Dividends as a Determinant Factor of Share Price of Non-Financial Firms in Nigeria

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ABSTRACT

This study explored the effectiveness of dividends as a determinant factor of share price of quoted non-financial firms in Nigeria. Specifically, the study focused on dividend yield, dividend payout, earning per share and book value per share in relation to share price of the selected non-financial firms. Samples of 75 companies from different sectors were used for the period of ten years spanning 2010 to 2019. The study adopted ex-post facto and cross-sectional research design. The secondary data were sourced from annual reports of the selected non-financial firms quoted in Nigeria stock exchange. Analytical techniques employed was panel least squares multiple regression analysis with some preliminary tests such as descriptive analysis, correlation analysis, variance inflation factor analysis and Hausman effects tests for the period of ten years. Result uncovered that book value per share and earnings per share are positive contributors to share price of non-financial firms in Nigeria while dividend payout and dividend yield are negative factors to share price. However, only earnings per share size exert significant influence; hence, earning per share is the major determinant factor of share price of quoted non-financial firms in Nigeria. The findings showed that about 91.9% of the changes in total variation in the share price of selected non-financial firms can be attributed to the joint effect of all the explanatory variables while about 8.1% was unaccounted for thereby captured by the stochastic error term. The study recommends among others, that managers of non-financial firms should pay more attention towards earnings per share and book value per share to boost their performance and hence add value to their share price0

Keywords: Dividend, Share Price, Non-Financial, panel, least squares regression

1. Introduction

Dividends can be expected by the shareholders as a compensation for their trust in an organization. The organization the board might plan to regard this inclination by conveying a solid history of dividend installments. It is one of those assumptions that financial backers want to get because of their venture. This implies an organization delivers a dividend in solicitation to urge financial backers to increment or extend their interest in such an organization. The goal behind putting resources into a non-monetary area by financial backers in Nigeria is to get a dividend from their venture. Thusly, if the non-monetary area is doing commendably, it will draw in a lot of more financial backers, subsequently expanding their obligation to the (GDP) and assisting the organization with delivering dividend as at when due. Henceforth, any organizations that deferral in installment of dividend at whatever year or that purposely decay to pay in a firm, specific year completely plan on furrowing it back to the firm without the endorsement from the financial backers, the financial backers will pull out their venture and this could influence the firm contrarily moreover influencing the share price of that firm. Walter (1963), of course, couldn't help contradicting Modigliani and Miller (1961) and had a view that dividend procedure would conceivably be immaterial if the level of advancement rate and loads used in deciding the cost of capital are free of dividend payout methodology.

Dividend installments contemplate emphatically an organization and help with keeping up with financial backers' trust. Dividends are additionally preferred by shareholders since they are treated as without charge pay for shareholders in numerous countries. On the other hand, capital additions acknowledged through the offer of a share whose price has expanded are seen as available pay. Merchants who look for transient increases may likewise lean toward getting dividend installments that offer moment sans charge gains. A high-value dividend statement can show that the organization is doing splendidly and has produced extraordinary benefits. Regardless, it can likewise demonstrate that the organization doesn't have reasonable endeavors to create better returns later on. As such, it is using its money to pay shareholders as opposed to reinvesting it into advancement. If an organization has a long history of dividend installments, a lessening of the dividend sum, or its disposal, may motion toward financial backers that the organization is in burden. The declaration of a diminishing in dividends was joined by a decrease in stock price. A decline in dividend sum or a decision against making any dividend installment may not really convert into awful news about an organization. It very well may be possible that the organization's administration has better designs for putting away the money, given its financials and operations. This is substantial in light of the fact that share prices are used as middle people to flag the general strength and monetary wellbeing of firms. It is able to observe that value speculations offer impressive re-appearances of financial backers and is seen as a significant wellspring of capital for most enormous firms. The determinants of stock prices are regularly a question of discussion. As indicated by financial theory, the price of any resource is typically controlled by the market powers. The inability to comprehend the issues encompassing share price and its determinants which dividend is one of them, has been the most despicable aspect of the monetary disposition of different enterprises today. Consequently, this audit will endeavor to look at the dividend as a determinant factor of share price on non-monetary firms, utilizing dividend pay-out, dividend yield, earnings per share, and book value per share, in the Nigerian trade limited.

