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EFFECT OF DEVALUATION OF NIGERIA CURRENCY ON MARKET SHARE OF THE MANUFACTURING FIRMS IN SOUTH-EAST, NIGERIA

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Abstract: *The study focused on "Effect of devaluation of Nigeria currency on market share of Manufacturing Firms in South-East, Nigeria". The specific objectives were to: i). Examine the effect of currency devaluation on the share price of the manufacturing firms in South-East Nigeria; ii) determine the effect of currency devaluation on the retained earnings of the manufacturing firms in South-East Nigeria; and iii) evaluate the effect of currency devaluation on dividend payment of the manufacturing firms in South-East Nigeria. The quantitative and qualitative were used in collection data. Explanatory mixed method design was adopted in the study. The population of the study include all 845 employees of the manufacturing firms operating in South-East Nigeria. The researcher randomly selected three hundred and fifty three (353) for the purpose of the study. . The pilot study conducted in South-East Nigeria because of its population. 20 copies of the questionnaire were distributed to respondents to pre-test the study schedule to ensure validity. The questionnaire to be returned will be analyzed. The data from the study were analyzed using the SPSS. The study concluded that currency devaluation has an effect on the production, citizens, importation and exportation of goods, economy and the government itself. However, it has been noted that the devaluation of Nigeria's currency was a blessing from inception until the emergence of the democracy era of government. The study recommended that manufacturing sector is an avenue for trade expansion and it is a vital source of innovation and competitiveness and they should make outsized contributions to exports and productivity growth of the economy.*

Keywords: *Devaluation, market share, retained earnings, dividend payment*

INTRODUCTION

1.1 Background of the Study

The emergence of modern states globally and particularly in Africa in the 70s till now which is informed by the democratic wave in the continent confers enormous responsibilities on states irrespective of clime. It is acknowledged that Nigeria, like some other nations is mono-cultural and oil driven and as such not immured from the global crisis as the country is currently caught in the web of exchange rate. It is in a bid to grapple with this reality that Nigeria sees devaluation as the most probable solution each time she is in a financial quagmire. In the words of Adigwe (2013), the role of exchange rate in the economic performance of both developed and developing economies such as Nigeria constitutes one of the greatest macroeconomic policy debates. There is increasing argument among economists and policy makers that while stability in exchange rate promotes growth and improves

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standard of living, misaligned exchange rate hinders export growth and generates macroeconomic instability (Adigwe, 2013). Devaluation of currency is a macro-economic fiscal policy that bothers on deliberate reduction in the value of home currency with the aim of maximizing gain in trade able items (Aiya, 2014). Currency devaluation is a deliberate downward adjustment of the value of a country's currency against another currency. Devaluation is a tool used by monetary authorities to improve the country's trade balance by boosting exports at moments when the trade deficit may become a problem for the economy (Aiya, 2014).

Currency devaluation is a deliberate downward adjustment of the value of a country's currency relative to another currency or standard currency (usually dollars). It is one of the tools of monetary policy to stabilize the economy most especially the less developed ones operating fixed exchange rate or semi-fixed exchange rate. Devaluation increases international competitiveness of domestic industries which leads to diversion of consumption of foreign goods to domestic goods. It is used to encourage exportation, discourage importation and to correct unfavourable balance of payment by making home goods cheaper to foreign countries and foreign goods expensive in the home country. Examining the economy of Nigeria, Parts (2013) observed that external devaluation was not going to work for the economy rather, internal devaluation was adopted coupled with other fiscal policy measures and that is why she had a quick recovery from the recent recession and its economy is in better shape than before the crisis (Kemisola and Jacob, 2014).

After devaluations, the same amount of a foreign currency buys greater quantities of the country's currency than before the devaluation. This means that the country's products and services are likely to be sold at lower prices in foreign markets, making them more competitive. Devaluation usually takes place when a government notices regular capital outflows (or capital flight) from a country, or if there is a significant trade deficit (where the total value of imports outweighs the total value of exports) (Kantox, 2021). Devaluation of currency became popular in Nigeria when Babangida led Administration in 1986 instituted the Structural Adjustment Programme as a policy designed to achieve a realistic exchange rate for the naira that was over-valued. The fall-out of this policy made life difficult for average Nigerian (Aiya, 2014). On this background the study examine the effect of devaluation of Nigeria currency on market share of the manufacturing firms in South-East Nigeria.

1.2 Statement of the Problem

Devaluation of the Nigeria currency raises the price of foreign goods relative to the domestic goods. The government of any country may decide to devalue its currency. One reason a country may devalue its currency is to combat a trade imbalance. Devaluation reduces the cost of a country's exports, rendering them more competitive in the global market, which, in turn, increases the cost of imports.

Ever since world currencies abandoned the gold standard and allowed their exchange rates to float freely against each other, there have been many currency devaluation events that have hurt not only the citizens of the country involved but have also rippled across the globe. Devaluation is a downward adjustment to the country's value of money relative. Therefore, the devaluation of domestic currency can reduce deficits through. As a result, the study encountered many problems, such; poor currency devaluation; poor retained earnings; and poor dividend payment of the manufacturing firms.

