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Shareholder Wealth Maximization and Investment Decisions of Nigerian Food and Beverage Companies

Olayinka Abideen SHODIYA
(corresponding author) Department of Business & Finance,
Crescent University, Abeokuta
e-mail: olayinkashodiya@yahoo.com

Wasiu Abiodun SANYAOLU
Department of Accounting, Crescent University, Abeokuta
e-mail: abbeysanyaolu15@yahoo.com

Joseph Olushola OJENIKE
Department of Business & Finance, Crescent University, Abeokuta
e-mail: jojenike@gmail.com

Gbadebo Tirimisiyu OGUNMEFUN
Deputy Bursar, Bursary Department, Crescent University, Abeokuta
e-mail: deboogunmefun2015@yahoo.com

Abstract. The study examines the effect of shareholder wealth maximization on investment decision in food and beverage companies listed in Nigeria. To achieve this, seven listed food and beverage companies were selected. The research adopted an ex post facto research design, while purposeful and stratified sampling techniques were used to select seven out of the fifteen companies in the food and beverage subsector. Data for the study were extracted from the annual reports and accounts of the sampled companies from 2008–2017. The result obtained from the regression analysis reveals that earnings per share and market price per share have no significant positive effect on investment decisions, while dividend per share was found to have no significant negative effect on investment decisions. In effect, the study concludes that the unique combination of the identified proxies for shareholder wealth maximization have jointly a significant positive effect on investment decisions. Arising from this, the study recommends that food and beverage companies should improve more on earnings per share, dividend per share, and market price per share so as to attract more investment from shareholders.

Keywords: earnings per share, dividend per share, market price per share, shareholder wealth maximization, investment decision, consumer goods companies
JEL Classification: M10

1. Introduction

Nigerian food and beverage companies make up a subsector of the manufacturing sector that is saddled with the responsibility of producing and distributing basic food products and beverages for consumption. In effect, the sector contributes significantly to the overall economy both at the macro- and micro-level. The sector affects positively and significantly the performance of the economy through many channels such as the provision of employment, provision of raw materials to many businesses, and contribution to the domestic revenue of the government through payment of tax. All these roles place it on a significant scale towards the growth of an economy, and as such it is worth studying whether shareholder wealth maximization induces investments in the sector.

Share capital is one of the sources of raising finance, and most companies benefit from it either as a seller or as buyer or as both. As the operation of any business without finance is impossible, share capital has become a veritable source of raising substantial and cheap finance for many businesses of the world at every stage of their operations. Consumer goods companies therefore obtain a substantial part of their capital through three main sources of which share capital is one. Share capital represents a unit of companies' capital that is allocated to individuals. The shares issued to shareholders qualify the holders for a residual interest in the asset of the company which represents their investment in the company.

Investment is the commitment of a current fund into long-term projects with the aim of gaining more in the future. Such decision is regarded by Zayol, Agaregh, and Eneji (2017) to involve commitment of huge current funds into a risky and uncertain long-term project where the tendency of the business making profit is in doubt; and where profit is expected, it cannot be accurately estimated. Due to the identified attributes of investments, the decision must not be made in isolation from the financial statement, as Popoola, Akinsanya, Babarinde, and Farinde (2014) observed that the commitment of funds into an investment without considering the financial statement is like entering a dark room without knowing its settings and structures.

In recent times, shareholder wealth maximization has gained more prominence as it is the most popular variant for measuring firms' success. It has remained a cardinal objective of many businesses in the developed, developing, and, by implication, the whole world as competition from local and global markets has

opened up many investment opportunities to investors; firms that therefore wish to pool more investments from investors have adopted shareholder wealth maximization as a competitive strategy. As a result of the prominent roles of shareholder wealth maximization, managerial decisions, strategies, tactics, and policies are evaluated for effectiveness and efficiency by their abilities to maximize shareholder wealth (Singh–Pattanayak, 2014). The traditional finance theory has laid much emphasis and prioritized shareholder wealth maximization as it considered shareholders as the owners of the company who contribute to the capital for the formation and running of the business affairs of the venture, and therefore their interest should be prioritized.

