

EFFECT OF FINANCIAL VARIABLES ON THE SHARE PRICES OF OIL AND GAS FIRMS IN NIGERIA

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ABSTRACT *The study has appraised the effect of financial variables on share price in Nigeria Oil and Gas industry. The independent variables were measured using Firms' Assets, Firms' Leverage and Profit after Tax. Share price is the dependent variable.. The research adopted ex-post-facto research design as secondary data were used for the analysis. Data were sourced from the annual reports and accounts. The study covered ten year period (2007-2016). Time series data were analyzed using the simple linear regression. The result reveals that Firms Size and PAT have positive and insignificant effect on Share Price while Firms' Leverage has a negative and insignificant effect on Share Price of Oil and Gas firms. The study therefore recommends that policies be put in place to*

check the variability of shares as this does not allow investors make better decision.

Keywords: Financial Factors, Share Prices, Oil

and Gas Firms, Nigeria

INTRODUCTION Background of the Study

Firms usually have their share prices reflecting the performance indicators of organization, fallout of forces of demand and supply or effect of micro and macro economic factors.

Following from these the investors wish to get updates of the performance of any business they have invested in. The prices investors put on firms also depict the place or level of confidence the investors on the ability of the firm to maintain sustainable earnings over a period of time.

To this effect Kiriu, Wawire and Onono (2013) submit that the capital market which is a platform that oversees the trading in stock and indirectly the determination of share prices plays a major role in enhancing the efficiency of capital formation and allocation. Firms with good performance indicators always attract the attention of investors. Share price reflects basically the performance of the organization as well as the level of confidence which the public as reposed on the firm to this extent, share price of any company increase as a result of good performance but a downward movement shows poor performance and loss of public confidence in the organization. Therefore showing the overall health status of the firms and even the economy in which they exist. According to Ashaolu and Ogunmuyinwa (2010) the development of capital market is essential for economic growth.

To say the least the global economic in 2008 down 2012 constituted a major blow on firms' share prices eroding more than 75% of the market capitalization of quoted firms in Nigerian Stock Exchange. The all share index all through the period traded downwards. Other market indicators also experienced a downward movement. This scenario led firms to lose its capital with huge investor funds lost in the process. Scholars have argued that factors such as asset values have argued that both internal and external factors determine increases or decreases in share capital, others insist that it is only internal factors that determine increases and decreases in price in share capital. Others argue that only the external factors determine the changes in prices of share capital. The other school of thought submits that change in share prices is a function of demand and supply.

According to Kiriu, Wawire and Onono(2014), stock prices and in fact stock returns are generally believed to be determined by some fundamental macroeconomic variables such as interest rate, money supply, inflation, exchange rate and GDP.

It is in the light of this that this paper has empirically appraised the financial factors that affect the share prices using the oil and gas firms in Nigeria.

Statement of the Problem

The oil business is often very turbulent and more as the oil firms business in Nigeria is seems highly unpredictable. Investors often hinge their decisions on the prices on shares on number of factors. These factors may include profits after tax, the size of the firm, the age of the firm and other factors. Many also argue that inflation and total asset value could play a very significant role in

the determination of changes in share price. Some have argued that stability in the sector is very key in the determination of changes in share price. The study of Elly and Oriwo,(2013) aver that some economic forces ranging from interest rates, Treasury bill rates influenced expected dividends and discount rate , thus stock prices and hence stock returns are systematically affected by economic variables.

These factor can also be attributable to the bubbles and often associated crisis and volatility in the stock prices(Odhiambo, 2012), Al-tamini(2007) submits that the cause of increase or decrease in demand for a particular stock is determined by the firms' fundamental, external factors and market behavior. Firm size has also been identified and argued to deter the changes in stock price. Scholars such as Banz (1981) and Basu (1983) argue that small size firms are generally riskier than large size firm and hence deserves higher returns. This study shows that that negative relationship is observed between size and return other things being equal, thus market value of the equity e will be pushed down in order to provide higher expected returns.

It is against this seemingly unending submission that this study has x/rayed the factors that determine changes in share price of oil and gas firms in Nigeria.

Objectives of the study

The broad objective of this study is to appraise the effect of financial variables on the share price using the oil and gas firms of Nigeria. The specific objectives of the study are:

- a. To ascertain the effect of Firms' Size on Share Price of Oil and Gas Firms in Nigeria.
- b. To appraise the effect of Firms' Leverage on Share Price of Oil and Gas Firms in Nigeria.
- c. To appraise the effect of Firms' Profits after Tax on Share Price of Oil and Gas Firms in Nigeria.