However, in response to a devaluation of Nigeria currency, the first line of defense for central banks is to raise some short-term interest rate under their control. The idea is that, by making domestic assets more attractive, higher interest rates should strengthen the currency. The study seek to examine the effect of devaluation of Nigeria currency on market share of the manufacturing firms in South-East, Nigeria.

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1.3 Objectives of the Study

The aim of the study is to examine the effect of devaluation of Nigeria currency on market share of the manufacturing firms in South-East Nigeria. The specific objectives of the study were to;

i. Examine the effect of currency devaluation on the share price of the manufacturing firms in South-East Nigeria.
ii. Determine the effect of currency devaluation on the retained earnings of the manufacturing firms in South-East Nigeria.
iii. Evaluate the effect of currency devaluation on dividend payment of the manufacturing firms in South-East Nigeria.

1.4 Research Questions

i. What is the effect of currency devaluation on the share price of the manufacturing firms in South-East Nigeria?
ii. How does currency devaluation affect retained earnings of the manufacturing firms in South-East Nigeria?
iii. What is the effect of currency devaluation on dividend payment of the manufacturing firms in South-East Nigeria?

1.5 Statement of the Hypotheses

Ho1: Currency devaluation does not have significant effect on the share price of the manufacturing firms in South-East Nigeria.

Ho2: Currency devaluation does not have significant effect on the retained earnings of the manufacturing firms in South-East Nigeria.

Ho3: Currency devaluation does not have significant effect on dividend payment of the manufacturing firms in South-East Nigeria.

REVIEW OF THE RELATED LITERATURE

2.1 Conceptual Framework

2.1.1 Devaluation

Devaluation is the deliberate downward adjustment of the value of a country's money relative to another currency, group of currencies, or currency standard. Countries that have a fixed exchange rate or semi-fixed exchange rate use this monetary policy tool. It is often confused with depreciation and is the opposite of revaluation, which refers to the readjustment of a currency's exchange rate (Majaski and Michael, 2021).A fixed exchange rate is a regime applied by a government or central bank that ties the country's official currency exchange rate to another country's currency or the price of gold. The purpose of a fixed exchange rate system is to keep a currency's value within a narrow band (Majaski and Kelly, 2020). A devaluation means there is a fall in the value of a currency (Tejvan , 2019). The exchange rate is the value of one nation's currency versus the currency of another nation or economic zone (Chen and Scott, 2020). Nigeria adopted the multiple exchange-rate regime to avoid an outright devaluation of the naira but that system sparked criticism from the International Monetary Fund (Emele and Tope, 2021). In macroeconomics and modern monetary policy, devaluation is an official lowering of the value of a country's currency within a fixed exchange-rate system, in which a monetary authority formally sets a lower exchange rate of the national currency in relation to a foreign reference currency or currency basket (Friedenand, 2011). The opposite of devaluation, a change in the exchange rate making the domestic currency more expensive, is called a revaluation. A monetary authority (e.g., a central bank) maintains a fixed value of its currency by being ready to buy or sell foreign currency with the domestic currency at a stated rate; a devaluation is an indication that the monetary authority will buy and sell foreign currency at a lower rate.

Devaluation is most often used in a situation where a currency has a defined value relative to the baseline. Historically, early currencies were typically coins struck from gold or silver by an issuing authority which certified the weight and purity of the precious metal. A government in need of money and short on precious metals might decrease the weight or purity of the coins

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without any announcement, or else decree that the new coins have equal value to the old, thus devaluing the currency. In an open market, the perception that a devaluation is imminent may lead speculators to sell the currency in exchange for the country's foreign reserves, increasing pressure on the issuing country to make an actual devaluation. When speculators buy out all of the foreign reserves, a balance of payments crisis occurs. One reason a country may devalue its currency is to combat a trade imbalance. Devaluation reduces the cost of a country's exports, rendering them more competitive in the global market, which, in turn, increases the cost of imports. If imports are more expensive, domestic consumers are less likely to purchase them, further strengthening domestic businesses. Because exports increase and imports decrease, there is typically a better balance of payments because the trade deficit shrinks. In short, a country that devalues its currency can reduce its deficit because there is greater demand for cheaper exports (Majaski and Michael, 2021).

Devaluation is the deliberate downward adjustment of the value of a country's money relative to another currency, group of currencies, or currency standard. Countries that have a fixed exchange rate or semi-fixed exchange rate use this monetary policy tool. It is often confused with depreciation and is the opposite of revaluation, which refers to the readjustment of a currency's exchange rate (Majaski and Michael, 2021). One reason a country may devalue its currency is to combat a trade imbalance. Devaluation reduces the cost of a country's exports, rendering them more competitive in the global market, which, in turn, increases the cost of imports. If imports are more expensive, domestic consumers are less likely to purchase them, further strengthening domestic businesses. Because exports increase and imports decrease, there is typically a better balance of payments because the trade deficit shrinks. In short, a country that devalues its currency can reduce its deficit because there is greater demand for cheaper exports(Majaski and Michael, 2021).

