FIRM PERFORMANCE INDICATORS AND MARKET SHARE PRICE OF QUOTED FINANCIAL FIRMS IN NIGERIA

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ABSTRACT

There has been a systemic decline in the usefulness of financial information to investors over the years, as manifested by a weakening association between capital market value and financial attributes. This paper, therefore, considers the firm's performance indicators and market share prices of quoted financial firms in Nigeria. The population comprises all the 49 financial firms quoted on the Nigerian Exchange Group as of December 31, 2022, and filtering criteria were used to arrive at forty-one (41) sampled firms covering the periods of 2012 to 2022. Descriptive Statistics, Shapiro-Wilk Normality Test, Pearson Correlation, Variance Inflator Factor, Heteroscedasticity test, Breusch-Pagan Lagrangian Multiplier test, Hausman specification test, and Robust Random Effect Model were used in analyzing the data. The study discovered that return on equity exerts a significant positive impact on the market share prices of quoted financial firms in Nigeria. However, return on assets and dividend per share were found to have insignificant positive impacts on market share prices (MSP) of quoted financial firms in Nigeria. The study thereby recommends, among others, that the management of a financial firm in Nigeria should strive to ensure high returns on equity to make more equity investments attractive, by increasing net income, reducing costs, enhancing revenue, and making strategic investments in projects with high returns. Also, ensuring strong returns on assets by the management will attract more equity investments in Nigeria. This can be done by regular review and optimization of operational processes to reduce waste and enhance efficiency.

Keywords: *Firm Performance Indicators; Market Share Prices; Dividend Per Share; Return on Assets; Return on Equity*

INTRODUCTION

The Nigerian financial market is very important in the economy, as it is involved in rendering essential services to individuals, businesses, and government entities. There are various factors that underpin the valuation of the financial firms quoted on NGX Group, including firm-specific performance indicators. The relationship between these performance metrics and market share prices of investors, policymakers, and stakeholders in the financial sector needs to be understood.

High-quality information disclosure is very important for effective decision making by investors and other stakeholders. Companies provide information through various mandatory and other voluntary means. Mandatory disclosure includes financial reports and other regulatory filings while voluntary disclosure is those made in addition to disclosure mandated by regulations such as investors' presentations and other ad hoc disclosures. Andri and Muhammad (2020) identified that corporate information is necessary not only for the essence of the efficient functioning of capital markets but also wider stakeholders, including governments and employees, among others, with information useful for stewardship and economic and policy decision-making. Equity investors of a corporation, both real and potential, will want to know how effective the directors are performing their stewardship function.

They used financial statements as a base for decisions to dispose of some, or all their shares or to buy some. Investment decisions depend on the expectations of the benefits of the investments, which in turn depend on the expectation of future growth. Arkan (2016) stated that relevant corporate information possesses predictive and/or confirmatory values that affect the decisions of the users of corporate information. Faithful representation suggests that decision-useful corporate information represents realistically the economic indications that it senses to signify, which helps in differentiating more useful information from less useful one.

Investors' perception regarding the ability of companies to yield the expected return will determine their investment decisions in respect of such companies. The general belief is that in return for taking greater risks, equity investors in the companies will demand higher expected returns such as dividends and capital gain. Organisations that meet shareholders' investment objectives based on their information need that are publicly available will enjoy favourable investments from the shareholders which will, in turn, increase their market share prices. Zager and Zager (2006) asserted that corporate information is meant to guide the interests of the stakeholders.

Existing and potential investors are mainly interested in assessing the investment attributes of firms in respect to their returns, dividend, safety, liquidity, growth amongst others (Zayol et al., 2017). The evaluation of investment opportunities involves the relationship between the current value of a stock to expectations of its future value. Investors are also

interested in the safety of their investment as reflected in the financial conditions of the company and its operating performance.

The dividend policy of a company is usually a major concern of investors. It is commonly observed that as the dividend of companies increase, the share prices also rise due to the market pressure on the shares. Firms with higher dividend per share have their share prices going up as well, due to higher demand in shares, but firms with lower dividend have their share prices going down. Therefore, the dividend policy is one of the major factors that determine both the upward and downward movement of share prices of firms in the capital market. Ebrahimi and Chadegani, 2011 opined that the investors are interested in earning the maximum return on their investment and maximize their wealth. A general dividend policy cannot be determined which can be followed by different firms at different times because the dividend decision has to be taken considering the special circumstances of an individual case. Information such as return on equity and return on assets amongst others, related to the corporation influences shareholders decisions and is captured in the market price of shares (Nirmala et al., 2011).

Therefore, the study used firm size as a control variable to minimize the level of information asymmetry. The study in question is a bone need, stemming from the quest to do research relating firm performance indicators and market share prices of quoted financial firms in Nigeria in the post-IFRS implementation periods in Nigeria. This is because the implementation of IFRS in Nigeria has made much needed and huge changes to financial reporting in Nigeria.