Research Questions

The following research questions are formulated to guide this study:

- a. What is the effect of Firm Size on Share price changes of Oil and Gas firms in Nigeria?
- b. How does Firms' Leverage affect Share price of oil and gas firms in Nigeria?
- c. How does Profit after Tax affect share price of oil and gas firms in Nigeria?

Research Hypotheses

The following null hypotheses were formulated for this study:

- a. Firms' Size has no significant effect on share prices of oil and gas firms in Nigeria.
- b. Firms' Leverage do not significantly affect share prices of oil and gas firms in Nigeria
- c. Profit after Tax has no significant effect on share price of oil and gas firms changes in Nigeria?

REVIEW OF RELATED LITERATURE

CONCEPTUAL FRAMEWORK

Financial Factors: These are factors which are considered worth affecting the share price of firms. In this study such as factors are, Profit After Tax, Firm size and Leverage.

Firms' Size : The total asset defines the firm size. The entire assets which the firm have been employed in its operation for a financial year. Firm size is defined as the value of the asset which the company has at any particular time. According to Frank,(2013) the proxy for firm size is total asset. Firm size is one of the most influential characteristics in organizational studies, Chen and Hambrick (2002). Mintzberg (2003) provide a summary and overview of the importance of firm size. Firm size has also been shown to be related to industry- sunk costs, concentration, vertical integration and overall industry profitability (Dean et al., 2010). Larger life insurance companies are more likely to have more layers of management, greater number of departments, increased specialization of skills and functions, greater centralization and greater bureaucracy than smaller life insurance companies (Daft, 2011).

Firms' Leverage:

Firm leverage is the degree to which a company uses fixed-income securities, such as debt and preferred equity. With a high degree of financial leverage come high interest payments Emekekwe(2016). Damoni, Khanagha, and Kaffash, (2013), in Alor(2017) posits that financial Leverage is a measure of how much firms use equity and debt to finance its assets. A company can finance its investments by

debt and equity. The company may also use preference capital. Raza (2013) stated, that for enrichment of high market value, firms and investors use different amalgamations of financial tools of debt and equity. Financial management make capital structure decisions to enhance returns of the firms in the area of corporate finance. The basic responsibility of corporate financial managers is to boost up the property of participators, raise of investment and capital should be reduced (Berger and Patti, 2006). The rate employed by a company is intended to earn more on the fixed charges funds than their costs. As debt increases, financial leverage increases. Financial Leverage affects profit after tax or earnings per share. the combined effects of two Leverages can be quite significant for the earnings available to ordinary shareholders (Pandey, 2010).

Profit After Tax

Profit after tax is defined as operating profit after tax. Profit explains that percentage of the amount which is generated based on the business after the organization had paid tax. It defines that aspect of the earnings which can be considered as available to the true owners of the business which are the shareholders, Emekekwe(2016).

Share Price:

This is price at which the ordinary shares of an organization are trading at any particular point. Share price is often volatile since it is largely dependent on the expectations of buyers and sellers. For the purposes of this research the closing prices of shares are taken to define share price, Menaje(2012). The volatility of stock returns represents the variability of changes during a period. The relationship between stock prices and macroeconomic variables is well illustrated by the

theoretical stock valuation models. According to the models, the current prices of an equity share is approximately equal to the present value of all future cash flows, hence any macroeconomic variable that affect cash flow and the required rate of returns leads to rise in risk and the investors may think of switching their investment to less risky portfolios like bonds.

Variables determining share prices changes include accounting fundamentals such as leverage ratio, profitability and market capitalization. Investors more often than not employ accounting fundamentals (firm specific ratios) which serve as a predictor of stock market returns since it gives highlights to the likely future returns. According to Dehnari and Hajighasemi(2012), investors aim at maximizing their yield and they are very eager to predict the firm stock returns in which they invest.

Theoretical Framework:

Below are some of the theories reviewed and which are considered relevant to this study.

Efficient Market Theory

The hypothesis was developed by Professor Eugene Fama in 1960. According to efficient market theory, stock market reacts very quickly to new information, so at any given time the market contains the sum of all investors' views of the market. In finance, the efficient-market hypothesis (EMH) asserts that financial markets are "informationally efficient". In consequence of this, one may not consistently achieve returns in excess of average market returns on a risk-adjusted

basis, given the information available at the time the investment is made.