A devaluation is an indication that the monetary authority will buy and sell foreign currency at a lower rate. However, under a floating exchange rate system (in which exchange rates are determined by market forces acting on the foreign exchange market, and not by government or central bank policy actions), a decrease in a currency's value relative to other major currency benchmarks is instead called depreciation; likewise, an increase in the currency's value is called appreciation. Related but distinct concepts include inflation, which is a market-determined decline in the value of the currency in terms of goods and services (related to its purchasing power). Altering the face value of a currency without reducing its exchange rate is a redenomination, not a devaluation or revaluation (Tejvan, 2019).

2.1.2 Market Share

Market share is the percent of total sales in an industry generated by a particular company. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. This metric is used to give a general idea of the size of a company in relation to its market and its competitors. The market leader in an industry is the company with the largest market share. An industry is a group of companies that are related based on their primary business activities. In modern economies, there are dozens of industry classifications. Industry classifications are typically grouped into larger categories called sectors. Individual companies are generally classified into an industry based on their largest sources of revenue. For example, while an automobile manufacturer might have a financing division that contributes 10% to the firm's overall revenues, the company would be classified in the automaker industry by most classification systems (Mansa and Kenton, 2021). It is now widely recognized that one of the main determinants of business profitability is market share. Under most circumstances, enterprises that have achieved a high share of the markets they serve are considerably

more profitable than their smaller-share rivals. Therefore, market share refers to the portion or percentage of a market earned by a company or an organization. An organizations market share is its portion of total sales in relation to the market or industry in which it operates. To calculate An organizations market share, first determine a period you want to examine. It can be a fiscal quarter, year, or multiple years(Anderson and Adam, 2021). Market share increases can allow a company to achieve greater scale with its operations and improve profitability. A company can try to expand its share of the market, either by lowering prices, using advertising, or introducing new or different products. In addition, it can also grow the size of its market share by appealing to other audiences or demographics. Changes in market share have a larger impact on the performance of companies in mature or cyclical industries where there is low growth. In contrast, changes in market share have less impact on companies in growth industries. In these industries, the total pie is growing, so companies can still be growing sales even if they are losing market share. For companies in this situation, the stock performance is more affected by sales growth and margins than other factors (Anderson and Adam, 2021).

2.1.3 Retained earnings

Retained earnings are an important concept in accounting. The term refers to the historical profits earned by a company, minus any dividends it paid in the past. The word "retained" captures the fact that, because those earnings were not paid out to shareholders as dividends, they were instead retained by the company. For this reason, retained earnings decrease when a company either loses money or pays dividends, and increase when new profits are created (Jason and Janet, 2021). Retained earnings are the cumulative net earnings or profits of a company after accounting for dividend payments. It is also called earnings surplus and represents the reserve money, which is available to the company management for reinvesting back into the business. The decision to retain the earnings or to distribute it among the shareholders is usually left to the company management. However, it can be challenged by the shareholders through a majority vote as they are the real owners of the company. Management and shareholders may like the company to retain the earnings for several different reasons. Being better informed about the market and the company's business, the management may have a high growth project in view, which they may perceive as a candidate to generate substantial returns in the future. In the long run, such initiatives may lead to better returns for the company shareholders instead of that gained from dividend payouts (Jason and Janet, 2021).

The retained earnings balance or accumulated deficit balance is reported in the stockholders' equity section of An organizations balance sheet. A growing company normally avoids dividend payments, so that it can use its retained earnings to fund additional growth of the business in such areas as working capital, capital expenditures, acquisitions, research and development, and marketing. It may also elect to use retained earnings to pay off debt, rather than to pay dividends. Another possibility is that retained earnings may be held in reserve in expectation of future losses, such as from the sale of a subsidiary or the expected outcome of a lawsuit. As a company reaches maturity and its growth slows, it has less need for its retained earnings, and so is more inclined to distribute some portion of it to investors in the form of dividends. The same situation may arise if a company implements strong working capital policies to reduce its cash requirements (Accounting Tool, 2021).

2.1.4 Share Price

A share price – or a stock price – is the amount it would cost to buy one share in a company. The price of a share is not fixed, but fluctuates according to market conditions. It will likely increase if the company is perceived to be doing well, or fall if the company isn't meeting expectations. Initially, share prices are determined through An organizations initial public

offering (IPO), in which the price of one share is set according to the perceived supply of, and demand for, that company's stock (Lo and MacKinlay, 2018). Share prices can be effectively analysed through both technical and fundamental analysis. Technical analysis seeks to assess the future price movements of shares by looking at historical chart data. By studying previous share price trends, technical analysts can often identify whether a stock is about to enter a bullish or bearish trend. There are a number of reasons that organizations want their share prices to rise. For example, a high stock price brings with it a certain amount of prestige and can discourage takeovers.