Firm performance indicators play a major role in addressing the problem of information asymmetry between managers and owners thus it decreases agency problems (Easley et al., 2010). Corporate financial reporting, particularly annual reports, are crucial tools in communicating vital information about a company financial information (Barako, 2007). Lev and Zarowin 1999 argued that there has been a systemic decline in the usefulness of financial information to investors over the past twenty 20 years, as manifested by a weakening association between capital market value and financial attributes.

Yuen et al. (2009) believed that the financial statements of the company have given less information to the stakeholders, it means that the available information on the performance of companies' annual reports is poor and the financial information required by different types of users is different. Buzby (1974) also believed that many items were inadequately disclosed and there has been a gap between the users' needs of information and the actual information supplied by companies' annual reports.

Accurate provision of firm performance indicators protects and guides the investors' investment decisions to not become victims of financial fraud and suffer losses in their investments. This is important in order to avoid the bitter experience of investors in Intercontinental Bank International Plc, Oceanic Bank Plc, Afri Bank Plc among others in Nigeria, these firms' scandal have remained a reference point for fraudulent financial reporting while other incidences of fraudulent financial reporting in Nigeria. These firms used stock buyback, cost deferrals, trade loading and false suppliers stock certificates to manipulate its financial reports that were issued to the public and filed with the commission. Investors in these firms also lost heavily as their share prices took a downward turn.

A similar finding includes that most studies conducted in Nigeria, such as those of Amahal et al. (2018); Oladutire and Agbaje (2019) and Zayol et al. (2017) combined both the data from the periods pre and post implementation of IFRS together in developing their findings; as can be expected this seriously influenced the results arising due to altered financial reporting. Empirical works have also shown that most studies such as Edi et al. (2022), Elisa and Dwi (2022), Iskandar et al. (2022), and Meilin (2022), conducted in recent times with respect to return on assets, return on equity, dividend per share, and market share prices in Nigeria and indeed other countries of the world were not current in the data used for the analysis to reflect the current economic realities because all the data used were within 2020.

Besides, such studies conducted in Nigeria were very few-for instance, Amahal et al. (2018), Oladutire and Agbaje (2019), and Zayol et al. (2017)-whereas most of these, like Andri and Muhammad (2020), Astin and Muhammad (2020), Choiriyah et al. (2020), Edi et al. (2022), Elisa and Dwi (2022), Iskandar et al. (2022), and Meilin (2022), have been done in other countries around the world. These identified gaps in literature call for further study in this area, which has necessitated this study on the firm performance indicators and market share price of quoted financial firms in Nigeria. This updates the data up to 2022, covers only periods of IFRS implementation in Nigeria, and contributes to the scanty literature in this area in Nigeria.

The main objective of this study is to examine the firm performance indicators and market share prices of quoted financial firms in Nigeria. This study is specifically intended to: (i) determine the effect of return on equity on market share prices of quoted firms in Nigeria; (ii) examine the effect of return on assets on market share prices of quoted firms in Nigeria; and (iii) assess the effect of dividend per share on market share prices of quoted firms in Nigeria. The hypotheses are formulated for test in line with the specific objectives as follows: Ho_1: Return on equity has no significant effect on market share prices of quoted firms in Nigeria. Ho_2: Return on assets has no significant effect on market share prices of quoted firms in Nigeria. Ho_3: Dividend per share has no significant effect on market share prices of quoted firms in Nigeria.

REVIEW OF RELATED LITERATURE

Conceptual Framework

The conceptual framework for this study as adopted from Ursula (2017) comprises three proxies (Return on Equity, Return on Assets, and dividend per share) representing independent variable and Market Share Prices as a dependent variable.

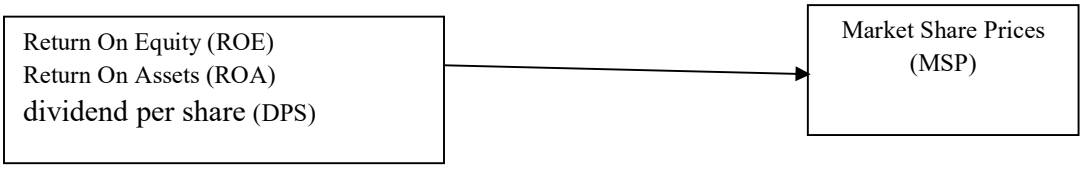


Figure (1): Adapted Conceptual Framework of the Study

Firm Performance Indicators

Firm performance indicators are measures used to evaluate the financial health and success of an organization. These indicators typically include profitability, liquidity, solvency, and efficiency ratios, which provide insights into how effectively a firm manages its resources and obligations. Profitability indicators such as return on assets (ROA) and return on equity (ROE) measure the firm's ability to generate profits from its assets and shareholders' investments. Liquidity indicators, including the current ratio and quick ratio, assess a firm's capacity to meet short-term obligations, while solvency indicators evaluate its ability to meet long-term financial commitments. Efficiency ratios, on the other hand, measure how effectively a firm utilizes its assets to generate sales or profits.