The efficient market theory was widely accepted by academic financial economists in influential survey article titled “Efficient Capital Markets, Fama (1970). It was generally believed that securities markets were extremely efficient in reflecting information about individual stocks and about the stock market as a whole. The accepted view was that when information arises, the news spreads very quickly and is incorporated into the prices of securities without delay (Malkiel, 2003). Malkiel argued that the study of past stock prices in an attempt to predict future stock or equity prices, or the analysis of accounting information such as return on assets, return on equity, company earnings and asset values to help investors select blue chip stocks, would guide an investor in achieving level of earnings higher than those that could be obtained by holding a randomly selected investment portfolio, at least not with the same level of risk exposure.

Arbitrage Pricing Theory: This theory was propounded by Ross(1976). The theory employed statistical tools and initiated the use of variables without the need of prespecification of variables in determination of stock returns. This was closely modified but Chen, Roll and Ross (1986). The theory employed specific macro-economic factors for proxies for unidentified variables in the APT. The study attempted to express the equity returns as a function of macro-economic variables.

Empirical Review:

Below are the empirical reviews on this study.

They are done in

Effect of Firms Size on Share Price

Dogan (2013) found that firm size and liquidity was positively related to profitability as measured by ROA and leverage and firm age were negatively related to profitability measured by ROA.

Rizki (2013) conducted a study on the effect of firm characteristics, financial performance and environmental performance on corporate social responsibility disclosure intensity of manufacturing firms listed in the Indonesia Stock Exchange. The object of this study is the manufacturing companies listed in the Indonesia Stock Exchange during the period 2007-2011. Purposive sampling was used to choose population in this case manufacturing firms. Based on the criteria of determination of samples obtained 16 companies. Research variables which include firm size, the size of the board of commissioners, Return on Assets (ROA), Earning per Share (EPS), Debt to Equity Ratio (DER), environmental performance, and corporate social responsibility disclosure were estimated using standard formula. Data were analyzed using multiple linear regression analysis. The results showed that the characteristics of the firm (firm size, size of the board of commissioners), the financial performance of the firm (ROA, EPS, leverage) and environmental performance simultaneously influence the corporate social responsibility disclosure intensity. Only three variables (EPS, leverage and environmental performance) that partially affect corporate social responsibility disclosure intensity. Environmental performance is the most dominant variable in affecting the intensity of disclosure implementation of corporate social responsibility.

Sidra and Attiya (2013), conducted a study on Determinants of financial performance of a firm: Case of Pakistani stock market. This work examines the possible association between financial performance of the firm and economic indicators, corporate governance, ownership structure, capital structure, and risk management. It is also one of the very few examples, which attempts to test various determinant of firm performance in context of developing market (Pakistan).

Yildirim, Yavuz and Ibrahim (2013) conducted a study on the effect of firm characteristics in accessing credit for SMEs. They asserted that small and medium-sized enterprises (SMEs) play an important role in socioeconomic development. Despite their significance, the failure rate for SMEs is considerably high, especially in developing economies. Among the widely pronounced reasons for the high failure rate is nonavailability of external financing. This study examines various firm attributes that affect access to credit using a sample of 970 SMEs that operate across nine provinces of Mediterranean and Southeast Anatolia regions in Turkey. The results suggest that asset size, sales volume and stability, export rate, and legal form are important determinants of satisfaction with bank products and services. These results are consistent with the hypothesis that larger firms with high and stable sales revenues are more likely to have better access to and therefore benefit more from credit services offered by their local banks.

Tahir, Sabir, Alam and Ismail (2013) investigated the impact of firm's characteristics on stock return: a case of non-financial listed companies in Pakistan. They asserted that the unique

characteristics of the firms have some power to predict the expected returns. This study was conducted with an attempt to bridge the gap in the literature by offering empirical evidence about firm's characteristics and their effect to stock returns. The secondary data of 307 Nonfinancial companies listed in Karachi Stock Exchange (KSE) were collected from the B-Recorder and Basic Balance Sheet Analysis (BBA) issued by the State Bank of Pakistan for the period from 2000 to 2012. Market Capitalization (MC), sales Growth (SG), Earnings per Share (EPS) and Book to Market value (BMV) were taken as independent variables while Stock Market Returns as dependent variable. First two independent variables were used as proxies for size effect while later as value effect. Economic techniques like Correlation Matrix, Multiple regression analysis, Unit root test and Granger Causality were applied for empirical testing of the data. Results revealed that MC, EPS and BTM value had significant impact while sales growth had no effect on stock market returns.