1.2 Statement of the Problem

Dividend procedure is essential for the executives also for shareholders, for the explanation that one set needs to pick and make getting ready for the installment of dividend while the other individual needs to accumulate it as an installment for their share. In the genuine and imperfect world, financial backers don't have the very data available to them that is accessible to directors to the extent business peril and business as a general rule, (Jovković, Vasić, and Bogićević. 2021). Further hypothetical examination was focused on the likelihood that the financial backers are sent sure messages (signals) by the market by means of completing a specific dividend technique. Dividend is a method of pay for shareholders and just as a picture of the firm show. Deciding an appropriate dividend system encourages a middle end for heads and investors. Shareholder comparable both expanding EPS and dividend of the firm which is only conceivable by the reinvestment benefit making of a firm. Dividend irrelevance thought conditions that investors are not extraordinarily pushed with the organization dividend technique as they can basically sell out a piece of their stocks in the event that they are requiring cash. This thought shows that dividend installment has litter to no impact on share price. Extra dividend is compensated in the event that pay crosses typical levels. Dividend decision is a critical limit that ought to be under taken by the monetary supervisor. The monetary chief ought to pick

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whether the whole benefits created by the firm should be passed on to the shareholders or held, or on which percentage of benefits should be dispersed and which percentage should be held to be used in financing development exercises of the firm. Dividend system is indispensable for the board too for shareholders, for the explanation that one set needs to pick and make getting ready for the installment of dividend while the other individual needs to accumulate it as an installment for their share. Likewise, vulnerability of owners might diminish as they foster the pay. Deciding an appropriate dividend procedure cultivates a middle end for managers and investors. The steady dividend technique helps in settling vulnerability from the personalities of the financial backers and furthermore plays a significant occupation in establishing a sound speculation environment. In like manner, dividend pace of an organization impacts the market price of a share. Prior observational works portrays that dividends for the most part impact the share price a positive way. On the back drop, this study, dividend as a determinant factor of share price on non-financial firms in Nigeria exchange limited, is evaluated using, dividend payout, dividend yield, earning per share and book value per share.

1.3 Objectives of the Studies

The main objective of this study is to evaluate dividend as a determinant of share price of quoted non-financial firms in Nigeria. The specific objectives were to:

    I.   Assess the effect of dividend payouts as a determinant factor of share price of quoted non-financial firms in Nigeria.
    II.   Determine the effect of dividend yield as a determinant factor of share price of quoted non-financial firms in Nigeria.
    III.   Ascertain the effect of earning per share as a determinant factor of share price of quoted non-financial firms in Nigeria.
    IV.   Investigate the effect of book value per share as a determinant factor of share price of quoted non-financial firms in Nigeria.

1.4 Research Questions

To help achieve the above stated objectives, the following research questions were raised as follows:

    i.   To what extent does dividend payouts as a determinant factor affect share price of quoted non-financial firms in Nigeria?
    ii.   How does dividend yield as a determinant factor affect share price of quoted non-financial firms in Nigeria?
    iii.   To what extent does earning per share as a determinant factor affect share price of quoted non-financial firms in Nigeria?
    iv.   How does book value per share as a determinant factor affects share price of quoted non-financial firms in Nigeria?

1.5 Research Hypotheses

The research hypotheses for this study were formulated as a tentative answer to the research questions above and were stated in null forms:

    i.   Dividend payouts as a determinant factor has no significant effect on share price of quoted non-financial firms in Nigeria.
    ii.   Dividend yield as a determinant factor has no significant effect on share price of quoted non-financial firms in Nigeria.
    iii.   Earnings per share as a determinant factor has no significant effect on share price of quoted non-financial firms in Nigeria.
    iv.   Book value per share as a determinant factor has no significant effect on share price of quoted non-financial firms in Nigeria.

2. Review of Related Literature

2.1 Conceptual Framework

Dividend Payout

Dividend payout proportion decides how much benefit is coursed as dividends to shareholders. The higher the dividend payout proportion, the more appealing it will be to financial backers, which prompts higher stock prices. Dividend technique is a significant financing decision, which includes the installment of money or security or stock to shareholders subsequently of their ventures. Dividend decision is a critical limit that ought to be under taken by the monetary chief. The monetary administrator must to pick whether the whole benefits produced by the firm should be scattered to the shareholders or held, without a doubt percentage of benefits should be passed on and which percentage should be held to be used in financing development exercises of the firm. There are such innumerable justifications for why organizations deliver dividends. It might be an approach to lessen the climb in organization cost among chiefs and shareholders or in a bid to diminish the vulnerability of the financial backers of the organization. Again, when the objective of the financial backers is to get returns on a nonstop premise, they will get a kick out of the chance to put resources into firms delivering dividends. A firm can check whether it is paying too a ton of its earnings to shareholders by utilizing the payout proportion. The firm will would like to cut or wipe out dividends since it should not be paying out more than it is earning. The dividend pace of an organization impacts the market price of a share. The dividends for the most part impact the share price a positive way as depicted in before exact works.

