

CORPORATE ATTRIBUTES AND SHARE VALUE OF LISTED PHARMACEUTICAL FIRMS IN NIGERIA

MOHAMMED, Abba

Department of Accountancy,
Modibbo Adama University of Technology,
Yola, Nigeria.

USMAN, Suleiman

Department of Accountancy,
Modibbo Adama University of Technology,
Yola, Nigeria.

ABSTRACT

The issue of what determines share price of firms generated a lot of arguments among scholars all over the world. Various studies were conducted in an attempt to investigate whether corporate attributes such as firm size, leverage, profitability, liquidity, firm growth among others influence share price of an organization but the findings yielded mixed results. It is on this background that this study examines the impact of corporate attributes on the share price of listed pharmaceutical firms in Nigeria using a panel data of five sampled firms for a period of ten years (2004-2013). The data is extracted from the annual accounts of the selected firms. Multiple regression technique is employed to examine the influence of corporate attributes on the share price of listed pharmaceutical firms in Nigeria. The study reveals that firm size, leverage, profitability and growth have positive and significant relationship with share price implying that they have impact in increasing share price. However, the relationship between liquidity and share price is found to be negative, indicating that liquidity has no influence in enhancing share price of listed pharmaceutical firms in Nigeria. The study therefore, recommended that firm size, leverage, profitability and firm growth should be enhanced in view of their influence in increasing the share price while liquidity should not be given any attention in an effort of rising share price.

Keywords: Corporate attributes, Share value, Profitability, Pharmaceutical firms

INTRODUCTION:

All investors, institutional or individual hold one common objective when investing in the equity market; they all hope to maximize expected returns. This makes the firms to devise a means of increasing the value of their shares in the market in order to meet the objective of such investors. To achieve that, various factors are usually taken in to consideration by firms which include corporate attributes such as firm size, leverage, profitability, liquidity and growth among others, which are expected to send a signal to investors as regard to the worthiness of a firm. The search for the attributes that really affect the value of shares of a firm received a considerable attention in both the developed and the developing countries. Therefore, when such attributes that influence share price are identified, firms may use them as a platform for decision making in their quest to maximize their shareholder's returns.

What determines share price varies among different scholars. Some are of the view that factors such as corporate earnings, management strength, news of law suit, mergers, takeovers, market liquidity, government policies, analysts report, macroeconomic issues, investor's perception and technical influences can affect share price of companies (Sunde & Sanderson 2009). Apart from the above mentioned factors, corporate attributes such as firm size, leverage, profitability, growth among others also affect share price as shown by many studies such as Dana (2008), Abu Shanab (2008) & Abdallah (2012).

On the above background, various studies have been conducted in an attempt to find out whether corporate attributes have impact on the share value of a firm but yielded mixed results which were discussed in the next page. This study therefore, viewed the search for whether corporate attributes such as firm size, leverage, profitability, liquidity and growth have impact on the share value of listed pharmaceutical firms in Nigeria as a worthwhile problem to delve into.

Despite the variety of studies in this area, none of them to the best of our knowledge were conducted in Pharmaceutical firms in Nigeria covering a period of ten (10) years and measuring share value as the average price of shares as most of the studies used only the value as at last day of the year. It is on the basis of this that the study is considered inevitable.

Therefore, the main objective of this study is to examine the impact of corporate attributes on the share value of listed Pharmaceutical firms in Nigeria. The specific objectives of the study are to:

- i. Determine the impact of firm size on the share price of listed pharmaceutical firms in Nigeria
- ii. Identify the effect of leverage on the share price of listed pharmaceutical firms in Nigeria
- iii. Ascertain the impact of profitability on the share price of listed pharmaceutical firms in Nigeria
- iv. Investigate the effect of liquidity on the share price of listed pharmaceutical firms in Nigeria
- v. Examine the impact of firm growth on the share price of listed pharmaceutical firms in Nigeria

In order to achieve the above objectives, the following hypotheses have been formulated in null form;

1. Firm size has no significant impact on the share price of listed Pharmaceutical firms in Nigeria.
2. Leverage has no significant impact on the share price of listed pharmaceutical firms in Nigeria.
3. Profitability has no significant impact on the share price of listed Pharmaceutical firms in Nigeria.
4. Liquidity has no significant impact on the share price of listed Pharmaceutical firms in Nigeria
5. Firm Growth has no significant impact on the share price of listed Pharmaceutical firms in Nigeria.