[Effect of Leverage on Share Price](#)

Inyama and Obeta(2016). This study investigated the effect of company characteristics on the financial leverage of the Agro-allied Firms in Nigeria. The research was an ex post facto research which made use of secondary data covering the period 2005 to 2015. Descriptive statistics and graphical representation was employed to check for the trends, linearity or otherwise of the data. Regression model was applied in determining the extent of the effect exerted on financial leverage by return on equity, firms listing age and firm's size or total asset of the sampled listed agro-allied

firms in Nigeria. The main theories that underpinned the research were *the; Trade-Off Theory and the Pecking Order Theory*. The result of the analysis shows that return on equity has a significant but negative effect on debt to equity ratio of the sampled agro-allied firms in Nigeria. Based on the findings, the study also shows that total asset has a significant and positive effect on debt to equity ratio of the sampled agro-allied firms in Nigeria. The study also shows that total asset has a positive and strong effect on Debt-Equity ratio of the sampled agro-allied firms in Nigeria. This study also confirmed that Firm's

Age has a positive and strong effect on DebtEquity ratio of the sampled Agro-allied Firms in Nigeria. Based on the findings, the study concluded that return on equity is an important negative predictor of financial leverage measured in terms of debt to equity ratio.

Mirzaei, Moeinnaldin and Heirany (2013) studied information value of fundamental accounting variables in asymmetric information environment. The study investigated the relationship between operating profit and operating cash flow with reaction of investors' under conditions of information asymmetry. The variables adopted included your operating profit changes and cashflow changes as independent variable and changes in stock price as dependent variable. The study populations were the firms quoted Tehram Stock Exchange and sample consisted of 97 firms that were selected using system deletion method. Applied research and descriptive/correlation research methods were used in terms of objective and performance. Multiple regressions were used for data analysis based on the panel data. The result show theta the effect of

operating profit and no effect of operating cash flows on investors reaction.

Almumani (2014) tries to identify the quantitative factors that influence share prices for the listed banks in Amman Stock Exchange. Individual and combined effects of explanatory variables on the dependant variables was measured using ratio analysis, correlation and linear multiple regression models. The empirical findings show that, there is a positive correlation between PE (correlation coefficient =.81) and dependent variable MPS.

Selahattin and Aynur (2014) conducted a study on Equity Returns, Firm-Specific Characteristics and Sector Rotation: Evidence from Turkey. The study examines the firmspecific characteristics that effect on equity returns depending on sector rotation scheme throughout four financial cycle stages for an important emerging market, Turkey. For this purpose, using panel data for twenty-five nonfinancial equities selected from ISE-100 companies and twenty-six firm-specific characteristics in 2005Q1-2011Q1 it is analysed empirically whether firm-specific factors that effect on equity returns differ among equity groups classified by sector rotation scheme throughout financial cycle stages. The firm-specific characteristics have been reduced in five factor indexes which labelled liquidity, profitability, efficiency, growth, and valuation using factor analysis. Our finding shows that the factors that effect on equity returns differ among their belonging industries' sensitivity to business cycle.

Robert, Mohamed and Onesmus (2015) explored the effect of corporate size on profitability and market value of listed firms in Kenya. Data for companies which

were active in the Nairobi stock Exchange (NSE) between 2010 to 2014 were used. Panel correlation and multiple regression methods were used in the empirical estimations. Result indicates that there is a position significant relationship between firm size and profitability, whereas firm size insignificantly position predicts profitability. In addition, the result shows that corporate size has no statically significant impact on firm market value.

Mirie and Murigu (2015) conducted a study on The Determinants of Financial Performance in General Insurance Companies in Kenya. The study adopted a descriptive research design.

The contribution of the general insurance industry in Kenya to the gross domestic product is at 2.08%. This is low and hence the need to establish factors that can influence improved performance of some of the key players – the general insurance companies. The study was therefore to establish the factors that affect the profitability of general insurers in Kenya. The study employed multiple linear regression, with return on assets as the dependent variable, and considered all the general insurance companies in Kenya for the period 2009-2012. Profitability was positively related to leverage, equity capital, management competence index and negatively related to size and ownership structure. The study did not find a relationship between performance and retention ratio, liquidity, underwriting risk and age.

Ibrahim and Hussaini (2015) conducted a study on Firms' Specific Characteristics and Stock Market Returns (Evidence from Listed Food and beverages Firms in Nigeria). The data for the study was purely

from secondary sources obtained from the annual reports of the sampled firms as well as NSE fact book. Data was analyzed using several options of multiple panel data regression. But the most robust of all is OLS regression as suggested by 'Breusch and Pagan Lagrangian Multiplier Test for Random Effect'. The study adopted both correlation and ex-post facto research design. Because of the mix of opinion in the literature, the mix of empirical findings, and the limited empirical works on the relationship between firms' specific characteristics and Stock Market Returns particularly with reference to listed food and beverages firms in Nigeria, it is not out of place to conduct further research on this area to ascertain position. The findings revealed that Market Capitalization has a significant negative impact on Stock Market Returns of listed food and beverages firms in Nigeria; while the impact of Debt-to-Equity Financing and Earnings per Share on Stock Market Returns are found to be positive and statistically significant.