In addition to financial ratios, performance can also be assessed using market-based indicators, which evaluate how well a firm performs relative to competitors. According to Brigham and Houston (2019), these indicators include measures such as market share, growth rate, and brand strength. Market share reflects the proportion of industry sales captured by a firm, while growth rate measures how rapidly a firm's sales or market presence expands over time (Porter, 2008). Furthermore, strategic performance indicators assess how effectively a firm's strategies contribute to long-term objectives. Kaplan and Norton (1996) highlight indicators such as customer satisfaction, employee productivity, and innovation capability, which reflect the firm's ability to sustain competitive advantage. In this study, firm performance indicators are defined as firm-based profitability measures of financial firms.

Return on Equity

Return on Equity (ROE) is a key financial performance indicator used to evaluate a firm's ability to generate returns from shareholders' investments. It measures the relationship between net income and shareholders' equity, expressing profit as a percentage of equity (Lasher, 1997). ROE is particularly important to shareholders because it shows the return generated by management from the capital provided by owners after meeting the claims of other capital providers (Reilly & Brown, 2012). A higher ROE indicates that the firm is efficient in utilizing shareholders' funds to generate profits, which can enhance firm value and potentially increase stock prices (Kumar, 2017).

ROE is also widely regarded as an important measure of a company's earnings performance and efficiency in managing equity capital (Kijewska, 2016). Lyn and Aileen (2008) note that it reflects the return earned by ordinary shareholders and serves as a signal to investors about the firm's profitability and investment attractiveness. Empirical evidence supports this view; for instance, Al-Khalayleh (2001) found a significant positive relationship between ROE and market price per share among Jordanian public companies. Similarly, Tyll and Pohi (2014) reported that improvements in earnings and book value are associated with increases in stock prices. In this study, return on equity (ROE) is defined as the return earned by ordinary shareholders of financial firms.

Return on Assets

Return on Assets (ROA) is a key profitability ratio used to measure a firm's ability to generate earnings from its total assets. According to Lasher (1997), ROA evaluates how effectively a company utilizes the assets it has invested in to produce profit. Similarly, Dansby et al. (2000) explain that ROA reflects the relationship between net income and the assets available for use during a financial period. A higher ROA indicates that the firm is more efficient in converting its asset base into income. ROA can be categorized into return on operating assets and return on total assets. However, in most financial analyses and in this study, ROA refers to the return on total assets. Rosikah et al. (2018) note that a higher ROA signifies stronger company performance because it indicates a higher return on investment generated from the firm's assets. This improved performance can attract investors and potentially increase the company's share price. Overall, ROA serves as an important indicator of a firm's operational efficiency and profitability. Companies with higher ROA values are generally considered more effective in utilizing their assets to generate income, which enhances investor confidence and market value. In this study, return on assets (ROA) is defined as the amount of net income generated in relation to the assets available for use during a given financial year.

Dividend Per Share (DPS)

Dividend per Share (DPS) represents the portion of a company's earnings distributed to shareholders for each outstanding common share. According to Johnson (2005), DPS is the amount of profit paid to shareholders per share of common stock, usually expressed in monetary terms. Baker and Powell (2013) also describe DPS as an important financial indicator that shows the total dividends distributed to shareholders relative to the number of outstanding shares. It reflects a company's willingness to return part of its earnings to investors.

DPS is closely linked to a firm's dividend policy and capital allocation strategy. Chen et al. (2020) explain that DPS forms part of a company's dividend policy and represents the cash flow transferred to investors per share, which influences investment decisions and stock valuation. Similarly, Brown and Wilson (2019) define DPS as the cash return received by shareholders per share, highlighting the firm's ability to generate consistent returns. Lee and Kim (2016) further note that dividend payments can influence investor sentiment and stock price performance. Empirical evidence also suggests that dividend policy significantly affects share price movements. Majanga (2015) argues that higher dividend payments often signal positive future prospects and strong cash flows, thereby attracting investors. Likewise, Attah-Botchwey (2014) observes that companies with higher dividend payments tend to experience increased share demand and rising stock prices. In this study, dividend per share (DPS) is defined as the amount of dividends distributed to shareholders for each outstanding share of common stock.

Market Share Prices

Market price refers to the price at which a company's ordinary shares are traded in the stock market. It is determined by the interaction of buyers and sellers and may fluctuate depending on investors' expectations and market conditions. According to Mkhonza (2007), share prices are influenced by several factors such as dividend payout, earnings per share, return on equity, and return on assets, which reflect the overall financial performance of a company. These factors, together with general market dynamics, contribute to changes in share prices over time.