Shareholder wealth, according to Diepiriye (2018), is a fundamental function of top management which requires the formulation of tactics and strategies as well as an efficient allocation of resources for its attainment. Profitability is a major determinant of shareholder wealth maximization as only profitable companies can pay dividend and increase the market price of their shares. Arising from the importance of shareholder wealth maximization, different regulatory bodies, such as the Corporate Affairs Commission, the Companies and Allied Matters Act, Financial Reporting Council of Nigeria, Nigerian Stock Exchange, or Security and Exchange Commission, have formulated, introduced, and sanctioned different regulations such as the preparation of annual reports (its contents and qualitative attributes) on public companies, with the principal mandate of re-engineering them towards value creation so as to protect the interest of their stakeholders in terms of maximizing their wealth.

Theoretically, shareholder wealth maximization is expected to impact shareholder investment as it is believed that greater wealth maximization is capable of motivating investors to commit more funds into a business. Scholars of accounting, finance, and management have identified mainly two proxies as measures of shareholder wealth maximization, which are market price per share and dividend per share. This study suggests yet another one by including earnings per share as it is generally believed that companies can only pay dividend out of earnings.

Studies on shareholder wealth maximization centred around empirical approaches in developed and developing countries as well as in Nigeria as they relate to dividend policy and market price per share. For instance, researchers such as Balagobei (2018) focused on dividend per share and market price per share in India, while other studies focused on working capital management and shareholder wealth maximization (Oseifuah–Gyekye, 2017; De-Almeida–Eid Jr. 2014; Ogundipe–Idowu–Ogundipe, 2012) and capital budgeting and shareholder wealth maximization (Barasa, 2014; Uwah–Asuquo, 2016; Tuoyo, 2017). Besides these apparent gaps in literature, many of these studies have produced mixed results, which make them unreliable and confusing. Due to these inconsistencies

in former works of literature, the current study investigates shareholder wealth maximization and investment decisions in Nigerian manufacturing companies in general and food and beverage companies in particular, with the aim of ascertaining the magnitude of interaction between the independent variables (earnings per share, dividend per share, and market price per share) and the dependent variable (investment decision).

Arising from this, the following research questions were addressed:

(i) What is the effect of earnings per share on investment decision in Nigerian food and beverage companies?

(ii) Does dividend per share has any effect on investment decision in Nigerian food and beverage companies?

(iii) How does market price per share affect investment decision in Nigerian food and beverage companies?

The study tested the following hypotheses:

H_{o1}: Earnings per share has no significant effect on investment decision in Nigerian food and beverage companies.

H_{o2}: Dividend per share has no significant effect on investment decision in Nigerian food and beverage companies.

H_{o3}: Market price per share has no significant effect on investment decision in Nigerian food and beverage companies.

The remainder of the paper is organized as follows. Section 2 presents a review of relevant literature. Section 3 presents the research methods. Section 4 discusses the empirical results. Section 5 provides conclusions and recommendations.

2. Literature Review

2.1. Shareholder Wealth

The modern finance theory operates on the assumption that the only objective of a business concern should be to maximize the market value of the share or shareholder wealth. Shareholder wealth is expressed by the relation SW (Shareholder Wealth) = n x MV (Number of Shares held x Market Value per Share) (Zubair–Irem, 2018). It is clear from the expression that given the number of shares held, shareholder wealth can be maximized by maximizing the market value per share. Hence, every business decision should ultimately lead to maximizing the market value of the share (Zubair–Irem, 2018).

The major objective of finance, among other competing ones, that has gained global acceptance and recognition is shareholder wealth maximization (Alnaaem–Alnaaemi, 2010; Brigham–Ehrhardt, 2013; Brounen–Jong–Koedijk, 2014). Tufuor and Duko (2013) were of the opinion that the main objective of a company is

to get the best out of the net present value of expected future income for the shareholders. In line with this expectation, the resources of an entity must be utilized towards shareholder wealth maximization.

