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EFFECTS OF ASYMMETRIC INFORMATION AND DIVIDEND POLICY ON MARKET VALUATION OF QUOTED FOOD AND BEVERAGES FIRMS IN NIGERIA

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ABSTRACT

This study examined the effects of asymmetric information and dividend policy on the market valuation of quoted food and beverage firms in Nigeria. The study adopted an ex-post facto research design and employed a quantitative longitudinal panel approach to capture both cross-sectional and time-series variations among the sampled firms. Secondary data were obtained from the audited annual reports of quoted food and beverage firms over the study period. Tobin's Q (TBQ) was used as the proxy for market valuation, while asymmetric information was measured using Information Opacity (IFO) and Insider Information Advantage (IIA), and dividend policy was proxied by Dividend Payout Policy (DPP) and Dividend Stability and Smoothing (DSS). Fixed Effects (FE), Random Effects (RE) and Pooled Ordinary Least Squares (POLS) estimation techniques were employed, with the Hausman specification test used to select the most appropriate model. The Hausman test favoured the Fixed Effects model. The regression results revealed that information opacity exerted a negative and statistically significant effect on Tobin's Q ($\beta = -0.274467, p = 0.0017$), while insider information advantage had a positive and significant effect on market valuation ($\beta = 0.177314, p = 0.0311$). Dividend payout policy also exhibited a positive and significant influence on Tobin's Q ($\beta = 0.024927, p = 0.0001$). However, dividend stability and smoothing had a negative but not significant effect on market valuation ($\beta = -0.019489, p = 0.1608$). The model was statistically significant ($F = 50.26396, p < 0.001$) and explained approximately 92.63% of the variation in market valuation (Adjusted $R^2 = 0.9079$). The study concludes that greater corporate transparency and sustainable dividend payout policies enhance the market valuation of quoted food and beverage firms in Nigeria. The study recommends that corporate managers should strengthen disclosure quality and adopt dividend payout policies that are consistent with firms' financial performance in order to improve investor confidence and maximise firm value.

Keywords: Asymmetric Information, Information Opacity, Insider Information Advantage, Dividend Policy, Tobin's Q, Market Valuation, Food and Beverage Firms, Nigeria

1 INTRODUCTION

The primary objective of every business organisation is to maximise shareholders' wealth through sustainable growth in firm value. In capital markets, investors continuously assess the ability of firms to generate future cash flows and create long-term value. Consequently, market valuation has become one of the most important indicators of corporate performance because it reflects investors' expectations regarding a firm's current financial position and future prospects. Among the commonly used market-based measures of firm value, Tobin's Q has received considerable attention in corporate finance literature owing to its ability to capture both the market's perception of a firm's growth opportunities and the efficiency with which management utilises corporate resources (Tobin, 1969). In practice, however, investment decisions are often made under conditions of imperfect information. Corporate managers generally possess superior knowledge about the firm's financial health, investment opportunities and future earnings than outside investors. This unequal distribution of information, commonly referred to as asymmetric information, creates uncertainty in financial markets and influences investors' valuation decisions. Asymmetric information may manifest through information opacity, where firms provide limited or low-quality disclosures, or through insider information advantage, where certain individuals possess privileged information unavailable to the investing public (Akerlof, 1970; Myers & Majluf, 1984). Such information gaps increase perceived investment risk, reduce market confidence and may lead to the undervaluation of firms.

Dividend policy has traditionally been regarded as one of the key mechanisms through which managers communicate private information to investors. The dividend signalling hypothesis suggests that managers use dividend payments to convey their confidence in the firm's future earnings and cash-generating ability. Consequently, stable or increasing dividends are generally interpreted as favourable signals, whereas dividend reductions often generate negative market reactions (Bhattacharya, 1979; Miller & Rock, 1985). In environments characterised by high information asymmetry, dividend decisions become even more important because investors rely on dividend announcements as credible indicators of corporate performance and financial stability.

The relationship between dividend policy and market valuation remains one of the most debated issues in corporate finance. While the dividend irrelevance proposition argues that dividend decisions do not affect firm value in perfect capital markets (Miller & Modigliani, 1961), subsequent theoretical and empirical studies demonstrate that market imperfections, including information asymmetry, agency conflicts and transaction costs, make dividend policy relevant in influencing investors' perceptions and firm valuation (Easterbrook, 1984; Jensen, 1986). Firms that maintain stable dividend policies often enjoy greater investor confidence, reduced information uncertainty and improved market valuation compared with firms exhibiting inconsistent dividend behaviour.