Dividend yield

The dividend yield shows the yearly return per share had that a financial backer acknowledges from cash dividend installments, or the dividend speculation return per measure of money contributed. The dividend yield gives a good essential measure to a financial backer to use in contrasting the dividend pay from their current possessions to potential dividend pay accessible through putting resources into various values or shared resources. Concerning by and large venture returns, note that expansions in share price decrease the dividend yield proportion in spite of the way that the general speculation return from claiming the stock might have improved significantly. Then again, a drop in share price shows a higher dividend yield yet may demonstrate the organization is experiencing issues and lead to a lower absolute speculation return. Dividend-yield is perhaps the super monetary proportion. The dividend-yield tells us how much the organization delivers out in dividends every year comparative with its share price. A high dividend yield construes that the organization is of high risk and the chance of things to come is negative and therefore achieves a price reduction of the share. The shareholders might be anxious about the possibility that that enormous measure of money vanishes from the organization in the sort of dividends. There are numerous clarifications why the members might have this assumption. One is that the securities exchange has been in a monetary droop and it is going to rise once more. A low dividend-yield could likewise gather that the organization is battling and is neither productive nor has a positive chance of future. The market members expect the administration of the organization has inside data about the future, consequently low dividend-yield might be deciphered as pestered events are coming. The effect of this translation is that the shareholders sell the values and along these lines, the stock price diminishes. Regardless, this effect may potentially be impermanent if the pestered events doesn't appear (Black and Scholes, 1973)

Earnings Per Share

Earnings per share (EPS) is determined as an organization's benefit confined by the extraordinary shares of its ordinary stock. The subsequent number fills in as a marker of an organization's benefit. It is typical for an organization to report EPS that is adapted to uncommon things and potential share debilitating. Earnings per share value is determined as all out remuneration (otherwise called benefits or earnings) apportioned by accessible shares. A more refined estimation changes the numerator and denominator for shares that could be made through other options, convertible obligation, or warrants. The numerator of the situation is additionally more significant on the off chance

that it is adapted to proceeding with operations. To work out an organization's EPS, the asset report and pay explanation are used to discover the period-end number of ordinary shares, dividends paid on preferred stock (expecting to be any), and the complete pay or earnings. It is more precise to use a weighted normal number of ordinary shares over the revealing term in light of the fact that the amount of shares can change as time goes on. Any stock dividends or parts that happen ought to be reflected in the estimation of the weighted normal number of shares remarkable. A couple of information sources enhance the computation by utilizing the amount of shares exceptional toward the completion of a period. (Jason Fernando, 2021).

Book Value Per Share
Gitman and Zutter (2012) characterized book value per share as the sum per share of typical stock that would be gotten if every one of the company's resources were sold for their precise book (bookkeeping) value and the profits staying in the wake of paying all liabilities (counting the supported stock) were parted between the ordinary investors. Most stocks sell over their book value. Book value per share is otherwise called net resource value per share since it estimates the measure of resources, which the partnership has for every value share. The book value per share, which is sometimes suggested as book value or accounti1g value, is a significant estimation of a company's value. It is determined as absolute resources less immaterial resources and liabilities (now and again called value) parceled by the company's remarkable shares. In a circumstance where the share price to the book value per share is shy of what one, it implies that the share is exchanging under its book value. A high book value per share concerning share price happens when a share is undervalued. A stock-contributing asset may similarly convey dividends. Its dividends may come from the dividend(s) it gets from the stocks held in its portfolio, or by selling a particular measure of stocks. It's possible the monetary sponsor getting the dividend from the asset are diminishing their holding value, which gets reflected in the decreased NAV on the ex-dividend date. Book value is identical to the expense of passing on an asset on an association's money related record, and firms learn it netting the asset against its accumulated cheapening. Thusly, book value can similarly be considered as the net asset value (NAV) of, not really set in stone as its outright assets less hypothetical assets (licenses, magnanimity) and liabilities. For the hidden cost of a theory, book value may be net or gross of costs like trading costs, bargains charges, association charges, and so forth.

2.2 Theoretical Framework
The speculative supporting of this assessment work is the Signaling Theory of Dividends. This hypothesis has its beginning stages in Lintner, (1956) centers around which uncovered that the price of an association's stocks normally changes when the dividend portions changes. Despite the way that Modigliani and Miller (1961) fought for the dividend superfluity they moreover communicated that as a general rule disregarding the perfect capital business areas, dividend gives an "information content" which may impact the market price of the stock. Various investigators have starting there been encouraging the hailing theory and today it is viewed as perhaps the most convincing dividend speculation. (Bhattacharya, 1979) gave perhaps the most perceived survey regard to hailing hypotheses which communicates that dividends may fill in as an indication of expected future cash streams. Bird-in-the-hand and dividend signals. The legitimization for the hypothesis of dividend signals is introduced by the investigation results of Arko et al. (2014). Their work relies upon predictable confirmation that the choices on dividends are impacted by the degree of efficiency, charges, adventure openings, impact, and peril. In the paper of Yarram and Dollery (2015), the theory on signalization of dividend payouts as sited in Jovković, Vasić, & Bogićević: (2021) Determinants of Dividend Policy: A Case of Serbia's Banking Sector 15 was confirmed working on it of Australian associations. The outcomes show that the associations that convey out dividends are more imperative taking everything into account, more advantageous, and seriously convincing, with a lower speed of progression and hazard appeared differently in relation to the associations that don't incline toward dividend payouts. An addition in the dividends shows that the executives expect higher cash streams later on. The hypothesis relies upon the doubts that external monetary supporters have imperfect information with respect to the association's future cash streams and capital augmentations. Another huge speculation that can't avoid being that dividends are charged at a higher rate diverged from capital increments. Bhattacharya (1979) battles that under these conditions in any case the way that there is a cost disadvantage for dividends, associations would decide to convey dividends in sales to give sure messages to shareholders and outside monetary patrons. Various assessments have been driven in sales to test if the hailing hypothesis applies as a general rule and there exist various ends as for the propriety of the hailing theory.