Market price is also considered an indicator of a firm's performance and growth potential. Correia et al. (2011) argue that investment activities and expected future growth prospects often influence share price appreciation, making it an important measure of corporate success. Similarly, Attah-Botchwey (2014) explains that share prices represent the value at which the ordinary shares of quoted companies are traded on a country's stock exchange, usually determined using daily closing prices averaged over a period. However, share prices are not fixed and change frequently with market conditions and investor perceptions. When a company performs well, investor confidence increases and share prices tend to rise; conversely, poor performance may lead to price declines. In this study, market price is defined as the value at which a company's ordinary shares are traded on the stock exchange (Anike, 2014).

Theories Underpinning the Study

The Dividend Signaling Theory underpins this study because it explains that a firm's dividend policy serves as a communication mechanism between management and investors. Through dividend payments, companies transmit important information about their financial strength, profitability, and future prospects. As a result, investors interpret dividend announcements as signals about the firm's performance and potential growth. Consequently, changes in dividend policy often influence investors' expectations and market reactions, leading to adjustments in share prices. Therefore, the Dividend Signaling Theory provides a suitable framework for explaining how dividend decisions can affect the market price of shares by conveying information about the company's financial health and future outlook.

Empirical Review

The empirical studies related to this study were reviewed base on the specific objectives as presented below:

Return on Assets and Market Share Prices

Several empirical studies have examined the relationship between financial performance indicators and stock prices.

Meilin (2022) investigated the effect of return on assets (ROA) and price-to-book value on share prices using secondary data from 2013 to 2018 and multiple linear regression analysis. The findings showed that ROA had no significant effect on stock prices, while price-to-book value significantly influenced stock prices. The study recommended that firms improve financial performance indicators to enhance stock price performance. However, the data used in the study ended in 2020 and the research was conducted outside Nigeria, limiting its applicability to the Nigerian environment and highlighting the need for updated studies. Similarly, Choiriyah et al. (2020) examined the effect of several financial performance indicators—ROA, ROE, net profit margin (NPM), earnings per share (EPS), and operating profit margin (OPM) on the stock prices of banking companies listed on the Indonesian Stock Exchange. Using multiple regression analysis on data from eight banking firms, the study found that ROE and EPS had significant effects on stock prices, while ROA, NPM, and OPM had no significant influence. The study recommended that banking firms maintain stable financial performance indicators to improve stock prices. Despite the use of appropriate statistical techniques, the study was conducted in 2020 and in a foreign context, making its findings less generalizable to Nigeria.

Razak et al. (2020) also assessed the relationship between financial performance and stock returns among machinery and heavy equipment companies in Indonesia using an ex-post facto research design and ordinary least squares regression. The results showed that financial indicators such as current ratio, total asset turnover, ROA, and debt-to-equity ratio had insignificant effects on stock returns. Similarly, Oladutire and Agbaje (2019) examined the effect of ROA on stock prices of

ten quoted deposit money banks in Nigeria from 2009 to 2017 using panel regression and Granger causality tests. The findings indicated that ROA did not significantly influence stock prices, although a long-run relationship existed between stock prices and net asset value per share. However, the study relied on older data, suggesting the need for updated research reflecting current economic conditions in Nigeria.

Return on Equity and Market Share Prices

Several empirical studies have examined the relationship between financial performance indicators and stock prices. Iskandar et al. (2022) investigated the effect of return on equity (ROE) and debt-to-equity ratio (DER) on stock prices in the transportation sector between 2015 and 2019. Using a quantitative associative research design and multiple regression analysis on data from 16 sampled firms, the study found that both ROE and DER had a positive and significant effect on stock prices. The authors recommended that companies improve profitability to attract investors and enhance stock value. However, the study used data only up to 2019 and was conducted outside Nigeria, limiting its relevance to the Nigerian context. Similarly, Edi et al. (2022) analyzed the influence of ROE, earnings per share (EPS), and net profit margin (NPM) on the stock prices of 23 banking companies listed on the Indonesian Stock Exchange from 2018 to 2020 using multiple regression analysis. The findings revealed that NPM had a significant effect on stock prices, while ROE and EPS were individually insignificant. However, all variables jointly had a significant influence on stock prices. The study recommended that banks improve financial performance to strengthen investor confidence and attract external capital. Despite the use of appropriate statistical techniques, the study relied on relatively recent but still limited data and was conducted in a foreign environment.

Astin and Muhammad (2020) also examined the effect of ROE, DER, and EPS on stock prices of LQ45 companies listed on the Indonesian Stock Exchange between 2015 and 2018 using panel data regression with a fixed effect model. The results indicated that EPS had a positive and significant effect on stock prices, whereas ROE and DER showed no significant influence. Likewise, Ursula (2017) investigated the impact of financial ratios on share prices using data from 12 companies listed on the Indonesian Stock Exchange from 2010 to 2014. The findings revealed that EPS significantly affected stock prices, while ROE and ROA had no significant effect. However, both studies were conducted outside Nigeria and used older datasets, indicating the need for updated research within the Nigerian environment.