Within emerging economies such as Nigeria, information asymmetry is often more pronounced because of varying levels of corporate transparency, weak investor protection mechanisms, uneven enforcement of disclosure regulations and relatively lower market efficiency. Although regulatory agencies such as the Nigerian Securities and Exchange Commission and the Nigerian Exchange Group have strengthened corporate disclosure requirements over the years, concerns regarding the timeliness, credibility and completeness of financial reporting continue to influence investment decisions. Consequently, investors frequently depend on observable corporate actions, particularly dividend payments, to infer the underlying financial strength and future prospects of listed firms.

The food and beverage sector occupies a strategic position in the Nigerian economy. It contributes significantly to manufacturing output, employment generation, agricultural value chains and gross domestic product. The sector has also experienced considerable fluctuations arising from exchange rate volatility, rising inflation, supply chain disruptions, increasing production costs and changing consumer demand. These macroeconomic pressures have affected firms' profitability, liquidity positions and dividend payment capacities, with corresponding implications for their market valuation. Under such conditions, the quality of corporate information and the consistency of dividend policies become increasingly important determinants of investors' confidence and market pricing.

Empirical evidence on the relationship among asymmetric information, dividend policy and market valuation remains inconclusive. Some studies report that higher levels of information asymmetry reduce firm value because investors demand higher risk premiums, whereas others find that effective dividend policies mitigate these adverse effects by serving as credible signals of future performance (Brockman & Unlu, 2009; Ferreira & Laux, 2007). Similarly, evidence on dividend policy and firm valuation in emerging markets presents mixed findings, suggesting that institutional characteristics, regulatory quality and firm-specific factors influence the strength and direction of these relationships. In Nigeria, most existing studies have examined dividend policy, corporate governance, capital structure or financial performance independently, with relatively limited attention given to the joint effects of asymmetric information and dividend policy on market valuation, particularly within the food and beverage manufacturing sector.

This study investigates the effects of asymmetric information and dividend policy on the market valuation of quoted food and beverage firms in Nigeria. Specifically, the study conceptualises asymmetric information using information opacity and insider information advantage, while dividend policy is represented by dividend payout policy and dividend stability and smoothing. Market valuation is measured using Tobin's Q. By integrating these constructs within a unified empirical framework, the study seeks to provide evidence on how information quality and dividend decisions jointly influence investors' valuation of firms. The findings are expected to contribute to the literature on corporate finance, provide useful insights for managers in designing effective disclosure and dividend policies, and inform regulators seeking to enhance market transparency and investor confidence in the Nigerian capital market.

2 LITERATURE REVIEW

2.1 Conceptual Review

Asymmetric information refers to a situation in which one party in a transaction possesses more or better information than another. Within corporate finance, managers typically have superior knowledge about the firm's financial position, investment opportunities and future prospects compared with external investors. This information gap may result in adverse selection, moral hazard and the mispricing of securities (Akerlof, 1970; Myers & Majluf, 1984). In this study, asymmetric information is represented by information opacity, which reflects the quality and transparency of corporate disclosures, and insider information advantage, which captures the extent to which insiders possess material information unavailable to outside investors. **Dividend policy** concerns the decisions firms make regarding the proportion of earnings distributed to shareholders and the portion retained for future investment. It encompasses not only the level of dividend payout but also the consistency and stability of dividend payments over time. Stable dividend policies are generally viewed as credible signals of financial strength and may reduce investors' uncertainty in environments characterised by information asymmetry (Miller & Rock, 1985). In this study, dividend policy is measured using dividend payout policy and dividend stability and smoothing. **Market valuation** reflects investors' assessment of a firm's economic worth based on available information and expected future performance. It captures the market's perception of the firm's ability to create value for shareholders and is commonly measured using Tobin's Q, which compares the market value of a firm's assets with their replacement cost (Tobin, 1969). A higher Tobin's Q generally indicates stronger growth prospects and greater investor confidence.