Osunsan, Nowak, Mabonga, Pule, Kibiroge, and Baliruno (2015) examined the effect of firm age on the performance of firm's operation in Kampala, Uganda using both financial (net profit before tax) and nonfinancial (operational) performance indicators. Data were collected from a sample of 409 firms. Two hypotheses were formulated for the study, namely: (i) There is a significant difference between firm age and the level of performance (ii) There is a significant position relationship between firm age and performance. ANOVA and regression analysis were used to test the hypothesis. Both hypotheses were accepted after the analysis implying that firm age has a strong positive relationship on firm performance. The study also found that

both financial and non-financial indicators could be used as effective measures of performance suggestion was made that emphasis should not only be placed on starting up, but also on the sustainability and longevity of the firms that are operational in Kampala, Uganda.

Rafiq, Salim and Smyth (2015) examined the impact of research and development (R&D) on the profitability and sales of mining firms, in China and United States (US) and the moderating effect of firm age. Panel data were obtained from a combined 168 major US and Chinese mining firms from 2009 to 2013. Coarsened Exact Matching (CEM) method was used in analyzing the collected data. The result suggests that R&D activities play a significant role in increasing sales and generating profits for both US and Chinese mining firms. On average, a firm engaging in R&D activities earns 4% to 11% higher sales and generates 4% to 13% more profits than firms that do not engage in R&D activities. Result also shows that R&D is negatively related to profit and sales in the relatively younger Chinese mining firms. Firm age moderates the relationship between R&D activities and financial performance. In general, a comparatively mature R&D active firm earns 4.4% more profit and generates 7.2% more sales than a younger non-innovative firm. We find that the turning point at which R&D activities switch from making a negative, contribution to profit and sales is 37 years, respectively.

Leite and Carvalho (2016) investigated the relationship between firm ages, value, and performance and to verify if age affect their corporate governance in Brazil. Data were obtained from 2002 to 2009. Return on Asset (ROA) and the price – to –Book

(P/B) were used as proxies for firm performance and value, respectively. These two variables were tested separately with the objective to confirm the influence of aging in the performance and value of the firms. To measure the quality of governance, we used the corporate governance index (CGI) of Carvalho and Leal (2005) and the listing on BM &FBovespa's New Market (NM). A panel regressions analysis was applied on the data collected from the 250 firms from 2002 to 2009. Result shows that older firms show higher value and better on their investments. It was also observed that older firms show better governance practices.

Chuke, Idam, Bamidele, and Sergius (2016) in their study on The Impact of Debt Structure On Firm Performance: Empirical Evidence from Nigerian Quoted Firms, provides an empirical investigation of the impact of debt structure on the performance of Nigerian quoted firms. It was conducted using 12-year annualized panel data spanning the period 2001-2012 for cross section of 43 firms from different sectorial classifications. The data were collated from the annual reports of the sampled firms and Nigeria Stock Exchange fact book. The study employed three regression estimations (Pooled OLS, Fixed Effects and Random Effects) as a result of unobserved heterogeneity in the dataset. The outcome from the regression estimations showed that debt structure has negative and significant impact on the performance of Nigerian quoted firms within the period under review. The study concludes that debt structure contribute negatively to performance of Nigerian quoted firms, thereby agree with pecking order theory.

Solakoglu (2016) in his research on the role of firm characteristics on the relationship between gender diversity and firm performance. The purpose of this paper is to understand the effect of gender diversity on firm performance and evaluate how that relationship is influenced by some firm-specific factors for firms in an emerging market. The author collected firm level financial data and firm level characteristics for the firms listed in BIST100 index of Borsa Istanbul for the period between 2002 and 2006. Due to endogeneity of gender diversity and firm performance, the authors utilize unbalanced panel data with 2SLS specification. To observe the sensitivity of results across measures of performance, three measures of performance, two accounting-based and one market-based, are utilized. The study finds some weak evidence that gender diversity impacts firm performance. In particular, the findings imply significant association between gender diversity and firm performance for firms that are targeting local markets, for firms in the financial sector and for firms that are family or block-owned.