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Asquith and Mullins Jr (1983) gave observational affirmation for the hailing hypothesis. They fight that an addition of dividend portions will generally increase the shareholders' plenitude.

2.3 Empirical Review

Uddih, Rahman and Hossain (2013) study to see what picks the offer costs of assurances exchange gathering just with respect to cash related space of Bangladesh. Information were accumulated from affiliations like Bank, Insurance, Leasing Companies related with monetary district going from 2005 to 2011 from Dhaka Stock Exchange (DSE). Some appropriate parts like Net Profit after Tax (NPAT), Price income degree (P/E), Net resource esteem (NAV), Earnings per share (EPS) were picked for picking stock value (SP) determinants. A fall away from the faith model along for certain entrancing quantifiable mechanical gatherings was applied utilizing SPSS. Disclosures show that Earnings per share (EPS), Net resource esteem (NAV), Net benefit after charge (NPAT) and Price profit degree (P/E) have strong relationship with stock costs.

Alumumani (2014) in other to see the quantitative elements that impact share costs for the recorded banks in Amman Stock Exchange over the period 2005-2011. In the current audit, the degree appraisal, Correlation and a quick uncommon break faith models were used to check and divulgences shows that, there is a positive relationship between's the autonomous factors. Profit per share, income per share, book esteem per share, value profit degree and firm size and ward variable Market Price which was goliath at 1% likelihood level. Regardless, further unequivocal disclosures uncovered that, there is a tremendous positive relationship between income per share and the market cost, comparably, there is a huge relationship between banks Book Value and Market Price. A positive relationship between Price Earnings and Market Prices. Precise disclosures from the apostatize evaluation on the relationship between Share cost and Market Price show that there is a contrary relationship between the two. At last, various factors unexpectedly impact Market cost.

Garba (2014) inspected the impact of dividend per share on normal stock returns of the Manufacturing firms recorded on the Nigerian Stock Exchange. Data for the review was gathered from 10 firms indiscriminately, from 1991-2003, (13 years). Furthermore, the veritable dividend-per-share for all of the 13-years period was gotten from the distinctive yearly reports and records of the tried firms. Various backslides were utilized to zero in on the association between the reliant variable and the independent variable of this review. Pearson Moment Correlation was utilized for assessing associations between the components of the review. The Pearson Correlation Coefficient apparently was 0.735, which is astoundingly enormous in light of the fact that it is nearer to 1 than it is to 0. The backslide examination of the data directed in sales to test the assessment speculation shows that dividend-per-share basically influences the customary stock returns of the investigated firms.

Jakata and Nyamugure (2014) used information from picked firms on the Stock Exchange (ZSE) to research the effects of dividend procedure on the share price of a firm. A share price filling in as dependent and dividend technique, earnings per share, turnover and net benefit as free factor. The survey used Pearson's Correlation Coefficient and Linear Regression Analysis from a period sequential information covering 2003 to 2011 and found that Dividend methodology doesn't influence share price.

Adebisi and lawal (2015) investigated the elements that decide the organizations' value share price with unique focus on the microeconomic elements, for instance, Dividend per share, earning per share, book value per share, dividend payout, price earnings proportion, and size of the firm. They thought that these components have been perceived as huge variables affecting the association's value share price by the corporate money researchers.

Enow and Brijlar (2016) explore the determinants of share prices utilizing fourteen organizations recorded on the Johannesburg stock trade from 2009-2013. Utilizing an alternate relapse investigation, the result uncovers that dividend per share, earnings per share, and price-earnings proportion accounts at 57.8% of share costs improvements. Additionally, earnings per share and price earnings are fundamentally determinedly connected to share prices despite the fact that dividend per share was not. This discovering derives that, administrators can make value for their shareholders by expanding dividend per share,

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Sutrsino (2017) analyzed the elements that decide stock prices. Stock prices estimated ceaselessly end shutting price while the elements thought to impact the stock price is productivity as estimated by Return on Assets (ROA), Return on Equity (ROE) and Earnings Per Share (EPS). The share price was likewise supposedly influenced by the Dividend Per Share (DPS) and Debt to Equity Ratio (DER). This examination is a contextual investigation in the Islamic capital market stocks that are recorded on the overview of Islamic stocks. Tests taken upwards of 106 organizations with a purposive inspecting procedure with the game plans of the organization that makes a benefit and deliver dividends. The results showed productivity as estimated by EPS and ROE altogether influence stock prices while the ROA no affects stock prices. Dividend per share is likewise sure and critical effect on stock prices while DER no fundamentally impacts stock prices.