2.2 Theoretical Review

This study is anchored primarily on *asymmetric information theory*, proposed by Akerlof (1970) and further developed by Myers and Majluf (1984). The theory posits that managers possess superior information about the firm's true value and future prospects compared with external investors. Consequently, information asymmetry may increase uncertainty, reduce investor confidence and adversely affect market valuation. Improved corporate disclosure and transparent financial reporting therefore play an important role in narrowing the information gap between insiders and investors. The study is further supported by *dividend signalling theory*, developed by Bhattacharya (1979) and extended by Miller and Rock (1985). The theory argues that dividend payments convey valuable information about a firm's future earnings and financial health. Managers use dividend decisions to communicate private information to the market, with stable or increasing dividends interpreted as positive signals that enhance investor confidence and firm valuation. Conversely, reductions or omissions in dividends may be viewed as unfavourable signals, resulting in lower market valuation. The integration of these theories provides a sound framework for explaining how asymmetric information and dividend policy jointly influence the market valuation of quoted food and beverage firms in Nigeria.

2.3 Empirical Review

Umoru et al. (2025) examined the effect of dividend policy on the firm value of twelve listed deposit money banks in Nigeria over the period 2011–2020. The study adopted an ex post facto research design and employed panel regression techniques to analyse secondary data obtained from the audited annual reports of the sampled banks. Firm value was measured using Tobin's Q, while dividend policy was proxied by dividend payout, dividend per share and dividend yield. The findings revealed that dividend payout had a positive and statistically significant effect on firm value, indicating that investors placed a higher value on banks with stronger dividend payment policies. The study concluded that dividend policy remains relevant in enhancing market valuation and recommended that investors carefully evaluate firms' dividend policies before making investment decisions. Odufisan, Adekunle and Akinrinola (2025) investigated the effect of dividend policy on the value of selected manufacturing firms in Nigeria. The study adopted an ex post facto research design using secondary data obtained from the audited annual reports of Nestlé Nigeria Plc, Cadbury Nigeria Plc and Guinness Nigeria Plc over the period 2019–2023. Firm value was measured by market price per share, while dividend policy was proxied by dividend payout ratio, retention ratio and dividend per share. Panel regression analysis was employed, with the Hausman test used to determine the appropriate estimation technique for each model. The findings revealed that dividend payout ratio and dividend per share had positive but statistically insignificant effects on market price per share, whereas the retention ratio exerted a statistically significant influence on firm value. The study