One way a company can encourage share price growth, is by paying dividends to its shareholders as a reward for their investment. Dividends not only attract new investors, which will increase demand and drive the share price up, but encourage current shareholders to keep their shares rather than selling them. This is good for the company, because selloffs can cause the price of a share to fall as the market adjusts to the increased supply. If a company ever wants its share price to fall – perhaps to make their shares more accessible to investors – then it can issue a stock split. Stock splits will reduce the price of An organizations stock by increasing the supply of shares available on the market. For example, if a company issues a two-for-one stock split, the total number of shares will double, which means that the price of each share will halve. However, stock splits do not mean that the company's market capitalisation will fall, because the reduction in the price of the stock is proportionate to the amount of new stock that has been issued (IG, 2021).

2.1.5 Dividend Payment

A dividend payment is the distribution of a company's profits to its shareholders. Dividends are usually paid in cash but sometimes in company stock, and companies often use them to return profits they don't need for their operations back to investors. A dividend is the distribution of some of a company's earnings to a class of its shareholders, as determined by the company's board of directors. Common shareholders of dividend-paying companies are typically eligible as long as they own the stock before the ex-dividend date. Dividends may be paid out as cash or in the form of additional stock (Adam and Boyle, 2021). Dividends are payments made by publicly-listed companies as a reward to investors for putting their money into the venture. Dividends must be approved by the shareholders through their voting rights. Although cash dividends are the most common, dividends can also be issued as shares of stock or other property. Along with companies, various mutual funds and exchange-traded funds (ETF) also pay dividends. A dividend is a token reward paid to the shareholders for their investment in a company's equity, and it usually originates from the company's net profits. While the major portion of the profits is kept within the company as retained earnings—which represent the money to be used for the company's ongoing and future business activities—the remainder can be allocated to the shareholders as a dividend. At times, companies may still make dividend payments even when they don't make suitable profits (Adam and Boyle, 2021).

2.2 Theoretical Framework

2.2.1 Labour Theory of Value

The labour theory of value (LTV) was an early attempt by economists to explain why goods were exchanged for certain relative prices on the market. LTV theory was developed by David Ricardo in the year 1817. The theory suggested that the value of a commodity was determined by and could be measured objectively by the average number of labour hours necessary to produce it. The labour theory of value (LTV) states that the value of economic goods derives from the amount of labour necessary to produce them. In the labour theory of value, relative prices between goods are explained by and expected to tend toward a "natural price," which reflects the relative amount of labour that goes into producing them. In the labour theory of value, the amount of labour

that goes into producing an economic good is the source of that good's value. The best-known advocates of the labour theory were Adam Smith, David Ricardo, and Karl Marx. Since the 19th century, the labour theory of value has fallen out of favor among most mainstream economists (Robert, 2020). However, Ricardo's labour theory of value holds that the value of a good (how much of another good or service it exchanges for in the market) is proportional to how much labour was required to produce it, including the labour required to produce the raw materials and machinery used in the process. The labour theory of value (LTV) is a theory of value that argues that the economic value of a good or service is determined by the total amount of "socially necessary labour" required to produce it (Vianello, 1987).

2.3 Empirical Framework

2.3.1 The effect of Currency Devaluation on the Share Price of the Manufacturing Firms in South-East, Nigeria

Ogbodo and Osisioma (2020) conducted a study on value relevance of accounting information and share price: an empirical study on manufacturing firms in Awka, Nigeria. The purpose of the study was to assessed the relationship between the value relevance of accounting information and share price with a focus on manufacturing companies listed on the Nigerian Stock Exchange (NSE). The Ex-post facto research design was used. Ordinary Least Square (OLS) regression analysis and Granger Causality test was used to test the hypothesis with the aid of E-View 9.0. The results of this study revealed that there is a significant positive relationship between Dividend per Share and the Share Price. The study concluded that the relationship between value relevance of accounting information and Share Price of manufacturing sector in Nigeria. The study recommended that standard setters, the stock market regulators and listed manufacturing firms in Nigeria should continuously devise ways of improving the quality of accounting information published in financial statements to maintain and increase their value relevance to the investors and other stakeholders.

Adekoya and Fagbohun (2016) carried out a study on Currency Devaluation and Manufacturing Output Growth in Nigeria. The objective of the study was to examine the impact of currency devaluation on manufacturing output growth in Nigeria between 1980 and 2014. The study employs Augmented Dickey Fuller for stationarity test, Engel-Granger cointegration for longrun relationship, ordinary least square for long-run estimate and Granger causality test for causal relationships. The findings reveal that although all the variables are stationary at first difference, a long-run relationship exists between the variables. It further shows that all the variables except import exert positive effect on manufacturing output growth. The result shows that there is a unidirectional causality running from, exchange rate, import and Credit to Private Sector to manufacturing output. The study concludes that both monetary and exchange rate policies in Nigeria were not successful in achieving the growth of the manufacturing sector in Nigeria as expected. The study recommended that there is the need for the review of the current exchange rate policy towards appreciation and a monetary discipline that will restore the value of the naira.