Wadud (2017) explored the effect of specific determinants, for instance, net resource value per share, loan fee, dividend per share, book to advertise proportion, Price Earnings Ratio (P/E proportion), influence, earning per share, return on Equity (ROE), all out number of share remarkable, book value per share, complete size of the organization, and the absolute age of the organization on the share price advancements of 30 business bank of Bangladesh recorded in Dhaka Stock Exchange (DSE). He used pooled Ordinary Least Squares (OLS), the arbitrary effects, and the proper effects model in the example from 2007 to 2016. He found that dividend per share, net resource value per share, return on value, influence, earnings per share, book value per share, book to advertise proportion, price to earnings proportion, all out size of the bank, and absolute age of the bank are the significant determinants in the good effect model.

Singh (2018) focused in on the determinants of the share price of the 26 non-monetary organizations recorded in Muscat Securities Market, Oman. In this audit, stock price from 2011 to 2016 is the dependent variable and the firm-express factors like firm size, dividends payout, earning per share (EPS), obligation proportion, price-earnings (PE) proportion, are the free factors in the board information relapse utilizing irregular effect model. There are two classes of exploration theory: the first depends on semi-strong kind of Efficient Market Hypothesis (EMH) and second one depends on Arbitrage Pricing speculation (APT). To test the second course of action of hypothesis, oil price, advancement rate in GDP and buyer price file are considered as autonomous factors as they influence performance of business thus do the stock prices. EPS, obligation proportion and first slack of stock prices are huge determinants of stock prices. Dividend payout, firm size and PE proportion are inconsequential factors.

Alfred, Ezeabasili, and Jessie (2019) analyzed the effect of dividend procedure on stock prices with observational confirmation from Nigeria. The audit used dividend yield (DY), dividend pay-out proportion (DPO), earnings per share (EPS) as the dividend procedure factors and net resource per share (NAPS) as control variable of firm size. The dependent factors and mediator at stock expenses is the market price share (MPS). Information were acquired from budget summaries of 10 client items firms cited in Nigerian stock trade. The board information covering a period of a long time from 2011 to 2015 were used. A board east square relapses technique was used. The results showed that DY contrarily affects MPS, DPO has a huge helpful result on MPS, EPS has a critical productive result on MPS while NAPS have a unimportant useful result on MPS. The amass in this manner reasons that dividend technique is fit for affecting the stock prices in shopper items area of the Nigerian financial exchange showing that the speculation of insignificance of dividends don't hold on account of Nigeria.

Tabassum, Rabiul and Sharul (2019) research the effect of some picked factors like dividend, Price Earnings Ratio (P/E), Net Asset Value (NAV), Earnings per Share (EPS), Dividend Payout Ratio, and the size on the advancement of the share price of the monetary area in Bangladesh. The monetary area incorporates banks and non-bank monetary organizations. The example size incorporates 30 banks and 18 non-bank monetary organizations recorded on the Dhaka Stock Exchange (DSE) of Bangladesh. Optional information was accumulated from these organizations from 2011 to 2015. This survey uses different relapse examination through SPSS 20. The discoveries show that the effect of the factors differs among organizations. For the banks, factors incorporate dividend, P/E, NAV, EPS, Dividend Payout Ratio and size are essential factors that have huge ramifications at stock costs of monetary areas in Bangladesh. Whereas the non-bank financial institutions are just affected by dividend, P/E, Dividend Payout Ratio and NAV 1)

Bahtiar and Henny (2020) looks at Determinants of share prices on assembling organization Indonesia Stock Exchange (2013 to 2017) utilizing Earnings per share, dividend per share, dividend payout, money related value added, obligation value proportion and ward variable is share prices, additionally Panel information relapse model was used and it shows that dividend per share and monetary value added decidedly affects share prices. Earnings per share contrarily affect share prices. Dividend payout and obligation value proportion unimportantly affect share prices.

Usman and Lestari (2020) meant to decide the components that impact share prices utilizing an example of assembling organizations recorded on Indonesia Stock Exchange for the period of 5years spreading over 2013 to 2017. The free factors are earning per share, dividend per share, dividend payout, financial value added, obligation value proportion and ward variable is share prices of assembling area. In view of the results of board information relapse model demonstrates that dividend per share and financial value added emphatically affects share prices. Earnings per share contrarily affect share prices. Dividend payout and obligation value proportion unimportantly affect share prices. The eventual outcomes of this examination are depended upon to be the reference for organizations and financial backers to build share prices.

Karunarathne et al., (2021) inspect the flagging effect of dividends on the financials and market performance of recorded organizations in Sri Lanka. This audit works with data in regards to current and future performances, for instance, dividend rehearses, future advancement projections and bits of knowledge into market conduct for partners. The absolute populace was perceived as the organizations recorded in the CSE, which were roughly 316 firms. The example of the survey was 102 organizations recorded between the years 2015 to 2019. Deliberate inspecting was used to pick the example. In examination, board relapse was used as the information investigation technique. Arbitrary effect relapse model was proposed by the hausman test. The results assumed that dividend decisions were affected irrelevantly on following business sector performance. Dividend per share was insistently and altogether affected on both benefit from resources and return on value. Dividend pay-out proportion was determinedly and irrelevantly affected on return on value and furthermore adversely and unimportantly affected by return on resources.