concluded that firms should adopt a balanced dividend policy that promotes shareholder confidence while preserving sufficient retained earnings to support long-term growth and financial stability. Okeke, Abdoush and Omonijo (2025) examined dividend policy practices and the role of financial flexibility among listed non-financial firms in Nigeria. The study employed an ex post facto research design using panel data from 57 listed non-financial firms covering the period 2011–2021. Secondary data were obtained from the firms' audited annual reports, while the Generalised Method of Moments (GMM) estimator was used to analyse the determinants of dividend policy and the moderating effect of financial flexibility. The findings revealed that profitability and firm size had positive and significant effects on dividend payments, whereas firm growth, leverage, taxation and financial flexibility generally reduced dividend payouts. The study further established that financial flexibility significantly moderated the relationship between firm characteristics and dividend policy, with notable differences between local and foreign firms operating in Nigeria. The authors concluded that dividend policy in emerging markets is influenced not only by firm-specific characteristics but also by firms' ability to maintain financial flexibility. Njoku and Lee (2024) investigated the interaction effect of leverage and dividend policy on the firm value of Nigerian listed manufacturing firms. The study adopted an ex post facto research design using panel data from 26 firms listed on the Nigerian Exchange over the period 2016–2020. Secondary data were obtained from the firms' audited annual reports, while Tobin's Q and Price-to-Book Value were used as proxies for firm value. Leverage was measured using total debt-to-total assets, long-term debt-to-total assets and short-term debt-to-total assets, whereas dividend policy was proxied by the dividend payout ratio. The study employed pooled Ordinary Least Squares (POLS) and Fixed Effects regression models to estimate the direct and interaction effects of leverage and dividend policy on firm value. The findings revealed that leverage had a negative and significant effect on firm value, while dividend policy exerted a positive influence. More importantly, the interaction between leverage and dividend policy produced a positive and statistically significant effect on firm value, suggesting that dividend payments can offset the adverse effect of leverage by strengthening investor confidence and reducing agency concerns. The study concluded that firms should maintain an optimal combination of debt financing and dividend policy to enhance market valuation. However, the study focused on the interaction between leverage and dividend policy and did not consider the role of asymmetric information in explaining firm value. Aroh, Egolum and Chukwuani (2021) examined the effect of dividend policy on the firm value of listed non-financial companies in Nigeria. The study adopted an ex post facto research design using panel data for 90 listed non-financial firms over the period 2010–2019. Secondary data were obtained from the firms' audited annual reports, while firm value was measured using the market-to-book ratio. Dividend policy was proxied by dividend payout ratio, dividend per share and dividend yield. The study employed Robust Least Squares (RLS) regression to estimate the relationship between dividend policy and firm value. The findings revealed that dividend per share had a positive and statistically significant effect on firm value, whereas dividend yield exerted a significant negative effect. In contrast, the dividend payout ratio had no significant influence on the market-to-book value of firms. The authors concluded that dividend per share and dividend yield are important determinants of firm value and recommended that managers adopt dividend policies that promote long-term corporate growth while maintaining investors' confidence. Alaeto (2020) examined the determinants of dividend policy among non-financial firms listed on the Nigerian Stock Exchange. The study adopted a quantitative research design using secondary data obtained from the audited annual reports of 74 listed non-financial firms covering the period 2013–2017. Dividend policy was proxied by dividend intensity and dividend payout ratio, while return on assets, firm size, debt ratio, growth opportunities, liquidity and asset tangibility were used as explanatory variables. The study employed pooled Ordinary Least Squares (OLS) regression to analyse the data. The findings revealed that profitability, growth opportunities and liquidity exerted positive effects on dividend payout, whereas firm size, debt ratio and asset tangibility had negative relationships with dividend policy. The study concluded that firm-specific characteristics play a significant role in shaping dividend decisions among Nigerian listed firms. Okpara (2010) investigated the relationship between asymmetric information and dividend policy in Nigeria using annual time-series data obtained from the Nigerian Securities and Exchange Commission, the Nigerian Stock Exchange and the Central Bank of Nigeria. The study employed the Augmented Dickey–Fuller (ADF) unit root test, Johansen cointegration test, Vector Error Correction Model (VECM) and Granger causality analysis to examine both the long-run relationship and causal link between the variables. The findings revealed a positive and statistically significant relationship between asymmetric information and dividend policy, providing empirical support for the dividend signalling theory. The Granger causality results further indicated a unidirectional causal relationship running from dividend policy to information asymmetry, suggesting that dividend decisions serve as credible signals that reduce information gaps between managers and investors. The study concluded that dividend policy remains an effective mechanism for mitigating information asymmetry in emerging markets. Brockman and Unlu (2009) examined the relationship between dividend policy, creditor rights and the agency costs of debt using an international sample of firms from 37 countries. The study adopted a quantitative research design and utilised panel data obtained from publicly listed firms across both developed and emerging markets. Panel regression techniques were employed to investigate how institutional environments, particularly creditor protection, influence corporate dividend decisions. The findings revealed that firms operating in countries with stronger creditor rights generally paid lower dividends because creditors imposed greater restrictions on the distribution of corporate earnings. Conversely, firms in weaker creditor-rights environments relied more heavily on dividend payments to reduce agency conflicts and reassure investors. The study concluded that dividend policy is influenced not only by firm-specific characteristics but also by the institutional and information environment in which firms operate. The findings further suggest that dividend payments can serve as an effective mechanism for mitigating information asymmetry and agency

problems, thereby enhancing investors' confidence. Ferreira and Laux (2007) investigated the relationship between corporate governance, information flow and firm value using a large sample of publicly listed firms in the United States. The study employed panel data analysis based on firm-level secondary data to examine how corporate governance mechanisms influence information asymmetry and market valuation. Information asymmetry was assessed through measures of information flow and idiosyncratic risk, while firm value was evaluated using market-based indicators. The findings revealed that firms with stronger corporate governance practices experienced greater transparency, improved information flow and lower information asymmetry. The study further found that enhanced information environments were associated with higher market valuations because investors were better able to assess firms' future prospects and investment opportunities. The authors concluded that improving the quality of corporate information reduces uncertainty, strengthens investor confidence and enhances firm value.