Shareholder wealth is represented in the market value of the organization's shares, which, in turn, is dependent on the organization's investment (long- and short-term) and other, mainly long-term issues such as financing and dividend decisions. Dividend decision is one of the most important decisions affecting efficient performance and the attainment of goals (Tuoyo, 2017). The decision regarding dividend determines the amount of dividend to be paid per unit of share for a reporting period. Dividend per share refers to the distribution from earning of a company to its shareholders in proportion to each unit of ordinary shares outstanding for a time period. The quantum of dividend to be paid by shareholders is a function of the earnings, liquidity, finance deficit, availability of investment opportunities, and regulations. So, a company decides on its dividend policy along these factors. Dividend payment is an obvious determinant of shareholder wealth maximization as some investors may prefer committing their funds in a company that pays regular dividends. The goal of finance manager, according to Tarver (2015), is to figure out the quantum of dividends that will improve the value of a firm. Dayananda (2002) argued that the goal of maximizing shareholder wealth reflects the amount of time and risk associated with future cash flows that shareholders expect to receive in the future. The shareholder wealth maximization proxies that are identified in this study are: earnings per share, dividend per share, market price per share, and liquidity. Earnings per share are a profitability variant which measures the performance of the managers as to the utilization of shareholder's capital investment in a company.

Earnings per share measure the proportion of companies that is allocated to each unit of ordinary share capital of a company over a reporting period. They measure firms' performance from the shareholder's perspective. The variable is considered relevant in this study because businesses are established to maximize the wealth of their owners.

Dividend Per Share (DPS) is the total amount of dividend attributed to each outstanding individual share of a company. Calculating the dividend per share allows an investor to determine how much income from the company he or she will receive on a per share basis. Dividends are usually a cash payment paid to the investors in a company.

Market price per share (MPS) is the price at which a stock can be readily purchased or sold in the current market place. It is the "going price" of a share of stock. The MPS may vary everyday due to changes and fluctuations in the stock market and economy.

Liquidity can be seen as the degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price. Also,

liquidity is generally defined as the ability of a financial firm to meet its debt obligations without incurring unacceptably large losses (Maness–Zietlow 2005). Current liability coverage ratio, a measure of a firm's liquidity position provides a litmus test for the firm's solvency. It is considered the most accurate method as cash used to pay off dividends is subtracted, thus giving a truer picture of the operating cash flow.

2.2. Investment Decision

Investment decision refers to decision relating to the commitment of current financial resources into a long-term project with the hope of having more in the future. Such decision is regarded by Agaregh and Eneji (2017) as commitment of hard-earned current financial resources into a risky and long-term project with the perspective of earning better returns in the future. Taking the right decision as to the commitment of funds in a company is one of the most difficult tasks for investors as adequate care must be taken while making such decision because it usually involves commitment of large capital outlay into a long-term project. Such decision has been regarded by Popoola et al. (2014) as a decision taken by individuals, investors, and companies regarding the expansion, acquisition, modernization, and replacement of long-term assets, disposition of a division or company (divestment) within an entity, modification of the method of distribution of goods, advertising campaign, and Research and Development (R&D) programmes. All these decisions require the sound judgment of those who make them, and as such better strategies have to be formulated. For the purpose of this study, investment decision relates to commitment of funds into ordinary share capital of companies with the aim of attracting regular dividend payment or capital gain arising from future appreciation in the value of those shares.

2.3. Shareholder Wealth Maximization and Investment Decision

Agency relationship exists between the principals and the agents. While the principals provide the finance needed in running the affairs of a business, the day-to-day running, management, and administration of the affairs of a business lie with the managers. In doing this, the Chief Executive Officer/business owner entrusts resources to their managers to perform the duty, while the firm serves as a nexus that brings the principal and the agents into a contractual relationship. The managers are then expected to use the resources in maximizing the wealth of the shareholder by generating positive returns which can be used in paying dividends, grow the business so as to improve the company's market value. The maximization of shareholder wealth goes a long way in determining their investment decision regarding investing more or even divesting what they have

initially invested. The quantum of fund a business is therefore able to pull is a function of the extent to which they have created wealth for the shareholders.