Okaro. (2017) conducted a study on Currency Devaluation and Nigerian Economic Growth (2000-2015).. The objective of the study was to investigate on the effect of currency devaluation on the economic growth of Nigeria. Specific objectives of the study were; to examine the relationship between currency devaluation and the following variables, the real gross domestic product, Nigerian external debt, and private domestic investment in Nigeria. The Ordinary Least Square (OLS) regression method and the computer software application E-views 8.0 were used for the analysis. The result of the analysis which is in line with the a priori expectation shows that: there is a significant relationship between Currency devaluation and real GDP in Nigeria; there is a

significant relationship between Currency devaluation and external debt in Nigeria and there is no significant relationship between Currency devaluation and private domestic investment in Nigeria. Thus currency devaluation reduces importation encourages exportation and increases interest rate. Inflation and unemployment are the side effects of devaluation in the short run. It is recommended that discretionary policies, such as combination of monetary and fiscal measures should be utilized to curb the associated increase in inflation; while currency devaluation should be the last measure to be taken by the Nigerian government to bring the country out of recession.

2.3.2 The effect of Currency Devaluation on the Retained Earnings of the Manufacturing Firms in South-East, Nigeria.

Akinkoye and Seriki (2018) conducted a study on retained earnings and Firms' Market Value: Nigeria Experience. The objective of the study was to examine the effects of retained earnings on market value of listed firms after controlling for earnings per share, dividend pay-out and financial leverage in the context of the Nigerian stock market. The sample data was extracted from 75 non-financial firms listed on the Nigeria stock Market during the period 2003 to 2014. The study adopted descriptive and multiple regression models. The results shows that there is significant relationship between retained earnings, earnings per share, dividend pay-out and value of firms while market value is positively but non-significant associated with financial leverage. The study concluded that dearth of previous research on dividend policy in emerging markets regarding the empirical relationship between retained earnings and market value of firms. The study recommends that they should monitor and ensure that undistributed profit/earnings are judiciously used to create value in return.

Ugah, Uche and Ogbu (2019) carried out a study on effect of retained earnings, dividend payout and total assets on market share price of oil and gas firms in Nigeria. The purpose of the study was to investigate on the relative effects of retained earnings, dividend payout and total assets on market share price of oil and gas firms in Nigeria. The study utilized annual time series secondary data extracted from the annual account and financial statements of the selected oil and gas firms in Nigeria for the period of 18 years (2000-2017). The selected firms were Mobil Oil Nigeria Plc, Oando Oil Plc, Conoil Plc and MRS Oil Nigeria. Ex-post facto research design was adopted while analytical techniques employed were descriptive statistics and Phillips and Hansen (1990) Fully Modified Least Squares (FM-OLS) multiple regression analysis for cointegrating regressions with full rank I(1) regressors. Relevant diagnostic tests such as Levin, Lin & Chu t* panel unit root test, bivariate Pearson correlation and Jarque-Bera normality test were performed. Findings revealed that dividend payout (LDPT) and total assets (LTOA) have significant positive effect on market price of shares (LMSP) of oil and gas firms in Nigeria while retained earnings (LRE) have adverse effect on MSP for the period under review. The study concluded that dividend payout and total assets should be sustained as it will trigger up more patronage to the oil and gas firms. The study recommended that management of the quoted firms should maintain their policies aimed at increasing the dividend payments as this will motivate investors to invest more into the companies and therefore lead to increased profitability.

Adebanjo, Oluwasegun, Adegbola, Festus, Ogunlade, Egbide, Bamidele, Oyinoluwa and Eluyela (2019) carried out a study on Impact of Exchange Rate on the Manufacturing Sector in Nigeria. The objective of the study was to examine the relationship between exchange rate and macroeconomic performance, with respect to manufacturing output and its related variables. This study examined the impact of exchange rates on the performance of the Nigerian manufacturing sector using the independent variables of exchange rates, inflation

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rates, capacity utilization rate, the manufacturing sector's foreign direct investments, and imports over a period of 25 years (1990-2014). Unit Root test, Johansen co-integration test, Granger causality test and Error Correction Model were used to test for stationary, long-run relationship, causal relationship, and the short and long run equilibrium relationship respectively. The empirical results of the study shows that a devaluation of the Naira has a negative impact on the performance of the Nigerian manufacturing sector as it was found that exchange rates has a negative significant relationship, long run relationship and causal relationship with the performance of the sector. It was also ascertained from the results that inflation rates(INF), and capacity utilization rates(CUR) have a positive significant relationship with the performance of the sector, while exchange rates, imports(IMP) and manufacturing foreign direct investment(MFDI) have a negative significant relationship with the performance of the Nigerian manufacturing sector.