LITERATURE REVIEW:

Abdallah (2014) investigated the effect of financial structure, financial leverage and profitability on industrial company's value. He selected forty-six Saudi industrial companies listed in Saudi Stock Market as his sample. Saudi capital market brochures were used for a period of four years during the period of 2009 – 2012. Statistical methods (descriptive, correlation and multiple regressions) were used to determine the effect of study variables that reflect the operational, financing and investment aspects on company's value as an ultimate goal of increasing shareholder wealth. There was a positive relationship between capital structure and return on equity upon using multiple regression analysis; it was shown that the strongest relationship was between capital structure and dependent variable (company's share value). Finally, there is a clear impact of financial structure return on equity on company's value, and therefore by reviewing these variables the financial analyst can predict future company's value. Safdar, Hazoor, Toheed. and Ammara. (2013) examined the impact of firm characteristics on stock returns of 307 non financial listed companies in Karachi stock exchange, Pakistan for the period of 13 years (2000-2012). The study shows that there is positive relationship between market capitalization, earning per share and book to market and sales growth with stock returns. Therefore, maintained

that firm characteristics have impact on the stock returns.

Uwuigbe, Olowe, Olusegun, & Godswill (2012) examined the determinants of share prices using 30 firms listed on the floor of the Nigerian stock exchange from the annual reports for five (5) years (2006-2010). Using the regression analysis method, the study discovered that firm's financial performance is positively related to share price. Hence, the study concluded that firms' financial performance, dividend payouts, and financial leverage are strong determinants of the market value of share prices in Nigeria. Jin & Zhenhu (2008) studied the relationship between stock price and firm performance (Return on Equity, earning per share, profit margin, return on asset, changes in sales, and total asset turnover) of the top performing stocks listed on Shanghai Stock Exchange. The study shows that there is significant positive relationship between stock price and all the variables.

Nawazish & Mirza (2008) studied Book to Market (B/M) ratio as the determinants of share prices of karachi stock exchange market for a period of five (5) years (2003-2007). The result revealed that value and size of premium is directly related to share price. The premium is related to the Book to Market Ratio as explained in Fama and French Model for the Portfolio Return. It was therefore maintained that the size of the firm play a very important role in influencing value of stock. Uddin (2009) analyzed the relationship of macro and microeconomic factors with the stock price by using multiple regression analysis. This research found a significant linear relationship among market return and some microeconomic factors such as net asset value per share, dividend percentage, earning per share of bank leasing, and insurance companies. He also found that non-linear relationship among the variables is insignificant at 95 percent level of significance.

Fisher (2009) determined the relationship between British share prices and different quantitative variables. It showed the impact of dividends, undistributed profits, and company size on share prices taken from five cross sectional samples of equities quoted on the London Stock Exchange. Nirmala, Sanju & Ramachandran (2011) focused on identifying the determinants of share prices in the Indian market. The study used panel data pertaining to three sectors viz., auto, healthcare, and public sector undertakings over the period 2000-2009 and employed the fully modified Ordinary Least Squares method. The results indicated that the variables dividend, price-earnings ratio and leverage are significant determinants of share prices for all the sectors under consideration. Moreover, profitability is found to influence share prices only in the case of auto sector.