Amahalu and Ezechukwu (2017) conducted a study on the **effect of firm characteristics on financial performance of quoted deposit money banks in Nigeria**. This study assesses the extent at which firm characteristics affects financial performance of quoted deposit money banks in Nigeria from 2010-2015. Three hypotheses were formulated in line with the objective of the study. Ex-post facto research design and time-series data were adopted and the data for the study were obtained from Fact books, annual reports and account of the quoted banks under study. Pearson coefficient of correlation and ordinary least square (OLS) were applied to test the three hypotheses

formulated with aid of STATA 13 statistical software. Findings showed that firm characteristics (proxy by Size) have a positive and statistically significant effect on financial performance (proxy by Return on Asset, Return on Equity and Return on Capital Employed) at 5% significant level.

Pervan, Pervan and Curak (2017) examined the influence of age on firm performance from Croatian food industry. Data were collected from a sample of 956 firms in the Croatian food industry during the 2005-2014 periods. Data were collected from the AMADEUS data base compiled by Bureau van Dijk Since

AMADEUS provides information at the 4-digit (NACE Rev.2) level, the sample was created by including all firms recorded in any 4-digit (NACE Rev.2) food processing industry (categories between NACE -1011 and NACE 1099) Dynamic panel analysis was applied on the collected data. The result shows that age negatively affects firm's performance. As firms get older, benefits of their accumulated knowledge in all crucial aspects of business (technology, supply, channels, customer's relations, human capital and financing costs) become overcome with their inertial, inflexibility and ossified by accumulated rules, routines and organizational structure. Beside firm's age, other firm's special factors influencing profitability of the firms operating in Croatian food industry including size, liquidity and solvency.

Effect of Profit after Tax on Share Price

Ekwe and Inyama (2014) evaluated the cointegration, magnitude and strength of the relationships between corporate retentions as proxied by retained earnings and some key financial performance indicators, in the Nigeria manufacturing industry using the Brewery subsector as a

focal point. The ex- post facto research designed which made use of secondary data obtained from annual reports and accounts of the two market leaders in the sector: Nigeria Breweries Plc and Guinness Nigeria Plc, from year 2000 to 2013.

Kiri, Wawire and Onono(2014) in a study titled macroeconomic variables, volatility and stock market returns: a case of Nairobi Securities Exchange, Kenya. The study examined relationship between GDP, Treasury Bill rate, exchange rate, inflation and stock market return in NSE. The study determines the response determines the response of the stock returns to a shock in each macro-economic variables. Data were secondary data. Threshold Generalized Autoregressive Conditional Herteroscendasticity model was used to capture the leverage effect and volatility persistence at the NSE. Published time series quarterly data from 2000-2012 was sourced from CBN Kenya. The study revealed that exchange rate showed a significant relationship with stock returns. The result of showed that exchange rate was negative but eventually reverted back to equilibrium thereafter. Exchange rate , GDP and Treasury bill rate revealed that the impact of news was asymmetric and there was presence of leverage effects and there was presence of leverage effect.

Umar and Musa (2013) studied the relationship between stock prices and firm earning per share (EPS) from 2005 to 2009 employing a simple linear regression model on a panel of 140 Nigerian firms from a total population of 216 firms' operated in Nigerian Stock Exchange (NSE). The study found that an insignificant relationship

exists between stock prices and firm EPS in Nigeria. They emphasized that firm EPS has no predictive power on stock prices and suggested that firm EPS should not be relied upon for the prediction of the behaviour of stock prices in Nigeria.

2.4 Summary of Empirical Review

Author(s)	Year of Study	Title of the Study	Country	Methodology	Findings
Muradoglu, Metin, Argac	2001	The long run relationship between stock returns and monetary variables evidence from an emerging market	Nigeria	Ex post facto Research Design; Regression analysis	The study submits that stocks returns are generally believed to be determined by some fundamental macro-economic variables such as interest rates, money supply, inflation, exchange rate and GDP.

Ekwe and Inyama	2014	relationships between corporate retentions as proxied by retained earnings and some key financial performance indicators, in the Nigeria manufacturing industry using the Brewery sub-sector as a focal point.		<i>Ex post facto</i> Research Design;	Regression analysis; The ex - post facto research designed which made use of secondary data obtained from annual reports and accounts of the two market leaders in the sector: Nigeria Breweries Plc and Guinness Nigeria Plc, from year 2000 to 2013.
Mirzaei, Moeinnaldin and Heirany	2013	studied information value of fundamental accounting variables in asymmetric information environment	Tehran ; Iran	<i>Ex post facto</i> Research Design; Regression analysis	Applied descriptive research were used objective performance. Multiple were used analysis panel data show the of operation and no effect operating on investment
Inyama and Nwoha,	2014	investigated on the relationship between macroeconomic variables and the movement of share prices in Nigeria brewery industry.	Nigeria	<i>Ex post facto</i> Research Design; Regression analysis; the largest beer producing brewery firm in Nigeria	that positive insignificant between share prices and inflationary GDP and earnings while a negative insignificant found between and interest only 13% of in share