2.3.3 The effect of Currency Devaluation on Dividend Payment of the Manufacturing Firms in South-East, Nigeria.

Akinleye and Ademiloye (2018) conducted a study on dividend policy and performance of quoted manufacturing firms in Ekiti State, Nigeria. The objective of the study was to examine the impact of dividend policy on performance of quoted manufacturing firms in Nigeria, with focus on five manufacturing firms including Nestle Nigeria Plc, PZ Cussons Nigeria Plc, Unilever Nigeria Plc, Nigerian Breweries Plc, Seven-Up bottling company Plc. The study covered a period of five years spanning from 2011 to 2015. The study made use of panel data estimation techniques including pooled OLS estimation, fixed effect estimation, random effect estimation, alongside post-estimation test such as restricted F-test and Hausman test. The result revealed that dividend per share exert insignificant positive impact on firms performance measured in terms of return on capital employed; and that the impact of dividend payout ratio on firms performance is negative and insignificant. The study concluded that dividend policy does not play significant role in the determination and/or adjustment of performance of manufacturing firms in Nigeria. The study recommended that management of manufacturing firms should be circumspectto avoid being misguided on the contribution of dividend policy to performance, which could culminate into distribution of larger fraction of their earnings than necessary. Also there is need to design threshold of dividend distribution to avoid eroding fund that can be harness for future finance of the organization.

Akani and Yellowe (2016) carried out a study on Dividend Policy and the Profitability of Selected Quoted Manufacturing Firms in Rivers State, Nigeria: An Empirical Analysis. This paper examined the impact of dividend policy on the profitability of selected quoted manufacturing firms in Nigeria from 1981 – 2014. The objective was to investigate the existing relationship between dividend policy and profitability of the selected quoted manufacturing firms in Nigeria. Time series data were computed from financial statement of the selected quoted manufacturing firms and stock exchange factbook. Return on Investment (ROI) and Net Profit Margin (NPM) were modeled as our dependent variables while Dividend Payout Ratio (DPR), Retention Ratio (RR), Dividend Yield (DY) and Earnings per Share (EPS) were proxied as our independent variables. Multiple regressions with the aid of Statistical Package for Social Sciences Research (SPSS) were used as data analyses techniques. Multi co-linearity, co-linearity, Durbin Watson, F-statistics and regression coefficient were used to determine the dynamic relationship between the variables. Findings revealed that all the independent variables have positive relationship with the dependent variables except dividend yield. The study recommends that operational efficiency of Nigerian financial market should be deepened and management should strengthen its effort for effective dividend policy that will increase

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the profitability of the quoted manufacturing firms Nigeria.

Ogege (2020) conducted a study on the influence of dividend payments on share price in manufacturing firms Quoted on the Lagos State, Nigerian Stock Exchange. The objective of the study was to examine on the influence of dividend payments on the price of share of quoted manufacturing companies in Nigeria employing panel data with 125 data observations spanning from 2014-2018. A purposeful sampling technique was used to select twenty-five manufacturing companies investigated from the Nigerian stock market. A linear regression model was specified and was further broken down into a bivariate regression model and the method of least square regression was adopted for data analysis. The finding shows that, dividend per share has a positive influence on the price of shares of high and low geared manufacturing firms; earnings per shares positively influence the shares price of both dividend and non-dividend paying manufacturing companies; dividend yield show an adverse effect on the share price of new and old manufacturing companies; credit risk was found to positively impact share price of big manufacturing companies, but adversely affect the share price of small manufacturing companies in Nigeria. The study concluded that the outcomes of the analysis, the study therefore recommended that a conducive and favorable business environment should be created by the government for both old and new manufacturing companies in Nigeria to thrive. The study recommended that credit risk should be effectively and efficiently managed by small manufacturing companies in particular in order to eliminate its adverse influence on their share price.

3.0 METHODOLOGY

3.1 Research Design

Explanatory mixed method design was adopted. It consists of first collecting quantitative data and then collecting qualitative data to help explain or elaborate on the quantitative results. The rationale for this approach is that the quantitative data and result provide a general picture of the research problem; more analysis, specifically through qualitative data collection is needed to refine, extend or explain the general picture". In gathering quantitative data, which is the first approach in explanatory mixed method, the opinions of journalists, through survey method (questionnaire), was analyzed. As for the qualitative data, some selected journalists, were interviewed through in-depth interview method, to gather the qualitative data. The interview schedule had related questions to the questionnaire but with follow-ups for clarity and relevant details.

3.2 Method of Data Analysis

The method of data analysis involved the process of data preparation, data tabulation and data presentation and analysis. The preparation and tabulation of data was done using frequency distribution table, which makes use of numbers and percentages. The tables also have their charts equivalent for easy understanding of the data. The tables enabled the researcher to compile, comprehend and interpret mass of data collected from the field. The tables were numbered consecutively throughout the entire report. Both the tables and charts also presented the percentages of the responses.