The empirical literature demonstrates that dividend policy, information asymmetry and firm value are closely related; however, existing evidence remains fragmented. Most previous studies have examined dividend policy and firm value (Aroh et al., 2021; Odufisan et al., 2025; Umoru et al., 2025), while others have focused on the relationship between asymmetric information and dividend policy (Okpara, 2010) or the role of corporate governance and information flow in enhancing firm value (Ferreira & Laux, 2007). Similarly, studies such as Brockman and Unlu (2009), Alaeto (2020), Okeke et al. (2025), and Njoku and Lee (2024) investigated the determinants of dividend policy and related corporate finance issues without explicitly integrating asymmetric information with dividend policy in explaining market valuation. Furthermore, most of these studies were conducted in the banking sector, across broad samples of non-financial firms, or in international settings, with limited evidence from the Nigerian food and beverage industry. Consequently, there remains a paucity of empirical evidence on the combined effects of information opacity, insider information advantage, dividend payout policy and dividend stability on market valuation. This study addresses this gap by examining the effects of asymmetric information and dividend policy on the market valuation of quoted food and beverage firms in Nigeria using Tobin's Q as the proxy for market valuation

3 METHODOLOGY

The study adopts an ex-post facto research design, appropriate because the variables of interest, are historical, already exist in firms' published records, and cannot be manipulated by the researcher. A quantitative, longitudinal panel design is employed to capture both cross-sectional variation across firms and within-firm variation over time, enabling the estimation of the dynamic relationship between asymmetric information, dividend policy and market valuation. Fixed Effects (FE), Random Effects (RE), and Pooled Ordinary Least Squares (POLS) models were estimated, with the Hausman test used for model selection. The econometric model that captures the above relationship was specified as:

$$TBQ_{it} = \beta_0 + \beta_1 IFO_{it} + \beta_2 IIA_{it} + \beta_3 DPP_{it} + \beta_4 DSS_{it} + \epsilon_{it}$$

Where TBQ = Tobin's Q (Market valuation proxy), IFO = Information Opacity (Asymmetric information proxy), IIA = Insider Information Advantage (Asymmetric information proxy), DPP = Dividend Payout Policy (Dividend payout behavior), DSS = Dividend Stability and Smoothing

4 RESULTS AND DISCUSSION

The Hausman specification test was conducted to determine the most appropriate panel estimation technique between the Fixed Effects (FE) and Random Effects (RE) models. The result presented in Table 1 shows a Chi-square statistic of 17.961905 with 4 degrees of freedom and a probability value of 0.0013. Since the probability value is less than the 5 per cent significance level (0.05), the null hypothesis that the Random Effects model is appropriate is rejected in favour of the Fixed Effects model.

Table 1: Hausman Test for Asymmetric Information, Dividend Policy and Tobin Q

Test Summary	Chi-Square Statistic	d.f.	Probability
Cross-section Random	17.961905	4	0.0013

Source: Researcher's Computation using E-Views 13 (2026)

This indicates that the individual firm-specific effects are correlated with the explanatory variables, making the Fixed Effects estimator more consistent and efficient for the analysis. Consequently, the Fixed Effects model was adopted to examine the effects of asymmetric information and dividend policy on the market valuation (Tobin's Q) of quoted food and beverage firms in Nigeria.

Table 2. Result on the Effect of Asymmetric Information, Dividend Policy and Tobin Q

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.176246	0.283999	7.662855	0.0000
IFO	-0.274467	0.084967	-3.230264	0.0017
IIA	0.177314	0.081140	2.185298	0.0311
DPP	0.024927	0.006219	4.008046	0.0001
DSS	-0.019489	0.013797	-1.412518	0.1608
Effects Specification				
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.926286	Mean dependent var		1.414275
Adjusted R-squared	0.907858	S.D. dependent var		0.968192
S.E. of regression	0.293894	Akaike info criterion		0.570212
Sum squared resid	8.982860	Schwarz criterion		1.162810
Log likelihood	-10.34888	Hannan-Quinn criter.		0.811011
F-statistic	50.26396	Durbin-Watson stat		1.126114
Prob(F-statistic)	0.000000			