Dividend Per Share and Equity Investors' Decision Making

Several studies have examined the relationship between accounting and financial performance indicators and stock prices. Elisa and Dwi (2022) analyzed the effect of return on assets (ROA), dividend per share (DPS), price–earnings ratio (PER), and debt-to-equity ratio (DER) on stock prices of food and beverage companies between 2016 and 2020. Using multiple regression analysis on data from 14 sampled firms, the study found that ROA, DPS, and PER had significant effects on stock prices, while DER had no significant influence. Although the study employed appropriate statistical techniques, the data ended in 2020 and the research was conducted outside Nigeria, limiting its applicability to the Nigerian context.

Similarly, Adedoyin et al. (2019) examined the effect of accounting information on investment decision-making of quoted financial firms in Nigeria using panel regression analysis on data from 2013 to 2017. The results showed that earnings per share (EPS) and dividend per share (DPS) had significant positive effects on share prices, while return on capital employed (ROCE) had an insignificant positive effect. Amahal et al. (2018) also investigated the influence of accounting information on market share prices of ICT firms listed on the Nigerian Stock Exchange between 2010 and 2016. Using correlation and OLS regression analysis, the study found that DPS, EPS, and ROE had significant positive effects on share prices. However, these studies relied on older datasets, highlighting the need for updated research.

Other studies also reported mixed findings. Ewereoke (2018) examined the value relevance of accounting information among 68 Nigerian firms from 2012 to 2016 and found that EPS significantly influenced share prices, while book value per share and DPS showed no significant relationship. Similarly, Rajapaksha and Yapa (2016) analyzed the relationship between financial ratios and share prices of companies listed on the Colombo Stock Exchange using panel regression analysis. The results revealed a significant positive relationship between share price and EPS, a moderate positive relationship with DPS, and insignificant relationships with ROE, ROA, and other ratios. However, the study was conducted in a foreign environment and used older data, limiting its generalization to Nigeria.

METHODOLOGY

This study adopted an ex post facto research design because the data used are historical and cannot be manipulated by the researcher. The design is appropriate for examining the relationship between firm performance indicators and market share prices using existing financial data over time. The population of the study consists of forty-nine (49) financial firms quoted on the Nigerian Exchange (NGX) Group as of 31 December 2022, as presented in Appendix A. From this population, a sample of forty-one (41) financial firms was selected covering the period 2012–2022. The firms were selected using specific criteria. To qualify for inclusion, a firm must be actively operating in Nigeria, must have been listed on the NGX at least one year before the adoption of International Financial Reporting Standards (IFRS) in 2012, and its shares must have been regularly traded on the exchange throughout the study period. Based on these conditions, forty-one firms met the requirements and formed the final sample, as shown in Appendix B. The study relied on secondary panel data obtained from the annual reports and financial statements of the selected financial firms. For data analysis, the study employed a random effects

regression model to examine the relationship between firm performance indicators and market share prices. The analysis was conducted using STATA 15, and the results were used to test the formulated hypotheses.

Model Specification

The dependent variable is market share prices (MSP) while the independent variable is firm performance indicators proxies by Return on Assets (ROA) Return on Equity (ROE) and Dividend Per Share (DPS). The study used Firm Size (FZ) as a control variable. Specifically, the functional linear equation as adapted from Rajapaksha and Yapa (2016) is presented as follows:

MSP = *f* (ROA + ROE + DPS + FZ)

Econometrically, the above function is rewritten into different models as follows:

$MSP_{it} = \beta_0 + \beta_1 ROA_{it} + \beta_2 ROE_{it} + \beta_3 DPS_{it} + \beta_4 FZ_{it} + \mu_{it}$ …… (Model)

Where:

MSP = an indicator representing market share prices (dependent Variable);

$\beta 0$ = Intercept term (a constant);

β_1 = Coefficient of return on assets;

β_2 = Coefficient of return on equity;

β_3 = Coefficient of dividend per share;

β_4 = Coefficient of firm size;

ROA = a predictor variable (return on assets);

ROE= a predictor variable (return on equity);

DPS = a predictor Variable (dividend per share);

FZ = a predictor variable (firm size);

μ = Stochastic error term;

i = Firms

t = periods; and

f = Functional relationship.

A-priori Expectations: $\beta 1, \beta 2, \beta 3 > 0$

Operationalisation of Variables and Justifications

Table 1 below explains the variables under study

Variable	Acronym	Type of variable	Measurement	Justification
Market Share Prices	MSP	Dependent	Average annual share price in naira.	Amahal *et al*. (2018); and Rajapaksha and Yapa (2016).
Return on Assets	ROA	Independent	Net income after tax divided by total assets multiply by 100.	Elisa and Dwi (2022); Meilin (2022).
Return on Equity	ROE	Independent	Net income after tax divided by total equity multiply by 100.	Choiriyah *et al.* (2020); and Astin and Muhammad (2020).
Dividend Per Share	DPS	Independent	The portion of earnings approved for distribution to each share as a return.	Adedoyin *et al*. (2019) and Ewereoke (2018).
Firm Size	FZ	Independent	Natural log of total assets.	Ugwu *et al* (2018).