However, for complex studies with many variables, computer tabulation is quite appropriate and more economical than its manual alternative Asika (2006). The mass of data obtained in this study turned out to be very much and consequently, the computer was used. Asika (2006) assert that the use of computer for data analyses depends on the requirements of the analyses and the computer software which is commonly used in the behavioural sciences is the Statistical Package for Social Sciences - SPSS, because it does virtually all statistical analyses for research. The SPSS will be used applying the Pearson Correlation Tool to analyze the data and hypotheses in this work.

4.0 Data presentation and Analysis

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Table 4.1 Response on whether currency devaluation has any effect on the share price of the manufacturing firms in South-East Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	77	21.8	21.8	21.8
	Agree	177	50.1	50.1	72.0
	Neutral	65	18.4	18.4	90.4
	Disagree	29	8.2	8.2	98.6
	Strongly disagree	5	1.4	1.4	100.0
	Total	353	100.0	100.0	

From table 4.1, 77 respondents representing 21.8 percent strongly agree that currency devaluation has significant effect on the share price of the manufacturing firms in South-East Nigeria. 177 respondents representing 50.1 percent agree, 65 respondents representing 18.4 percent were neutral, 29 respondents representing 8.2 percent disagree while 5 respondents representing 1.4 percent strongly disagree.

Table 4.2: Response on whether currency devaluation has any effect on the retained earnings of the manufacturing firms in South-East Nigeria.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	101	28.6	28.6	28.6
	Agree	127	36.0	36.0	64.6
	Neutral	32	9.1	9.1	73.7
	Disagree	46	13.0	13.0	86.7
	Strongly disagree	47	13.3	13.3	100.0
	Total	353	100.0	100.0	

From table 4.2, 101 respondents representing 28.6 percent strongly agree that currency devaluation has significant effect on the retained earnings of the manufacturing firms in South-East Nigeria**.** 127 respondents representing 36.0 percent agree, 32 respondents representing 9.1 percent were neutral, 46 respondents representing 13.0 percent disagree while 47respondents representing 13.3 percent strongly disagree.

Table 4.3 Response on whether currency devaluation has any effect on dividend payment of the manufacturing firms in South-East Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	77	21.8	21.8	21.8
	Agree	177	50.1	50.1	72.0
	Neutral	65	18.4	18.4	90.4
	Disagree	29	8.2	8.2	98.6
	Strongly disagree	5	1.4	1.4	100.0
	Total	353	100.0	100.0	

From table 4.3, 77 respondents representing 21.8 percent strongly agree that currency devaluation has effect on dividend payment of the manufacturing firms in South-East Nigeria. 177 respondents representing 50.1 percent agree, 65 respondents representing 18.4 percent were neutral, 29 respondents representing 8.2 percent disagree while 5 respondents representing 1.4 percent strongly disagree

Test of Hypotheses

Hypotheses One

Ho: Currency devaluation does not have significant effect on the share price of the manufacturing firms in South-East Nigeria.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.945[a]	.893	.892	.16980

a. Predictors: (Constant), CRD, EXPR,IMPR

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	83.615	4	20.904	724.975	.000[b]
	Residual	10.034	348	.029		
	Total	93.649	352			

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a. Dependent Variable: SP.
b. Predictors: (Constant), CRD, EXPR,IMPR

Where:

SP = Share Price

IMPR = Import Rate
EXPR = Export Rate
CRD = Currency devaluation

Statistical criteria {first order test}

Coefficient of multiple determinants {r^2}

The R^2 {R-Squared} which measures the overall goodness of fit of the entire regression, shows the value as .893 and adjusted to .892. This means that R^2 accounts for 89.3 percent approximately 89 percent. This indicates that the independent variables accounts for about 89 percent of the variation in the dependent variable. Which shows goodness of fit? From the result, f-calculated {724.975} is greater that the f-tabulated {2.7858}, that is, f-cal> f-tab. Hence, we reject the null hypothesis {H0} and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that Currency devaluation has significant effect on the share price of the manufacturing firms in South-East Nigeria.

Hypotheses Two

Ho: Currency devaluation does not have significant effect on the retained earnings of the manufacturing firms in South-East Nigeria.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.943[a]	.889	.888	.17595

a. Predictors: (Constant),TIB,TAC,THD,TEA

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	86.650	4	21.663	699.755	.000[b]
	Residual	10.773	348	.031		
	Total	97.423	352			

Dependent Variable: RE.
Predictors: (Constant), CRD, EXPR,IMPR

Where:

RE = Retain Earnings

IMPR = Import Rate
EXPR = Export Rate
CRD = Currency devaluation

Statistical criteria {first order test}

Coefficient of multiple determinants {r^2}

The R^2 {R-Squared} which measures the overall goodness of fit of the entire regression, shows the value as .889 and adjusted to .888. This means that R^2 accounts for 88.8 percent approximately 89 percent. This indicates that the independent variables accounts for about 89 percent of the variation in the dependent variable. Which shows goodness of fit? From the result, f-calculated {699.755} is greater that the f-tabulated {2.7858}, that is, f-cal> f-tab. Hence, we reject the null hypothesis {H0} and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that currency devaluation has significant effect on the retained earnings of the manufacturing firms in South-East Nigeria.