Source: Researcher's Computation using E-Views 13 (2026)

The results in table 2 above reveal that information opacity (IFO) has a negative and statistically significant effect on Tobin's Q, indicating that higher levels of information opacity reduce the market valuation of quoted food and beverage firms in Nigeria. This suggests that investors place greater value on firms that provide transparent, timely and credible information, while opaque disclosure practices increase uncertainty and discourage investment. This finding is consistent with the study of Ferreira and Laux (2007), who reported that improved information flow and stronger corporate governance reduce information asymmetry and enhance firm value. It also supports the proposition of asymmetric information theory that greater transparency improves investors' confidence and market valuation. The study further shows that insider information advantage (IIA) exerts a positive and statistically significant effect on Tobin's Q. This finding suggests that firms characterised by stronger insider information advantage are associated with higher market valuation, possibly because insider knowledge reflects favourable private information that is eventually incorporated into market prices. Although this result contrasts with the traditional expectation that greater information asymmetry adversely affects firm value, it may reflect the realities of an emerging market such as Nigeria, where investors often interpret insider activities as signals of future corporate performance. Nevertheless, this finding differs from Ferreira and Laux (2007), who argued that reducing information asymmetry through enhanced disclosure improves market valuation, indicating that the influence of insider information may depend on market-specific institutional conditions. The results also indicate that dividend payout policy (DPP) has a positive and statistically significant effect on Tobin's Q. This implies that firms with higher dividend payouts tend to enjoy superior market valuation because dividend payments serve as credible signals of financial strength and future profitability. This finding is consistent with the studies of Umoru et al. (2025), who found that dividend payout significantly enhanced the firm value of listed deposit money banks in Nigeria, and Njoku and Lee (2024), who reported that dividend policy positively influenced firm value and mitigated the adverse effects of leverage. Similarly, the finding agrees with Aroh et al. (2021), who observed that dividend-related measures positively influenced firm value, although the significance varied across dividend proxies. The result also supports the conclusions of Okpara (2010) and Brockman and Unlu (2009), who argued that dividend policy serves as an effective signalling mechanism capable of reducing information asymmetry and strengthening investors' confidence. In contrast, dividend stability and smoothing (DSS) exhibits a negative but not significant effect on Tobin's Q. This suggests that maintaining stable dividend payments alone does not significantly influence the market valuation of quoted food and beverage firms during the study period. One possible explanation is that investors in the Nigerian capital market place greater emphasis on the actual level of dividend payout than on the consistency of dividend payments. This finding is broadly consistent with Odufisan et al. (2025), who reported that dividend payout ratio and dividend per share had positive but not significant effects on firm value, while only the retention ratio significantly influenced market price per share. The result also complements the findings of Alaeto (2020) and Okeke et al. (2025), who showed that dividend policy is shaped by firm-specific financial conditions, suggesting that dividend stability may be less influential where profitability, liquidity and financial flexibility are the

primary drivers of dividend decisions. The joint significance of the model, as indicated by the F-statistic of 50.26396 ($p < 0.01$), demonstrates that asymmetric information and dividend policy collectively explain variations in the market valuation of quoted food and beverage firms in Nigeria. Furthermore, the R-squared value of 0.9263 indicates that approximately 92.63 per cent of the variation in Tobin's Q is explained by information opacity, insider information advantage, dividend payout policy and dividend stability, suggesting that these variables are important determinants of market valuation within the Nigerian food and beverage sector. The findings lend considerable support to Asymmetric Information Theory and Dividend Signalling Theory, highlighting the importance of transparent information disclosure and effective dividend policies in enhancing investors' confidence and firm value.