Source: Researcher's Compilation (2023)

DATA PRESENTATION AND ANALYSIS

Data Presentation

The data of forty-one (41) financial firms regarding the market share prices, return on assets, return on equity, dividend per share and firm size are presented in appendix B.

Data Analysis and Results

The data were analysed with the aid of Stata 15 software using Descriptive Statistics, Shapiro-Wilk Test, Pearson Correlation, Variance Inflation Factor (VIF), Heteroscedasticity test, Breusch-Pagan Lagrangian Multiplier Test, Hausman Specification Test and robust random effect regression model based on the data.

Descriptive Statistics

Table 2 summarises the descriptive statistics of the entire data set.

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min.	Max.
MSP	451	7.454	18.829	0.2	103.31
ROA	451	0.514	1.175	-3.96	5.8
ROE	451	1.394	2.934	-7.86	9.91
DPS	451	14.505	19.252	0	85.2
FZ	451	10.462	0.999	8.034	13.053

Source: Researcher's Computation using STATA 15 software

The data analysis presented in Table 2 shows that within the period studied, the minimum value of the MSP was 0.2, while the maximum was 103.31; its mean value stood at 7.454. The same table also indicated that during this period, the MPS has a standard deviation of 18.829 greater than the mean, which by implication implies it is skewed to the right within the period under review. Table 2 presents that ROA minimum value for the period studied was -3.96, a maximum value of 5.8 with a mean value of 0.514. The Table also reveals that ROA is dispersed with a standard deviation of 0.1.175 which is more than the mean, which implies that skewed to the right for the period under review.

Table 2 also presented that ROE has a minimum value of -7.86, a maximum value of 9.91 and a mean value of 1.394 within the period studied. The table also indicated that ROE has a standard deviation of 2.934 that is more than the mean, which implies that it was skewed to the right for the period under review. Table 2 also shows that dividend per share, DPS, has a minimum value of 0, maximum of 82.5 and a mean value of 14.505 within the period studied. The table also shows that DPS has a standard deviation of 19.252, which is more than its mean, implying it skewed to the right for the period under review. Table 2 finally shows that the firm size has a minimum value of 8.034, a maximum value of 13.053 and a mean value of 10.462 within the period studied. The Table also reveals that FS has a standard deviation of 0.999 that is less than the mean, which implies that it skewed to the left for the period under review.

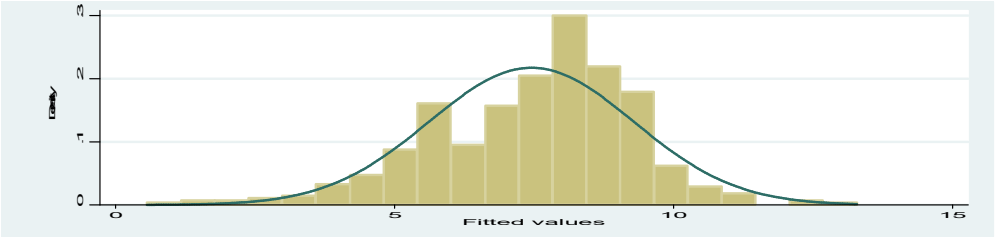
Shapiro Wilk Normality Test

Table 3 and figure 2 below presents the result of the normality test conducted with the use of Shapiro-Wilk normality test and normal distribution curve. The decision rule is if P-Value > 0.05, the residual is normally distributed but if P-Value is equal to or < 0.05, the residual is not normally distributed.

Variable	OBS	W	V	Z	Prob>Z
Residual	451	0.977	7.127	4.699	0.000

Source: Researcher's Computation using STATA 15 software

Figure 2: Normal Distribution Curve



Source: Researcher's Computation using STATA 15 software

Table 3 above presented the residual and the z-value of 4.699 and the corresponding probability of value of 0.00 that is less than 0.05 which signifies that the residual is not normally distributed around the mean. This result is further collaborated by the normal distribution curve presented in figure 2 above. This implies that one of the basic assumptions of linear regression technique which allows only normally distributed residual has been violated.

Pearson Correlation

Table 4 below is the Pearson correlation matrix for the data set to show the extent of associations between the variables.