Srinivasan (2012) examined the fundamental determinants of share price in India. The study employed panel data consisting of annual time series data over the period 2006-2011 and cross-section data pertaining to 6 major sectors of the Indian economy, namely, Heavy and Manufacturing, Pharmaceutical, Energy, IT and ITES, Infrastructure, and Banking. The panel data techniques, viz. Fixed Effects model and Random Effects model have been employed to investigate the objective. The empirical results revealed that the dividend per share has a negative and significant impact on the share price of manufacturing, pharmaceutical, energy, and infrastructure sectors. Earnings per share and price-earnings ratio are being the crucial determinants of share prices of manufacturing, pharmaceutical sector, energy, infrastructure, and commercial banking sectors. Size is being a significant factor in determining the share prices of all sectors under consideration except manufacturing. Moreover, the book value per share positively influences the share prices of pharmaceutical, energy, IT & ITES, and Infrastructure.

Monika & wojciech (2012) examined the influence of liquidity on profitability of 44 construction companies listed on warsaw stock exchange sucharskiego for the period of eleven (11) years from 2000 to 2010. The study found out that there is negative relationship between liquidity and profitability but the result is statistically significant. MACN Shafana & jariya (2000) observed the relationship between stock returns and firm size, and book to market equity of selected companies listed on milanka price index in Colombo stock exchange using sample of 12 from the population of 25 companies from 2005-2010. The study revealed that Book to Market equity has a significant and negative effect while firm size also has negative but not significant at all level on the stock returns.

Varun (2012) studied the determinants of share price of Indian Auto Industry for the period of 10 years (2001-2011) from Indian stock market. The study considered the determinants from dividend decision, investing decision and financing decision. The result shows that dividend decision and investing decision are value relevance to the stock price while financing decision has no value relevance to the share price. Shehu & Bello (2013) explored the relationship between firm characteristics and financial reporting quality of manufacturing firms listed on the floor of Nigerian Stock Exchange using a sample of 24 firms. The result of the study showed that profitability and independent directors are positively related with financial reporting quality while liquidity and leverage are inversely related with the financial reporting quality.

Sunde & Sanderson (2009) reviewed the determinants of share price in 2006 of Zimbabwe Stock Exchange. The study found out that growth and liquidity are positively related to share price. Abdelkarim (2014) examined

the determinants of equity share prices of the listed Banks in Amman Stock Exchange for the period of 7 years (2005-2011). Using quantitative approach he found that dividend per share, earning per share, book value, price earnings ratio are positively related to market price per share while size is inversely related with market price per share. In the same vein, Sanjeet (2009) also revealed that book value per share, dividend per share, earning per share, price earning ratio and dividend yield are significantly positive related with equity price while size is inversely related with equity price.

Abu Shanab (2008) carried out a study on the impact of returns and risks on the share prices for the period of 2000 to 2007. Using 38 industrial public companies listed on Amman Security Exchange Jordan as their sample, they found that there is inverse relationship between returns, risks and dividends on the market value per share. In same line AL Kurdi, (2005) studied 110 Jordanian public companies listed in Amman Security Exchange for the period of 1994 to 2004. The results depicted that there was a relationship between the two subjects that is published accounting Information and the price share. The results also made it clear that market information have more ability on predicting share prices compared to the accounting information. Another study from Al Qudah, (2004) tested the role of accounting exposure in indicating the real market price. The samples consisted of 35 public companies listed in Amman's Stock Exchange, 23 licensed financial traders, and 27 investors at Amman's Security Exchange. The results revealed financial data of the public firms are sufficient and appropriate in showing the real share values. The results went further to inform us that all the study sample categories depended on different mechanisms in their investing decisions through collecting financial and economic information. AL Thaher, (2003) examined the impact of dividend policy on market share prices. The study applied a sample of 7 Jordanian commercial banks listed in Amman Security Exchange for a period between years 1996 to 2000. The results showed a significant positive relationship between the market price per share with dividends and though result varies between tested banks.