Okafor and Mgbame	2011	Relevance dividend policy and share price volatility in Nigeria.	Nigeria	<i>Ex post facto</i> Research Design: Regression analysis; a multiple regression analysis is used to explore the association between share price changes and both dividend yield and dividend payout ratio.	Dividend policy, dividend yield showed a general negative impact on share price risk. Dividend policy, dividend payment ration showed negative influences in some years and positive influences on others though all were at lower significant levels indicating that dividend policy is relevant in determining share price changes for a sample of firms listed in the Nigerian Stock Exchange.
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<p>Mahmoud, Mohsen, Mohsen, & Meysam</p>	<p>2013</p>	<p>the determinants of the effect of fundamental variables and mass behavior in changes of stock price: evidence from Iran Stock Exchange.</p>	<p>Iran : Tehran</p>	<p><i>Ex post facto</i> Research Design; analysis; The study if variability in asset prices could be explained by causes other than fundamentals . The test was conducted on the probability of the existence of bubbles and herding behavior using panel data from 2005-2010 in Exchange Securities.</p>	<p>The results indicate that there is no significant relation between stock price and changes and fundamental hangs. Herding behaviors indicate that there is significant relation between stock price changes and changes in herding proxies.</p>	<p>Source: Author's compilations, 2017 by similar studies in the past such as . Mahmoud, Mohsen, Mohsen, & Meysam(2013) , Kiri, E,. Wawire and Onono,(2014) among others. The study was evaluated using four different models. Model for testing Total Assets on Share Price Model 1 will be used to evaluate the effect of Firms' Size on Share Price</p>
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Description of Variables:

Independent Variables: The independent variable of the study the determinants of increases in Share price changes is measured by Profit after Tax, Total Assets, Retained Earnings and Return on Equity(ROE).

Dependent Variable: The dependent variable of this study is share price.

Tool for Data Analysis: Multiple Linear Regression was used to analyze the data. The choice of Multiple Linear Regression is because of the nature of the data. Again, this choice is consonance with past studies among others, such as Mahmoud, Mohsen, Mohsen & Meysam(2013), Kiri, Wawire, and Onono,(2014) among others.

Model Specification: The following econometric models are adopted in this study. The models adopted were adopted

(Hypothesis One).

Thus:

$$LnSP = B_1 + B_2 Fsize + E_t \dots \dots \dots 1$$

Where:

$SP = \text{Log of Share Price}$

$B_1 = \text{Constant}$

$FSize = \text{Firm Size}$

$E_t = \text{Statistical Error Level in year } t$

Model 2 was used in testing the effect of Lev on Share Price(Hypothesis Two). Thus:

$$SP = B_1 + B_2 + E_t \dots \dots \dots 2$$

Where:

$LnSP = \text{Log of Share Price}$

$B_1 = \text{Constant}$

$LnLev = \text{Log of Leverage}$

$E_t = \text{Statistical Error Level in year } t$

Model 3 was used in testing the effect of PAT on Share Price(Hypothesis Three). Thus:

$$\text{Ln}gSP = B_1 + PAT_2 + E_t \dots \dots \dots 3$$

Where:

Ln = Log of Share Price

B₁ = Constant

SP= Share Price

E_t= Statistical Error Level in year t

The pool effect will be tested using Share Price = f(FSZ+ Lev +PAT).....4

Technique for Result Interpretation

Results will be interpreted using probability(pvalue) and R(Co-efficient of determination).²

Decision Rule: Accept the Null Hypothesis if the P-value is > statistical level of significance (5%), if not reject null hypothesis and accept the alternate hypothesis.

DATA PRESENTATION AND ANALYSIS Data Presentation

Operational data for this study is as spelt out in the Appendix 1-2.

Test of Hypothesis using the Pool Data

Test of Hypothesis One

Restatement of Hypotheses Ho: Firm Size has no significant effect on the SHARE PRICE of the selected companies.

Hi: Firm Size has a significant effect on the SHARE PRICE of the selected companies.

Decision Rule: Accept Ho if insignificant at 5% level of significance otherwise reject.