Table 4: Pearson Correlation

Variable	MSP	ROA	ROE	DPS	FZ
MSP	1				
ROA	-0.0211	1			
ROE	-0.0449	0.8478	1		
DPS	-0.0740	0.1405	0.1636	1	
FZ	-0.0192	-0.1848	-0.1729	-0.2708	1

* = Significant at 1%

** = Significant at 5%

Source: Researcher's Computation using STATA 15 software

The correlation matrix defines the strength of the relationships between the independent variable proxies and the dependent variable. It is also used to show the presence of an association among the proxies of independent variables themselves, in order to detect if a problem of multicollinearity exists in the model.

The table revealed a 2% negative and weak association between ROA and MSP of quoted financial firms in Nigeria, as shown from the correlation coefficient of 0.0222. Also, the table showed 4% negative and weak relationships between ROE and MSP of quoted financial firms in Nigeria, from the correlation coefficient of 0.0449. The result from table 4 further showed that there exists 7% negative and weak relationships between dividend per share (DPS) and market share prices (MSP) of quoted financial firms in Nigeria from the correlation coefficient of 0.0740. The table indicates approximately 2% negatively and weal relationships between firm size and market share prices (MSP) of quoted financial firms in Nigeria, from a correlation coefficient of 0.0192.

Lastly, the relationships between proxies of independent variable themselves suggest being mild as all coefficients are below the threshold of 0.80 as suggested by (Gujarati, 2003). Except for the relationships between return on assets and return on equity of approximately 85% which leads to a further test of Variance Inflation Factor to determine if the high relationship will inflate the over results.

Variance Inflator Factor (VIF) Results

Table 5: Variance Inflator Factor (VIF)

Variable	VIF	I/VIF
ROE	3.58	0.279249
ROA	3.57	0.279724
FZ	1.11	0.904589
DPS	1.10	0.912386
Mean VIF	2.34	

Source: Researcher's Computation using STATA 15 software

In a bid to further test the absence of multi-colinearity problem among the exogenous variables, colinearity diagnostics test were observed as the Variance Inflation Factors (VIF) and the Inverse Variance Inflation Factors (1/VIF) values portray no multi-colinearity problem in the data as their values are less than 10 and 1 respectively (Gujarati, 2003) as presented in table 5. This point to the fact that the variables are well selected and fit in the same regression model because the multi-colinearity problem is absent in the model, which is one of the requirements for regression analysis.

Heteroscedasticity test for Model

Table 6: Heteroscedasticity test

Type of test	**Chi2**	**P-Value**
Heteroscedasticity Test	71.49	0.00

Source: Researcher's Computation Using STATA 15 software

A heteroscedasticity test was done to establish whether the data for this study was robust for the model. However, the study revealed that data is heteroskedastic; as such the basic linear regression model would not be reliable. This can be confirmed from the heteroskedasticity result in table 6 which revealed the chi2 value of 71.49 with a p-value of 0.000. The anomaly has been corrected by applying the robust linear regression technique, as suggested by Hoechle (2007), because the above relationship does not satisfy the homoskedasticity (constant error variance) assumption of classical linear regression.

Breusch-Pagan Lagrangian Multiplier test

The Lagrangian Mutiplier test examines the present of unobserved effects in the random effect model. If the calculated value of the test exceeds the critical value (in other words significant of chi-square), null hypothesis is rejected and the random effects model of panel data is chosen or vice versa.

Breusch-Pagan Lagrangian Multiplier Test

Table 7 below presents the result of the Breusch-Pagan Lagrangian Multiplier test conducted.

Variable	Chibar2	P-Value
MSP	2120.80	0.000

Source: Researcher's Computation using STATA 15 software

Table 7 showed that the calculated Breusch-Pagan Lagrangian Multiplier test with chibar2 value of (2120.80) and the corresponding probability of (0.00) is equal to the critical value for all the models (p = 0.000), thus the null hypothesis is accepted. The significance of the chi-square of the Lagrangian Multiplier test signifies that the variance of the random effect model is zero (0). Hence, Random Effect Regression Model (REM) is more suitable than of pooled effect Model.

Hausman Specification Test for Model

Table 8 below presents the result of a Hausman specification test conducted.

Table 8: Hausman Specification Test

Chi2	0.17
Prob. Chi2	0.9967

Source: Researcher's Computation using STATA 15 software

The data for this study is panel, and panel data can lead to an error that is clustered and possibly correlated over time. This is because each financial firm may have its entity-specific firm performance indicators that can determine its information-i. e., unobserved heterogeneity. This may bias the outcome variable or even the explanatory variables. As such, there is a need to control it. The Hausman test was carried out and shows that the random effect model is more appropriate. This can be confirmed from the Chi2 value of 0.17 with a p-value of 0.9967 in table 8 above which is not significant at all levels of significance as suggested by (Hoechle, 2007).

Firm Performance Indicators and Market Share Prices Using Robust Random Effect Model (REM)

Table 9 below is the robust random effect regression model conducted for the estimation of model.