AL Khalayleh, (2001) tested the relationship between accounting performance indicators and market performance indicators for a sample of 40 Jordanian public companies listed in Amman Security Exchange during the period of 1984 to 1996. The results showed a significant positive relationship between the market price per share with the ratios of return on assets and return on equity. Kabajeh, AL Nu'aimat & Dahmash (2012) observed the relationship amid the return on asset, return on equity and return on investment ratios together and separately with Jordanian insurance public companies share prices during the period 2002-2007. Based on the realistic findings, the results showed a positive relationship between all ratios together with Jordanian insurance public companies share prices. When tested separately return on asset and return on investment ratios showed positive but low relationship with the share prices, while the results showed no relationship between the return on equity and the companies share prices.

Menaje (2012) determined whether earnings per share and return on assets have significant influence on share price of publicly listed firms in the Philippines. The study used the 2009 annual reports of fifty publicly listed firms taken from the OSIRIS electronic database. Result of the Spearman Rank order Correlation disclosed strong positive correlation of earnings per share with share price while return on asset disclosed a weak negative correlation with share price. Using multiple regressions the results depicted that the chosen model was able to explain 73% of the average change in share price.

Jameel (2013) aimed at testing the impact of financial leverage on the performance of 20 corporations listed on the Palestinian Exchange Security during the period 2004-2011. The research used the multi regression in order to analyze and test the hypothesis. The study revealed that the financial leverage had a negative impact on accounting performance measures, and the market value of the firms in Tobin's q and this impact extends for several subsequent years. The study recommended that the Palestinian corporations management should make financial study and evaluate the financial structure in order to reach the best optimal ratio of leverage within the financial structure, to ensure that the positive impact of leverage on the financial performance and the market value of these companies, and enacting economics laws that allow to Palestinian corporation to use loan bonds and other financial instruments that allow for multiple alternatives to these corporations while using leverage in funding.

Alroud (2013) study targeted to investigating the impact of solvency of financial market value of share price in Jordanian commercial banks. To achieve his objectives, financial ratios of solvency of financial short-term and long-term and coverage ratios solvency of the financial reports of commercial banks Jordanian from 2001 to 2010 were collected. The samples of 15 banks listed in Amman Stock Exchange and a Simple regression analysis was used to test solvency ratios, and shares market value. The study concluded that the proportion of cash solvency short term has been interpreted to (0.79) of the whole variance of the market value of the share price, and that the ratio of debt to total equity of financial solvency long-term has been interpreted to (0.60) of the variance total market value of the share price, while the effect of variable Interest Coverage of solvency

cover interest and taxes on the market value of the share price was weak, it was interpreted to (0.24) of the variance total market value of the share price, and recommended the study ran banks Jordanian business need to take into account the interest rate, because of its impact on benefits.

Abdallah (2012) investigated the movements of working capital management and its consequence on firms' profitability and value. Using annual data for 59 industrial firms listed in Amman Stocks Market between the years 2003 to 2011. Following conservative investment policy the results showed that high level of short term investment have positive effect on the firm's profitability and value. However the aggressive financing policy has a negative impact on the firm's profitability and value. Finally, the study found that firm size, firm growth and growth domestic production (GDP) growth had a positive effect on the firm's profitability and value with no effect of financial leverage, but financial leverage had a significant effect on firm value.

Hashemi & Zadeh, (2012) study tested the effect of financial leverage on dividend policy. The research samples 74 public joint stock companies listed on Tehran Stock Market between the years 2003 to 2010. Using multiple regressions the result showed that there was a reversed correlation between financial leverage and dividend policy and therefore, the companies that have high leverage will distribute less profits to shareholders when compared to companies with low leverage. Subai'i (2012) study examined the relationship between financial leverage and return on assets at the level of each sector of the three economic sectors of the Kuwaiti economy. The study sample which consisted of 54 companies concluded that there was a positive relationship between financial leverage and return on investment for all economy sectors.

