficient of 0.8140 and a p-value of 0.0000, reflecting that as firms increase payout ratios, dividend yields also tend to rise.

4.3 Results of the Moderated Regression Model

The regression results of the dependent variables (stock price) and the independent variables of the study dividend policy. This is followed by the analysis and interpretation of the association between the variables.

Table 3: Results of the Moderated Regression Model

VARIABLES	Coefficients	Z-Statistics	P-Sig	Cumulative Results
Constant	1.0404	-0.10	0.924	
DY	0.0404	2.40	0.019	
DPS	-0.0021	-0.11	0.914	
DPO	-2.0216	-3.68	0.000	
DY*BOIN	0.0813	0.25	0.800	
DPS*BOIN	-0.0645	-0.68	0.498	
DPO*BOIN	-14.389	-2.22	0.029	
Adj. R ²				0.7378
F-Stat.				38.06
F-Sig				0.0000

Source: Author's Estimation Using STATA 14.0, 2015

The regression results reveal that dividend yield (DY) has a positive and statistically significant effect on the dependent variable, with a coefficient of 0.0404 ($Z = 2.40$, $p = 0.019$), indicating that higher yields enhance firm value. Conversely, the dividend pay-out ratio (DPO) has a strong negative and highly significant impact (coefficient = -2.0216, $Z = -3.68$, $p = 0.000$), suggesting that excessive pay-outs reduce firm performance. Dividend per share (DPS) is not significant (coefficient = -0.0021, $p = 0.914$), nor are its and DY's interactions with board independence (BOIN), with p-values of 0.498 and 0.800, respectively. However, the interaction between DPO and BOIN is statistically significant (coefficient = -14.389, $Z = -2.22$, $p = 0.029$), indicating that board independence intensifies the negative effect of high pay-out ratios. The model has strong explanatory power, with an adjusted R^2 of 0.7378, and is overall significant (F-statistic = 38.06, $p = 0.000$), confirming that dividend policy and governance structure jointly influence firm value.

The study used hierarchical regression to examine how board independence moderates the relationship between dividend policy and stock price for listed insurance companies in Nigeria. This method, suggested by Baron and Kenny (1986), is intended to test if an interaction influences the dependent outcome. Fairchild and Mackinnon (2009) describe a moderator as something that can either strengthen, weaken, or alter the direction of the relationship between dependent and independent variables.

In the un-moderated results, dividend yield positively and significantly affects the stock price of listed insurance companies in Nigeria. However, when board independence is introduced as a moderator, this effect becomes insignificant. According to Fairchild and Mackinnon (2009), a moderator should either strengthen, weaken, or alter the direction of the relationship between the dependent and independent variables, indicating that board independence does affect the relationship in this study. In contrast, the other two variables, Dividend Per Share (DPS) and Dividend Pay-Out (DPO), do not influence this relationship when moderated, suggesting they do not act as moderators between dividend policy and stock prices.

5.0 Conclusion and recommendations

The findings of the regression analysis underscore the significant role of dividend policy and corporate governance in influencing firm value. Specifically, dividend yield positively contributes to firm performance, while a high dividend payout ratio negatively affects it, suggesting that excessive dividend distribution may signal financial weakness or limit reinvestment opportunities. Moreover, board independence significantly moderates the effect of dividend payout, amplifying its negative impact—possibly due to stricter oversight and risk aversion among independent board members. Dividend per share, however, shows no significant direct or moderated effect. Overall, the model exhibits strong explanatory power, indicating that the selected variables jointly account for a substantial proportion of the variation in firm value. The study also examines if board independence moderates the relationship between dividend policy and stock prices but finds no significant moderating effect. Based on these findings, the study offers several recommendations.

- i. Firms should maintain a moderate and consistent dividend yield to attract and retain investors, as higher yields are positively associated with firm value.
- ii. Companies should avoid overemphasizing per-share payments and instead focus on total shareholder return and value creation.
- iii. A balanced pay-out policy is recommended, one that considers the firm's liquidity, profitability, and future investment opportunities.
- iv. Board members should be trained and guided on balancing shareholder expectations with sustainable financial practices.

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