SUMMARY OF FINDINGS

The findings indicate that information opacity (IFO) has a negative and statistically significant effect on Tobin's Q ($\beta = -0.2745$, $p = 0.0017$), suggesting that greater information opacity reduces the market valuation of quoted food and beverage firms in Nigeria. Conversely, insider information advantage (IIA) has a positive and statistically significant effect on Tobin's Q ($\beta = 0.1773$, $p = 0.0311$), implying that firms associated with greater insider information advantage tend to record higher market valuation. The result further shows that dividend payout policy (DPP) has a positive and statistically significant effect on Tobin's Q ($\beta = 0.0249$, $p = 0.0001$). This indicates that higher dividend payouts are associated with improved market valuation, supporting the signalling role of dividends. However, dividend stability and smoothing (DSS) has a negative but statistically non-significant effect on Tobin's Q ($\beta = -0.0195$, $p = 0.1608$), implying that dividend stability alone does not significantly influence market valuation. Overall, the model is statistically significant (F-statistic = 50.26396, $p < 0.01$) and explains approximately 92.63% of the variation in Tobin's Q, as indicated by the R-squared of 0.926286. The adjusted R-squared of 0.907858 further indicates a strong explanatory power after accounting for the model's degrees of freedom. Thus, the findings demonstrate that information opacity, insider information advantage and dividend payout policy are significant determinants of Tobin's Q, whereas dividend stability and smoothing is not significant among quoted food and beverage firms in Nigeria.

5 CONCLUSION

This study examined the effects of asymmetric information and dividend policy on the market valuation of quoted food and beverage firms in Nigeria using Tobin's Q as the measure of firm value. The findings provide evidence that asymmetric information and dividend policy play significant roles in shaping market valuation. Specifically, information opacity was found to exert a negative and significant effect on Tobin's Q, implying that poor corporate transparency reduces investors' confidence and ultimately diminishes firm value. Conversely, insider information advantage exhibited a positive and significant relationship with market valuation, suggesting that private information available to insiders may reflect favourable future prospects that are eventually capitalised into market prices. The results further showed that dividend payout policy positively and significantly enhances market valuation, reinforcing the view that dividend payments serve as credible signals of financial strength and future earnings. However, dividend stability and smoothing had a negative but not significant effect on Tobin's Q, indicating that maintaining stable dividend payments alone is insufficient to improve firm value in the Nigerian food and beverage sector. The study concludes that market valuation is influenced more by the quality of corporate information and the level of dividend payout than by dividend stability. The findings therefore affirm that reducing information opacity through greater transparency and adopting sustainable dividend payout policies are essential for enhancing investors' confidence and maximising the market value of quoted food and beverage firms in Nigeria.

RECOMMENDATIONS

Based on the findings of the study, the following recommendations are made:

- On information opacity (IFO): Management of quoted food and beverage firms should strengthen corporate transparency by improving the quality, accuracy, timeliness and completeness of financial and non-financial disclosures. Firms should minimise the withholding or delayed release of material information, as reducing information opacity can lower uncertainty, enhance investors' confidence and improve market valuation.
- On insider information advantage (IIA): Since insider information advantage was found to have a significant positive effect on Tobin's Q, management should ensure that material information known by insiders is promptly and equitably disseminated to all investors. Regulatory authorities, particularly the Securities and Exchange Commission and the Nigerian Exchange Group, should strengthen monitoring of insider transactions and disclosure practices to ensure that the positive market effects associated with insider knowledge do not result in unfair informational advantages or market abuse.
- On dividend payout policy (DPP): Management should adopt sustainable and adequate dividend payout policies that are consistent with profitability, liquidity, cash-flow position and long-term investment requirements. Since dividend payout significantly improves Tobin's Q, firms should use dividend payments as a credible signal

of financial strength while ensuring that excessive payouts do not undermine their ability to finance future growth opportunities.

- On dividend stability and smoothing (DSS): Since dividend stability and smoothing was found to have a negative but statistically insignificant effect on Tobin's Q, firms should not prioritise maintaining a stable dividend pattern at the expense of financial flexibility. Dividend decisions should instead be based primarily on underlying earnings, liquidity, investment opportunities and long-term value creation, while avoiding frequent and unjustified changes that could create uncertainty among shareholders.
- On overall market valuation: Investors should consider corporate disclosure quality, insider information practices and dividend payout behaviour when evaluating quoted food and beverage firms. Particular attention should be given to firms with transparent reporting practices and sustainable dividend policies, as these characteristics provide useful signals about the firms' financial condition, credibility and future value prospects.

STATEMENTS ON COMPLIANCE WITH ETHICAL STANDARDS

Disclosure of conflict of interest

Authors declare no conflicts of interest regarding this manuscript.

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