2.4. Theoretical Review

Several varieties of theories have been constructed on how shareholder wealth maximization affects investment decision. Studies on this have therefore been anchored in different theoretical constructs and postulations. This study will be anchored in the shareholder theory.

2.4.1. Shareholder Theory

This theory was presented by Friedman in 1970 (Castelo–Rodrigues, 2007). According to him, companies have only one social responsibility, that is, use their resources to participate in activities designed to increase their profitability over time while staying within the rules of the game, which means to participate openly and get involved in free competition, without dishonesty or fraud (Fridman, 1970). The mentality behind this theory is that managers have a duty to maximize stakeholder interest in a legal and ethical manner. It is a theory of how business leaders address their business environment as well as place emphasis on prioritizing stakeholder interest, which means that one of the manager's responsibilities is to serve the best interests of the shareholders, using the resources of an organization to measure profit in search of the latter's wealth (Sneirson, 2007). Castelo (2013) believes that behaviours within the constraints of the law and without fraud and dishonesty would be beneficial for the society at large. The theory is of greater relevance for this study as it evaluates shareholders' interest with respect to other stakeholders in the business environment, which could force them to invest more in a company.

2.5. Empirical Review

Elly and Hellen (2013) examined the relationship between inflation and dividend pay-out for companies listed on the Nairobi Securities Exchange. The study obtained secondary data from all the firms listed on Nairobi Stock Exchange that consistently paid dividends for the period of 2002–2011. Their findings revealed that inflation rate has no impact on the dividend pay-out. Meanwhile, Mirbagherijam (2014) examined the asymmetric effect of inflation on the dividend policy of Iran's stocks market. Panel data was obtained to test the non-symmetric effect of inflation on companies' decision in decreasing, increasing, and maintaining of dividends. The result shows that inflation has a positive effect on the decision of companies in increasing and maintaining dividends.

Furthermore, Gul, Lai, Saffar, and Zhu (2015) examined the effect of political institutions on the substitution between stock market liquidity and dividend policy, using secondary data from fifty-two countries. Their findings show that the negative association between dividend and stock market liquidity is more pronounced in countries with stronger political rights and constraints than in countries with poor investor protection and low accounting transparency. From their findings, it can be deduced that political institutions have effect on dividend payment policy.

In addition, Huang, Wu, Yu, and Zhang (2013) researched on political uncertainty and dividend policy. The study made use of secondary data from international sample across thirty-five countries over the period of 1990–2008 and found out that past dividend payers are more likely to terminate dividends and that non-payers are less likely to initiate dividends during periods of high political uncertainty. It was therefore concluded that political uncertainty had a negative effect on dividend pay-out policy.

Uwem and Akabom (2016) examine the relationship that exists between capital budgeting processes and wealth maximization objectives in Nigerian firms. The results show that capital budgeting processes (indicated by: Investment identification and selection, Project evaluation and capital budget proposal, Budgeting approval and authorization, Project tracking and development, Monitoring and control of projects, and Post completion audit) have a significant relationship with wealth maximization objectives of firms in Nigeria.

Ozuomba, Anichebe, and Okoye (2016) explored the link between dividend policies on the wealth maximization of some selected companies listed in Nigeria. The study adopted a survey research design by using primary source of data obtained through the administration of questionnaires while adopting quota random sampling technique to ensure that each of the industries in the Nigerian stock exchange is adequately represented. The finding from the ANOVA revealed that dividend policy has significant influence on shareholder wealth maximization in Nigerian listed companies.

A study by Osefual and Gyeke (2017) focused mostly on financial management and shareholder wealth maximization, with specific emphasis on the working capital management and market price per share of listed non-financial firms in the Johannesburg Stock Exchange. The study used regression analysis to analyse the secondary data obtained from annual reports and accounts of the sampled 75 companies for 10 years. The empirical finding from the regression revealed that both inventory conversion period and receivables conversion periods significantly and positively influence firms' value, while cash conversion cycle was found to exert positive but not significant effect on firms' value. Furthermore, findings revealed that payables' payment periods significantly and positively affect profitability.