Table points out that a module/naira change in Firm Size will increase SHARE

PRICE by - 13.40177873, the table also shows the p-value as 0.387929871, based on the p-value of 0.387929871 which is > 0.05 the extent of effect which Firm Size has on SHARE PRICE is positive and insignificant of the selected companies.

Coefficient of Determination (R)²

The R-square is 0.026736701. The R² reveals that only about 26% of the variations in SHARE PRICE could be explained by Firm Size while the remaining 74% could be accounted for by other factors capable of influencing the SHARE PRICE of the company which are not discussed in this study.

Decision: Accept Ho and reject Hi. This means that Firm Size has positive and insignificant effect on the SHARE PRICE of the selected companies at 5% at level of significance.

Test of Hypothesis Two

Ho: Leverage has no significant effect on the SHARE PRICE of the selected companies.

Hi: Leverage has a significant effect on the SHARE PRICE of the selected companies.

Decision Rule: Accept Ho if insignificant at 5% level of significance otherwise reject.

Table Three points out that a module/naira change in Leverage will increase SHARE PRICE by -16.29706692, the table also shows the p-value as 0.561118112, based on the pvalue of 0.561118112 which is > 0.05 the extent of effect which Leverage has on SHARE PRICE is negative and insignificant of the company.

Coefficient of Determination (R)²

The R-square is 0.012205265. The R² reveals that only about 12% of the variations in SHARE PRICE could be explained by Leverage while the remaining 88% could be accounted for by other factors capable of influencing the SHARE PRICE of the selected companies which are not discussed in this study.

Decision: Accept Ho and reject Hi. This means that Leverage has negative and insignificant effect on the SHARE PRICE of the selected companies at 5% at level of significance.

Test of Hypothesis Three Ho: PAT has no significant effect on the SHARE PRICE of the selected companies.

Hi: PAT has a significant effect on the SHARE PRICE of the selected companies.

Decision Rule: Accept Ho if insignificant at 5% level of significance otherwise reject.

Table 12 points out that a module/naira change in PAT will increase SHARE PRICE by 0.000, the table also shows the p-value as 0.152383812, based on the p-value of 0.152383812 which is > 0.05 the extent of effect which PAT has on SHARE PRICE is positive and insignificant of the company.

Coefficient of Determination (R)²

The R-square is 0.07175558. The R² reveals that only about 71% of the variations in SHARE PRICE could be explained by PAT while the remaining 29% could be accounted for by other factors capable of influencing the SHARE PRICE of the selected companies which are not discussed in this study.

Decision: Accept Ho and reject Hi. This means that PAT has positive and

insignificant effect on the SHARE PRICE of the selected companies at 5% at level of significance.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

Summary of Findings

The following findings emanated from the study:

- i. Firm Size has a positive and insignificant effect on Share Price of Firms.
- ii. Leverage has a negative and significant effect on Total Nig. Plc.'s Share Price.
- iii. Profit after Tax has a positive and insignificant effect on Share Price.

Conclusion

In line with the above findings, the study concludes that Firm Size has a positive and insignificant effect on Share Price of Firms, Profit after Tax has a negative and insignificant effect on Share Price, Leverage has a positive and significant effect on Total Nig. Plc.'s Share.

Recommendations: This research has made the following recommendations:

- I. The total assets should be increased in Nigeria
- ii. Measures should be put in place to forestall overbearing crisis in share prices.

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APPENDIX: OPERATIONAL DATA

OANDO NIG Plc

YR	SHARE PRICE	FIRM SIZE	LEVERAGE	PAT
	N	N	N	N
2016	86.89	991544975	199200396	3491037
2015	62.19	946321309	895427383	- 49689877
2014	49.4	889372557	843865854	- 183893186
2013	25.58	585429217	423061140	1396926
2012	23.82	515063788	409709260	10786317
2011	22	405644465	312879479	3446643
2010	66	325986108	232875944	14374966
2009	93.99	315748049	278971365	10096979
2008	79.8	127844641	0	8343325
2007	122	162684055	115267778	5480415

TOTAL NIG. PLC

YR	SHARE PRICE	FIRM SIZE	LEVERAGE	PAT
	N	N	N	N
2016	299	136,928,160	799200396	14795095
2015	147.01	83,653,555	895427383	4047051

2014	142.5	95,512,428	843865854	4423733
2013	170	79,403,587	423061140	5334091
2012	120.57	76,067,065	409709260	4670917
2011	188.1	58,719,810	312879479	3813202
2010	234	54,601,360	232875944	3436638
2009	149	53,700,803	278971365	3968059
2008	203.69	41,770,668	197119572	4393162
2007	180	35,496,956	115267778	3255410