Al Nuaيمي (2011) study aimed to test the impact of funding mix in the market value of insurance companies listed in Jordanian Amman Financial Market. The study sample tested the effect of leverage on each of common stock return on, return on equity and earnings per share of dividends and company market value. The study used the simple regression and multi- path analysis to test the relationship between the variables .The study concluded that leverage and return on equity have no effect with statistical significance in insurance company's shares market value in Jordan.

Al-Taleb, & Al-Shubiri (2011) study examined capital structure decision and debt maturity structure an empirical evidence from Jordan, using profitability, growth in investment opportunities, assets size, and liquidity as their variables. The study linked these variables with debt ratio with the study samples .The study sample consisted of (60) industrial company listed in Amman Stock Market and study results showed that the debt ratio had a positive relationship with growth rate in total assets, while it has an inverse relationship with liquidity and structural assets, in contrast the study showed that growth in investment opportunities variable had a positive relationship with long-term debt, and that assets size variable had appositve relationship with long term debt and an inverse relationship with short-term debt, and the study also showed that profitability and liquidity variable had no relationship with change in debt size.

Mahira, (2011) study aimed to investigate the effect of firm profitability and its financial leverage on capital structure in automobile sector companies in Pakistan. To achieve the research goals the capital structure of 11 listed firms had been analyzed by adopting an econometric framework over a period of five years. By estimating regression analysis and checking the relationship of estimated model through Correlation Coefficient Test, the study found that the profitability of the firm and its financial leverage had no significant impact on the capital structure of the studied firms during the examined period. In addition there was no any significant relation between profitability and financial leverage on the capital structure of a firm.

Singhanian & Seth, (2010) study aimed to link company's characteristics with financing structure features in an attempt to find a common denominator between company features and financing method .The study sample consisted of 963 companies from companies listed in Bombay Stock Exchange during the period of 2004-2008. Company's financial structure was analyzed and compared with the texts of various finance theories. The study tested a basic hypothesis that states there was a positive relationship between debt ratio at any time and a set of variables: company size, company's liquidity, company's growth rate, the rate of company's debt coverage rate. The study concluded that there is an inverse relationship between debt ratio on one hand and company growth rate and company's liquidity, and the coverage rate of company's debt on the other hand and there was a positive relationship between debt ratio and company size.

Aasia (2010) study aimed to investigate the extent of leverage and dividend policies effect for a sample of 403 companies listed in Karachi financial market for the period 2002 to 2008. Since leverage in the study was represented by debt ratio. The study showed that financial leverage had an effect in dividend policies but a negative on dividend distribution. Dana (2008) study aimed to identify external and internal factors that affect stock return in Amman stock market. The study population consisted of all companies in Amman Stock Market. The study sample consists of (60) companies. The study found that there was significant statistical relationship

between inflation rate, Interest rate, Number of Employees, and the size of the company capital with Share return, and no significant statistical relationship between Payment Balance sheet and share return, and also no significant statistical relationship between the gross domestic product and share return.

Hull (1999) examined leverage ratios, industry norms and share price reaction an empirical investigation of share for debt transactions. He found that the share value is influenced by how a firm changes its leverage in relationship to its industry leverage. So also it provided evidence that firms that rely on debt were more likely to reduce their investment in market share building during downturns. Elliott (1982) studied the relationship between qualified reports and the excess performance of company stocks. Elliott's research reached that for certain types of reservations expressed, there was an important fall of company share prices for 45 weeks prior to the announcement of profits.

Soliman (2013) investigated the association between the voluntary disclosure level in annual reports and firm characteristics of more active 50 Egyptian companies listed on the Egyptian Stock Exchange of the non-financial sector during the period 2007-2010. The firm characteristics used in the study was: firm size, auditor size, profitability, and firm's age. A disclosure checklist consisting of 60 voluntary items of information was developed and statistical analysis was performed using multiple regression analysis. The results of univariate and multivariate analyses indicated that firm size and profitability have significant positive association with voluntary disclosure level in annual reports. On the other hand, auditor size and firm's age do not have any significant association with voluntary disclosure level.