In contrast, an empirical investigation by De-Almeida and Eid Jr. (2014), which focused on the working capital investment and firm value of Brazilian listed companies, found that investment in current asset – which is a mirror for working capital investment – significantly reduced company value. In the study conducted by Ogundipe, Idowu, and Ogundipe (2012), they found that aggressive working capital management policy in the form of aggressive financing policy has a negative and significant impact on profitability and firm's value, while the aggressive investment policy has a positive and significant impact on profitability. However, aggressive working capital management policy has no significant impact on firm value. Profitability has a positive and significant effect on firm's value, and profitability mediates aggressive working capital management policy on the firm's value.

The investigation of capital budgeting moderators and how they influence shareholder wealth maximization was the cardinal objective of the study conducted by Tuoyo (2017). In achieving this objective, the study employed descriptive survey research design, while Taro Yamane's formula was used in determining the sample size of 397 out of the entire population of 53,528 member of staff of twelve deposit money banks. The study found that different shareholder wealth maximization proxies (dividend per share, profit, retained earnings, and market price per share) are significantly affected by capital budgeting moderators. Capital budgeting moderators, such as inflation, political instability, management attitude to risk, and economic conditions, influenced shareholder's wealth positively in the Nigeria deposit money bank.

Also, a study by Barasa (2014) focused on the effect of firm-level investment appraisal on shareholder wealth maximization in Kenya achieved by using questionnaires to elicit response from respondents, who were top- and middle-level management executives of 57 selected firms quoted on the Nairobi Stock Exchange. The study used stratified sampling technique, and the correlation analysis showed that shareholder wealth maximization is positively correlated with asset allocation and the market timing of stock.

A study by Uwah and Asuquo (2016) focused on "the potential benefits of value addition consideration when making decision relating to capital budgeting and how it affects shareholder wealth maximization". The data for the study were obtained from both primary and secondary sources. The study used exploratory research design. Results from the regression analysis provides mixed results by finding some proxies for capital budgeting to exert significant positive effect on shareholder wealth maximization, while others were found not to be significant. Capital budgeting stages used to proxy capital budgeting, such as investment identification and selection, budget approval and authorization, and project monitoring and control, were found to be the stages of capital budgeting that significantly affect shareholder wealth maximization, while project evaluation

and capital budgeting proposal, project tracking and development, and post completion audit were found not to exert significant effect on shareholder wealth maximization in Nigeria.

3. Methodology

Food and beverage industry/companies in Nigeria make up a diverse sector as they have a large range of different products and manufacturing processes. Currently, the industries in this subsector are so numerous that they could be subdivided into several categories, including: flour and grain; soft drinks and carbonated water; breweries; starch and miscellaneous food products; meat, poultry, and fish; tea, coffee, and other beverages; fruit juices; animal feed; sugar; distilleries and blending of spirits; cocoa, chocolates, and sugar confectioneries; agricultural and food chemicals; industrial packaging (Ojo, 1998).

Food and beverage firms in Nigeria are the major producers of consumer goods sustaining the life of humans. Scholars and practitioners regard this sector as the strongest one in the manufacturing industry – it represents 22.5% of Nigeria's manufacturing sector and 66% of total consumer expenditure, and thus foods and beverages make up the largest sector in the industry (Ringier Trade Media Ltd, 2015; Okere, 2012).

The study covers seven food and beverage firms listed on the Nigerian Stock Exchange, which engaged in consumer goods between 2008–2017. The seven food and beverage companies were selected on the basis of their market capitalization, years of engagement, and their presence as an integral part of the Nigerian manufacturing sector with an outstanding profile (see *Table 1*).