Egolum and Onyeogubalu (2021), Examined the effect of quantitative factor, dividend per share (DPS) on assurance prices of the picked shopper items firms recorded in the Nigeria Stock Exchange of share over the period 2009-2018. One hypothesis mooring on the effect of autonomous variable DPS on the share prices was figured for testing in this audit. Critical inspecting technique was embraced in the audit. Yearly fiscal reports of the picked firms were used for the survey. Proportion investigation, relationship and straight relapse models were used to quantify the effect of the free factor on the Share price (SP), the dependent variable. Combined example t-test was used to test the hypotheses at 5% level of importance. The exact discoveries show that, there is a positive connection between's the free factor (DPS). DPS is responsible for about 21.7% changes in the share prices of client items firms recorded in the Nigeria Stock Exchange. The board of the client items firms should likewise attempt to operate ideal dividend methodology that will not be negative to the share price of its association.

2.3.1 Summary of Empirical Studies

The literature reviewed on the effect of dividend as a determinant factor of share price of non-financial firms in Nigeria Exchange Limited (NE). As different studies showed mixed results, this study will test the Signaling Theory model in finding the effect of dividend a determinant factor of share price performance in the long run and hence this study will find out dividend as determinant of share price performance for quoted non-financial companies in Nigeria to fill the gap in literature. From the review of literature on dividends and share price determinant, it can be observed that most of the studies have used time-series or cross-sectional data concentrating on the macroeconomic variables such as exchange rates, interest rate etc. There have also been attempts to identify the share price determinants using panel data regression analysis. The literatures available strongly supports dividend as a determinant of stock price as a consequence of firms' internal factors such as dividend payout, dividend yield, earning per share and book value per share, meanwhile, while prior empirical studies from developed economies have shed light on the dividend as a determinant factor of share price of firms. In addition, findings from prior studies indicates that share price determination is a very much diverse and conflicting area of finance. With these facts, the

researcher finds the need for further studies with multiple models, large sample data of 75 companies and wider span year coverage 2009-2019, 10years. This study therefore tends to fill this gap in literature by examining the effect of dividend as a determinant factor of share price of listed non-financial firms in Nigeria.

3. Methodology

3.1 Research Design and Sources of Data

Research design adopted was ex-post facto while the source of data was secondary. Particularly, the data were sourced from the annual reports and financial statements of the firms covering the period from 2010-2019. Variables under investigation were dividend payout, dividend yield, earnings per share and book value per share as independent variables. The dependent variable was share price. Various tests were conducted from the time series data. Study highlights the tabulated results of the various tests conducted, extracting the relevant figures from the analysis generated from the results.

3.2 Model Specification

The model used was adopted from the work of Alumumani (2014). To satisfactorily capture dividends as a determinant factor of share price of non-financial firms in Nigeria, the model was adjusted in line with the research variables. However, the model follows the assumption of classical linear regression model. The functional relationship of the model variables is laid thus:

SP = f (DPOUT, DIYLD, EPS, BVPS)   -   -   -   -   (1)

Where

SP   =   Share Price

DPOUT   =   Dividend Payout,

DIYLD   =   Dividend Yield

EPS   =   Earnings per Share

BVPS   =   Book value per share

Transforming this functional representation into a linear equation or explicit form:

SP = $\beta_0 + \beta_1 DPOUT + \beta_2 DIYLD + \beta_3 EPS + \beta_4 BVPS + \mu_t$ -   -   (2)

Where: μ_t is the error term that is assumed to be normally distributed with the mean of zero and constant variance; β_0 = intercept parameter of the model; $\beta_1 - \beta_4$ = coefficient of the independent variables.

Diagnostic Tests -- Normality, Stationarity, Multicollinearity and Autocorrelation Tests

The normality test will be performed to ascertain whether the dataset are normally spread out over the period. Also, often times, the time series data do not possess stationarity quality (constant mean and variance) in their natural state. The consequence is quite severe, leading to least squares estimators, test statistics and predictors that are unreliable. More so, sometimes, some or all of the explanatory variables in the sample data are highly correlated. This problem needs to be treated so as not to obtain a spurious or misleading result. In addition, should autocorrelation be present, it would thus have the resulting consequence of Ordinary Least Squares (OLS) and normal regression techniques such as the t and F tests being unreliable.