Hypotheses Three

Ho: Currency devaluation does not have significant effect on dividend payment of the manufacturing firms in South-East Nigeria.

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Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.945[a]	.893	.892	.16980

a. Predictors: (Constant), CRD, EXPR,IMPR

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	83.615	4	20.904	724.975	.000[b]
	Residual	10.034	348	.029		
	Total	93.649	352			

c. Dependent Variable: DP.
d. Predictors: (Constant), CRD, EXPR,IMPR

Where:

DP = Dividend payment

IMPR = Import Rate
EXPR = Export Rate
CRD = Currency devaluation

Statistical criteria {first order test}

Coefficient of multiple determinants {r^2}

The R^2 {R-Squared} which measures the overall goodness of fit of the entire regression, shows the value as .893 and adjusted to .892. This means that R^2 accounts for 89.3 percent approximately 89 percent. This indicates that the independent variables accounts for about 89 percent of the variation in the dependent variable. Which shows goodness of fit? From the result, f-calculated {724.975} is greater that the f-tabulated {2.7858}, that is, f-cal> f-tab. Hence, we reject the null hypothesis {H0} and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that currency devaluation has significant effect on dividend payment of the manufacturing firms in South-East Nigeria

Discussion of findings

In the finding of hypothesis one, the results showed that (r = 0.425**) between currency devaluation and share price of manufacturing firms in South-East Nigeria is significant and positive at the 0.05 level, the correlation (r = 0.373*) between currency devaluation and share price of the manufacturing firms in South-East Nigeria is moderately significant and positive at the 0.05 level, among others. This assertion was supported from the result of hypotheses one, the R^2 accounts for 89.2 percent approximately 94 percent and f-calculated {724.975} is greater that the f-tabulated {2.7858}, that is, f-cal> f-tab. In support of study, Ogbodo *et al.*, (2020) examined the value relevance of accounting information and share price of the manufacturing firms. This implies that currency devaluation has significant effect on the share price of the manufacturing firms in South-East Nigeria.

From the result of hypotheses two, the R^2 accounts for 88.9 percent approximately 89 percent and f-calculated {699.775} is greater that the f-tabulated {2.7858}, that is, f-cal> f-tab. This implies that currency devaluation has significant effect on the retained earnings of the manufacturing firms in South-East Nigeria. The result was supported by Akinkoye *et al.*, (2018) examined on the retained earnings and Firms' Market Value: Nigeria Experience. The result of the analysis revealed that currency devaluation has significant effect on the retained earnings of the manufacturing firms in South-East Nigeria.

In the review of hypothesis three, Ogege (2020) evaluate on the influence of dividend payments on share price in manufacturing firms. the results showed that (r = 0.425**) between Currency devaluation and share price of manufacturing firms in South-East Nigeria is significant and positive at the 0.05 level, the correlation (r = 0.373*) between currency devaluation and dividend payment of the manufacturing firms in South-East

Nigeria is moderately significant and positive at the 0.05 level, among others. This assertion was supported from the result of hypotheses one, the R^2 accounts for 89.2 percent approximately 94 percent and f-calculated {724.975} is greater that the f-tabulated {2.7858}, that is, f-cal> f-tab. The finding shows that currency devaluation has significant effect on dividend payment of the manufacturing firms in South-East Nigeria.

Conclusion

Based on the summary of the review, Nigeria has experiencing the balance of payment shortfall and has to adopt both short and long term measures to correct the disequilibrium and one of the measures is to be devalue the nation's currency related to another nation's currency, group of currencies or standard. Therefore, in conclusion, currency devaluation has significant effect on the retained earnings; currency devaluation has significant effect on dividend payment; and currency devaluation has significant effect on the share price of the manufacturing firms in South-East Nigeria. Devaluation of currency has a significant relationship or role to the development of a nation's economy. It should be noted that currency devaluation has an effect on the production, citizens, importation and exportation of goods, economy and the government itself. However, it has been noted that the devaluation of Nigeria's currency was a blessing from inception until the emergence of the democracy era of government.

Recommendations

The following recommendations were made:

1. Government has a major role to play both diversifying the economy and striking a balance to the tears and heart break caused over the years to investors cum manufacturers by the existence of currency devaluation.
2. The government (State and federal) should have a decent and conducive infrastructural plan that attracts the foreign investors around the global.
3. The manufacturing sector is an avenue for trade expansion and it is a vital source of innovation and competitiveness and they should make outsized contributions to exports and productivity growth of the economy. Their products and services should be attracting foreign markets and global attention. Enough of outdated non competitive ideas that have made them to be global laggers. They should be bearish in innovative outputs and thus globally competitive.
4. Finally, the monetary policy authorities should be proactive to global and local indices that can easily affect the devaluation of the currency.

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