Table 1. *List of sampled food and beverage companies*

S/N	Name of Company
1.	Unilever Nigeria Plc
2.	Nestle Nigeria Plc
3.	Dangote Sugar Plc
4.	Cadbury Nigeria Plc
5.	Flour Mills Nigeria Plc
6.	Seven-up Bottling Company
7.	Nigerian Breweries

Source: authors' compilation (2018)

The study focused on the effect of the shareholder wealth maximization and investment decision of Nigerian listed food and beverage companies. The study used an ex post facto research design to obtain secondary data from the annual reports and statements of accounts of the sampled listed food and beverage

companies, while purposeful and stratified random sampling technique was used to select companies based on their size and to ensure that each one of the subsectors is represented so as to avoid sample bias. The study conducted descriptive statistics and regression analysis to analyse the data for the study.

Integrating the dependent and independent variables, the model for the study is specified thus:

$$LOSC_{it}=\alpha_i+\alpha_1 LOSC(-1)_{it}+\alpha_2 EPS_{it}+\alpha_3 DPS_{it}+\alpha_4 LMPS_{it}+\varepsilon_{it} \quad (1),$$

where: $LOSC_{it}$ = Log of ordinary share capital of firm i in period t, which is the mirror for investment decision; $LOSC(-1)_{it}$ = a period lag of ordinary share capital of firm i in period t; EPS_{it} = Earnings per share of firm i in period t; DPS_{it} = Dividend per share of firm i in period t; $LMPS_{it}$ = Log of market price per share of firm i in period t; ε_{it} = error term of firm i in period t.

Table 2. *Measurement of variables*

Variable	Acronym	Measure	Expected Effect
Dependent variable			
Investment decision	LOSC	Natural log of value of number of ordinary share capital	
Independent variables			
Market price per share	LMPS	Log of $\frac{\text{Total market value of company}}{\text{Number of ordinary share}}$	+
Earnings per share	EPS	$\frac{\text{Total earnings after interest and tax}}{\text{Number of ordinary share capital}}$	+
Dividend per share	DPS	$\frac{\text{Total declared dividend}}{\text{Number of ordinary share capital}}$	+

Source: authors' compilation, 2018

4. Results

4.1. Descriptive Statistics

Table 3. *Descriptive statistics*

Variable	Minimum	Maximum	Mean	Median	Std. Deviation
LOSC	12.454	16.300	14.189	14.263	1.207
LMPS	0.182	7.350	3.863	3.798	1.556
EPS	-16.820	42.550	5.269	2.700	8.821
DPS	0.000	34.000	3.931	1.500	6.790

The number of observations = 70. *Source: authors computation, 2018*

Descriptive statistics of the variables used in this study were presented in *Table 3*. It provided comprehensive information on the maximum, minimum, mean, median, and standard deviation for the dependent variable and the independent variables. The results showed the trend of the variables: LOSC, EPS, DPS, and LMPS over the period of 2008–2017. The results revealed that LOSC, LMPS, EPS, and DPS each ranged between the minimum values of 12.454, 0.182, -16.820, and 0.000 and the maximum values of 16.3, 7.350, 42.550, and 34.000 with a mean of 14.189, 3.863, 5.269, and 3.931 respectively. The median value ranged between 14.263, 3.798, 2.700, and 6.790 with a standard deviation of 1.207, 1.556, 8.821, and 6.790 respectively.

Table 4. *Correlation matrix*

Variable	LOSC	LMPS	EPS	DPS
LOSC	1.000			
LMPS	-0.398	1.000		
EPS	-0.417	0.685	1.000	
DPS	-0.633	0.713	0.853	1.000

Source: author's computation, 2018

Table 4 presented the Pearson correlation matrix for shareholder wealth maximization and investment decision for the same period. The results indicated that LMPS, EPS, and DPS have a negative correlation with LOSC. In the same vein, EPS and DPS show a positive correlation with LMPS, while DPS has a positive correlation with EPS.