4. Data Analysis and Interpretation of Results

Table 4.1: Normality Test Result

VARIABLES	MEAN	MEDIAN	STD. DEV.	SKEWNESS	KURTOSIS	J-B STAT	P(J-B)	OBS
SP	34.96	4.49	128.76	8.54	86.89	229034.9	0.0000	750
DPOUT	38.12	15.44	150.86	12.54	230.5	1632652	0.0000	748
DIYLD	3.15	1.64	4.53	4.16	37.14	38487.51	0.0000	748
EPS	1.8	0.34	5.61	4.9	37.89	40828.77	0.0000	746
BVPS	10.51	3.81	16.5	2.6	10.73	2707.69	0.0000	749

Source: Author's compilation from Eviews 10.0 output

Table 4.1 as presented above contains the description of the variables using normality test which comprises of Skewness, Kurtosis and Jarque – Bera Statistics. The result shows that all the variables were positively skewed but with excess kurtosis ($k>3.0$). However, the Jarque-Bera estimates with associated probability values ($p<0.001$) confirmed non-normality of the data series. In other words, the data series are not normally spread out over the period.

Table 4.2: Summary of Levin, Lin & Chu t* Panel Unit Root Test

VARIABLE	LEVIN, LIN & CHU T*	P-VALUE	ORDER OF INTEGRATION	INFERENCE
SP	-20.471	0.0000<0.05	I(0)	Stationary
DPOUT	-229.592	0.0000<0.05	I(0)	"
DIYLD	-11.6379	0.0000<0.05	I(0)	"
EPS	-14.346	0.0000<0.05	I(0)	"
BVPS	-7.167	0.0000<0.05	I(0)	"

Source: Author's Extract from E-views 10.0 output **[See Appendix A]**

The Levin, Lin & Chu t* panel unit root test result revealed that the variables are stationary at their levels which therefore confirms suitability of Ordinary Least Squares (OLS) regression analysis technique.

Table 4.3: Multicollinearity Test Result

Covariance Analysis: Ordinary
Date: 09/18/21   Time: 01:05
Sample: 2010 2019
Included observations: 745
Balanced sample (listwise missing value deletion)

Correlation t-Statistic Probability	SP	DPOUT	DIYLD	EPS	BVPS
SP	1.000000 ----- -----				
DPOUT	0.060687 1.657252 0.0979	1.000000 ----- -----			

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DIYLD	0.006355	0.265417	1.000000	
	0.173227	7.503878	-----	
	0.8625	0.0000	-----	
EPS	0.819222	0.058547	0.059137	1.000000
	38.93860	1.598621	1.614793	-----
	0.0000	0.1103	0.1068	-----
BVPS	0.447147	0.088232	0.120699	0.629096	1.000000
	13.62649	2.414443	3.314255	22.06011	-----
	0.0000	0.0160	0.0010	0.0000	-----

Source: Author's Eviews 10.0 Result

The multicollinearity test result uncovered that there is no multicollinearity problem. As provided in table 3 above, share price of non-financial firms interact positively with the dividend indices. In a more specific term, share price of non-financial firms interact positively and significantly with Earnings per Share (EPS) and Book Value per Share (BVPS), while the share price relates positively and insignificantly with dividend payout (DPOUT) and dividend yield (DIYLD) of the firms.

Table 4.4 Regression Result

Dependent Variable: SP
Method: Panel Least Squares
Date: 09/18/21   Time: 01:10
Sample (adjusted): 2011 2019
Periods included: 9
Cross-sections included: 75
Total panel (unbalanced) observations: 669
Convergence achieved after 7 iterations

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.723118	89.90822	-0.041410	0.9670
DPOUT	-0.000604	0.006930	-0.087196	0.9305
DIYLD	-0.145458	0.297905	-0.488270	0.6255
EPS	5.050856	0.459803	10.98482	0.0000
BVPS	0.394736	0.287738	1.371857	0.1706
AR(1)	1.017130	0.014870	68.40276	0.0000

R-squared	0.919645	Mean dependent var	36.14329
Adjusted R-squared	0.919039	S.D. dependent var	134.9351
S.E. of regression	38.39396	Akaike info criterion	10.14261
Sum squared resid	977325.9	Schwarz criterion	10.18302
Log likelihood	-3386.702	Hannan-Quinn criter.	10.15826
F-statistic	1517.576	Durbin-Watson stat	2.280448
Prob(F-statistic)	0.000000		

Inverted AR Roots	1.02	
	Estimated AR process is non-stationary	

Source: Author's Eviews 10.0 Result

The regression results as represented in table 4 above shows that dividend payout (DPOUT) and dividend yield (DIYLD) are negative and statistically insignificant determinant factors of share price of non-financial firms in Nigeria (t* = −0.001 and −0.145, p=0.9305 and 0.6255 respectively). Meanwhile, Earnings per Share (EPS) and Book Value per Share (BVPS) are positive predictors of share price of non-financial firms in Nigeria (t* = 5.051 and 0.395, p=0.000 and 0.1706 respectively). The predictive power of Earnings per Share (EPS) is statistically significant.

However, the explanatory power of the model is 92.0%, indicating that a total of about 92.0% of the total variations in share price is accountable by changes in dividend measures. Jointly as shown by the Fisher's statistics, the selected dividend measures have collective statistically significant influence on share price of non-financial firms in Nigeria.