Table 9: Robust Random Effect Regression Model

Variable	Coefficients	z-value	Prob.
Cons.	1.0119	1.09	0.277
ROA	.0002	0.04	0.970
ROE	2.1198	32.96	0.000
DPS	.0005	0.11	0.912
FZ	-.0683	-0.79	0.429
R-sq overall	0.7191		
F-Statistic	1108.90		
Prob. >F	0.000		

Source: Researcher's Computation using STATA 15 software

Table 9 above indicated that approximately 72% variation of the market share prices (MSP) is predicted by the combined effect of return on assets (ROA), return on equity (ROE), dividend per share (DPS) and firm size (FZ) with (Overall R-sq of 0.7191). This indicates the combined effect of independent variables on the dependent variable. The Fisher statistic value of 1108.90 with a P-value of 0.00 signified that the model is fit for the study.

Discussion of Findings

Return on Assets and Market Share Prices

The findings from this study revealed that ROA has an insignificant positive effect on the MSP of quoted financial firms in Nigeria during the period under review. This means that a 1% increase in return on assets will increase the market share price of quoted financial firms in Nigeria by 0.0002. This finding agrees with the a-priori expectation of the researcher because return on assets positively improves the market share prices of quoted financial firms in Nigeria. The finding is also in line with dividend signaling theory because the theory emphasized that dividend policy serves as a means of

communication between companies and investors, conveying important information about future prospects and financial health, which translates into the movement of the market price of shares. Return on asset insignificantly positively influences the market share prices of quoted financial firms in Nigeria for the period under review. This is in line with the findings of Meilin (2022), Choiriyah et al. (2020), and Razak et al. (2020). However, the finding disagrees with the findings of Andri and Muhammad (2020), Elisa and Dwi (2022), and Oladutire and Agbaje (2019).

Return on Equity and Market Share Prices

The study also revealed that ROE significantly positively affects the MSP of quoted financial firms in Nigeria for the period under review. This means that 1& increase in return on equity will increase the market price of shares of quoted financial firms in Nigeria by 2.1198. The finding is in line with the a-priori expectation of the researcher because return on equity positively enhances the market price of shares of quoted financial firms in Nigeria. It is also in accordance with dividend signaling theory since the theory made it clear that the policy of dividends acts as a communication device between firms and investors to provide essential data on future expectations and the company's financial position, which in turn, the share price would adjust for. The return on equity has significantly influenced the market price of shares of quoted financial firms in Nigeria for the period under review. This result is consistent with the studies of Choiriyah et al. (2020) and Iskandar et al. (2022). However, the finding disagrees with that of Astin and Muhammad (2020), Edi et al. (2022), and Ursula (2017).

Dividend per Share and Market Share Prices

Finally, the dividend per share (DPS) indicated an insignificant positive effect on market share prices (MSP) of quoted financial firms in Nigeria during the period reviewed. It therefore means that N1 increase in the dividend per share will increase the market share prices (MSP) of quoted financial firms in Nigeria by 0.0005. This finding is in line with the a-priori expectation of the researcher because dividend per share enhances the market price of shares of quoted financial firms in Nigeria. The finding is also consistent with the dividend signaling theory, and the theory emphasized that dividend policy acts like a channel of communication for companies and investors, transmitting vital information about future perspectives and financial health, expressed in the movement of shares' market price. It also means that the dividend per share, which is a measure of corporate distribution policy, has an insignificant positive effect on the market price of shares of quoted financial firms in Nigeria during the period under review. This supports the finding of Ewereoke (2018). However, this is not in line with the findings of Adedoyin et al. (2019), Amahal et al. (2018), and Elisa and Dwi (2022).

CONCLUSION AND RECOMMENDATIONS

To the financial firms in Nigeria, a high ROA is of essence in ensuring efficient utilization of assets to generate profit. This will enhance their market valuation and attract equity investors. A consistently high ROA positively influences the market share price of these firms. In the same vein, a high ROE is very essential in attracting equity investments, as a stable and high ROE also boosts the market share price.

Apart from that, the priority of DPS will attract more equity investors. Companies that pay a good dividend per share continuously have increased their market share price, which means that such companies can attract more equity investors. In addition, having a high level of DPS will guarantee access to relatively cheaper equity capital from the Nigerian capital market. Good ROA and ROE performances along with DPS will enhance the market valuation of the firms to attract more investors in Nigerian financial firms.

The recommendations based on the above conclusions are as follows:

i. The management of financial firms should ensure strong returns on assets to attract more equity investments in Nigeria. This will be achieved by the regular review and optimization of the operational processes to reduce wastes and enhance efficiency.

ii. The management of financial firms in Nigeria should strive to attain high returns on equity, which will attract more equity investments. This involves increasing net income through cost reduction, revenue enhancement, and strategic investments in high-return projects.

iii. Management of financial firms in Nigeria should prioritize the transparent disclosure of their dividend per share and other significant financial metrics across various media platforms to attract and retain equity investors.

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