Table 5. *Model estimation results summary*

Dependent variable (LOSC)						
Independent variables	Pooled (OLS)		Fixed Effects		Random Effects	
	Coef.	Prob.	Coef.	Prob.	Coef.	Prob.
(Coefficient)	0.025	0.911	4.655	0.000	0.052	0.851
LOSC (-1)	0.998	0.000	0.663	0.000	0.995	0.000
LMPS	-0.003	0.845	0.028	0.171	0.002	0.880
EPS	-0.001	0.776	-0.000	0.939	-0.001	0.798
DPS	0.001	0.775	0.002	0.662	0.000	0.956
Adj. R-square	0.993		0.995		0.984	
F-statistic	2296.048		1217.897		967.471	
Prob. (F-statistic)	0.000		0.000		0.000	
Durbin – Watson stat	1.811		1.784		1.920	
Hausman Test (Prob.)			0.001			

Source: authors computation, 2018

4.2. Results of Model Estimation

Table 5 showed the empirical results of the estimates for the models specified in *Equation 1*. The three different estimates have been grouped into pooled Ordinary Least Squares (OLS), fixed effects and random effects models. The results showed that the adjusted R-square for LOSC was 0.993 for the pooled OLS, 0.995 for the random-effects model, and 0.984 for the fixed effects model. This showed that shareholder wealth maximization contributed in approximately 99%, 100%, and 98% to the investment decision measured by the natural logarithm of ordinary share capital.

The F-statistic measured the general importance of the explanatory variables in a specific model. The values of the F-statistic, based on the result of the panel regressions (pooled OLS, fixed and random), were 2,296.048, 1,217.897, and 967.471, with a probability value of 0.000, which were significant at a critical level of 5%. The decision rule for the F-statistic is that the null hypothesis is rejected when it is less than 5%. Since the F-statistic was lower than the required 5% significance level, the null hypothesis was rejected, and it was established that the explanatory variables were significant for explaining changes in the dependent variable.

The Durbin Watson statistic is used to detect the presence of autocorrelation, which is always between 0 and 4, where a value of 2 means that there is no serial correlation in the model. A value approaching 0 indicates positive autocorrelation, and values approaching 4 indicate negative autocorrelation. However, in this study, the Durbin Watson results of the pooled OLS, fixed and random effects panel regressions were 1,811, 1,784, and 1,920, resp., indicating that there was no serial correlation in the model because the value was greater than 1 and approaching 2.

To choose between fixed and random effects models, the Hausman test was performed. The results showed that the probability value was less than 5%, which suggested that the fixed effects model was statistically preferred to the random effects model.

4.3. Shareholder Wealth Maximization

As showed in the fixed effects model in *Table 3*, among shareholder wealth maximization measures, only LOSC (-1) was found to have a statistically significant impact on ordinary share capital (LOSC). LOSC (-1) has significant impact at the level of 1% (prob. value = 0.000 < 0.01). LMPS was found to have a positive and statistically insignificant impact on LOSC at the level of 5% (prob. value = 0.171 > 0.05). EPS was found to have a negative and statistically insignificant impact on LOSC at the level of 5% (prob. value = 0.939 > 0.05). DPS was found to have positive and statistically insignificant impact on LOSC at the level of 5% (prob. values = 0.662 > 0.05).

5. Conclusion and Recommendations

The empirical findings showed that although all the independent variables used in this study do not individually exert significant effect on the investment decision of shareholders, they were found to exert significant positive joint effect on investment decision when drawn together, implying that food and beverage companies need to maximize the wealth of their shareholders by increasing earnings per share and dividends per share and always doing their bids to ensure that the shares of the company are favourably valued by the Nigerian Stock Exchange (NSE). The results of the study are in line with the findings of Munyua (2012), who examined the effect of dividend policy on stock prices for firms listed at the Nairobi Securities Exchange. Findings from their result show a strong positive relationship between dividend per share and share prices. It was also noted that share prices are affected by paid out dividends per share. The result is supported by Anike (2014), who indicated that stock prices of Nigerian banks are not influenced by dividend pay-out because dividends per share had no significant impact on share prices. Adediran and Alade (2015) examined dividend policies and corporate performance in Nigeria. Findings indicate a positive relationship between organizations' dividend policies and profitability.

Arising from the findings, it is recommended that food and beverage companies improve on the individual identified proxies for shareholder wealth maximization as they jointly exert a significantly positive effect on investment decision.

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