5. Conclusion and Recommendations

Understanding the impact of various fundamental variables on share price is very much helpful to the investors as it will help them in taking profitable investment decisions. Share price volatility is a risk characteristic of emerging markets like Nigeria. The major role of the stock market in the economy is to raise capital and utilize such capital into the productive sectors and to ensure that the funds raised are utilized in the most profitable opportunities. This study explored effectiveness of dividends as a determinant factor of share price of non-financial firms in Nigeria. The study was guided by influence of dividend payout, dividend yield, earnings per share, and book value per share on share price of non-financial firms. Finding uncovered that dividend payout, dividend yield, earnings per share, and book value per share interact positively with share price. Meanwhile, the study concludes that it was only earnings per share that affects share price significantly. In essence, earnings per share is the major determinant of share price among selected non-financial firms in Nigeria. Based on the research findings, the following recommendations were made:

i.   Since, the book value per share depicts the owner's funds, a higher book value per share is perhaps perceived by an investor to be an indicator of the sound financial position of a company for investing, hence it is suggested to the investors that they should focus on the book value of the share, while taking the investment decision.

ii.   Non-financial firms listed on Nigeria Exchange limited should enhance their dividend yield by investing in viable projects that increase the earnings that will cause their share price to appreciate.

iii. Management of non-financial firms in Nigeria should design policies that ensure consistent payment of dividend to shareholders as this would serve as motivating bait for prospective investors to invest in the sector.

iv.   Managers of non-financial firms always monitor dividends paid to their shareholders so as to curtail its negative effect on the share prices.

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APPENDIX

UNIT ROOT TEST RESULT

Panel unit root test: Summary
Series: SP
Date: 09/18/21   Time: 01:06
Sample: 2010 2019
Exogenous variables: Individual effects, individual linear trends
User-specified lags: 1
Newey-West automatic bandwidth selection and Bartlett kernel
Balanced observations for each test

Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-20.4705	0.0000	75	600
Breitung t-stat	0.49198	0.6886	75	525
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-1.35373	0.0879	73	584
ADF - Fisher Chi-square	212.346	0.0003	73	584
PP - Fisher Chi-square	391.327	0.0000	73	657

** Probabilities for Fisher tests are computed using an asymptotic Chi
     -square distribution. All other tests assume asymptotic normality.

Panel unit root test: Summary
Series: DPOUT
Date: 09/18/21   Time: 01:07
Sample: 2010 2019
Exogenous variables: Individual effects, individual linear trends
User-specified lags: 1
Newey-West automatic bandwidth selection and Bartlett kernel

Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-229.592	0.0000	61	485
Breitung t-stat	-0.30960	0.3784	61	424
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-28.0828	0.0000	61	485
ADF - Fisher Chi-square	206.272	0.0000	61	485
PP - Fisher Chi-square	354.994	0.0000	61	546

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** Probabilities for Fisher tests are computed using an asymptotic Chi
-square distribution. All other tests assume asymptotic normality.

Panel unit root test: Summary
Series: DIYLD
Date: 09/18/21   Time: 01:07
Sample: 2010 2019
Exogenous variables: Individual effects, individual linear trends
User-specified lags: 1
Newey-West automatic bandwidth selection and Bartlett kernel

Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-11.6379	0.0000	61	487
Breitung t-stat	2.78862	0.9974	61	426
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-0.36724	0.3567	61	487
ADF - Fisher Chi-square	159.852	0.0122	61	487
PP - Fisher Chi-square	264.411	0.0000	61	548

** Probabilities for Fisher tests are computed using an asymptotic Chi
-square distribution. All other tests assume asymptotic normality.

Panel unit root test: Summary
Series: EPS
Date: 09/18/21   Time: 01:08
Sample: 2010 2019
Exogenous variables: Individual effects, individual linear trends
User-specified lags: 1
Newey-West automatic bandwidth selection and Bartlett kernel

Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-14.3460	0.0000	75	595
Breitung t-stat	3.44456	0.9997	75	520
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-0.02192	0.4913	75	595
ADF - Fisher Chi-square	176.155	0.0710	75	595
PP - Fisher Chi-square	284.766	0.0000	75	670

** Probabilities for Fisher tests are computed using an asymptotic Chi

-square distribution. All other tests assume asymptotic normality.

Panel unit root test: Summary
Series: BVPS
Date: 09/18/21   Time: 01:08
Sample: 2010 2019
Exogenous variables: Individual effects, individual linear trends
User-specified lags: 1
Newey-West automatic bandwidth selection and Bartlett kernel

Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-7.16677	0.0000	75	599
Breitung t-stat	5.68924	1.0000	75	524
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	1.39123	0.9179	75	599
ADF - Fisher Chi-square	132.638	0.8426	75	599
PP - Fisher Chi-square	221.608	0.0001	75	674

** Probabilities for Fisher tests are computed using an asymptotic Chi
    -square distribution. All other tests assume asymptotic normality.