Uyar & Kilic (2012) investigated the effect of corporate attributes on forward-looking information disclosure of listed manufacturing firms in Turkey. From the analysis of the annual reports and accounts obtained from the Turkish Stock Market it was discovered that, firm size and auditor size have direct and significant effect on forward-looking information disclosure level while profitability, leverage, ownership structure, independent directors and listing age were found to be negatively related to forward-looking information. Hence, profitability, leverage, ownership structure, independent directors and listing age have no positive influence on forward-looking information.

Adeyemi & Fagbemi (2010) conducted a study audit quality, corporate governance and firm characteristics in Nigeria. Logistic regression was used in investigating the questions that were raised in the study. Findings from the study show that ownership by non-executive director has the possibility of increasing the quality of auditing. Evidence also existed that the size of the company and business leverage are important factors in audit quality for companies quoted on the Nigerian Stock Exchange. The study suggested that the composition of non-executive directors as members of the board should be sustained and improved upon in order to enhance audit quality.

Oyedokun, Aworemi, & Odeyemi (2011) examined elusive factors influencing share value. They used a sample of 3 oil and gas companies listed on the floor of the Nigerian Stock Exchange. From the analysis, it was found that there is relationship between innovation, human capital and supply chain management with industry market value. Hence, concluded that company share value can be influenced by these factors (innovation, human capital and supply chain management), more especially innovation as it shows the strongest relationship with the dependent variable.

Iyoha (2012) investigated the impact of company attributes on the timeliness of financial reports in Nigeria for a period of ten (10) years from 1999 to 2008. Sixty-one (61) companies were selected as sample of the study and their annual reports and accounts were obtained and analyzed using Ordinary Least Square (OLS) Regression technique. The results exhibited that there is positive and direct link between firm age and timeliness of financial reports in Nigeria. The results also shows that timelines of financial reports in Nigeria varies among industrial sectors as some sectors like banking is more timeliness than others.

Saini (2012) empirically investigated the influence of financial leverage on shareholders return and market capitalization using telecommunication firms of India. Financial statements of seven listed firms have been analyzed over a period of 7 years. Descriptive Statistics, Correlation and regression has been employed after conducting the t- test to find out the nature of relationship and the influence of financial leverage on shareholder's return and market capitalization. The findings indicate that there is positive relationship between financial leverage and shareholder return but negative relationship between financial leverage and market capitalization.

Akhtar, Javed, Maryam & Sadia (2012) investigated the relationship between financial leverage and financial Performance of Fuel & Energy Sector of Pakistan. They demonstrated that financial leverage has a positive relationship with financial performance. Hence, the companies in the fuel and energy sector may enhance their financial performance and can play their role for the growth of the economy while improving at their optimal capital structures. In their study they employed a sample of 20 listed public limited companies from Fuel and Energy sector listed at Karachi Stock Exchange (KSE). The study aimed at measuring the relationship between

financial leverage and the financial performance. To test the hypothesis, the main variables used in the study consist of a dependent variable which is financial performance of fuel and energy sector while the independent variable is the financial leverage of the fuel and energy sector.

Aliu (2010) empirically examines the effect of capital structure on the performance of quoted manufacturing firms in Nigeria and the data collected from annual reports and accounts of the sampled 108 firms for the period 2000 to 2009 was analyzed using statistical techniques. The study reports a positive relationship between leverage and return on equity, return on assets and return on investment of Nigerian quoted manufacturing firms.

Olowoniyi and Ojenike (2012) investigated the determinants of share returns of listed firms in Nigeria. Panel econometric approach was used to analyse panel data obtained from 70 listed firms for the period 2000-2009. The Fixed Effect (FE), Random Effect (RE) and Hausman-test based on the difference between fixed and random effects estimators were conducted. Their findings suggested that expected growth and size positively influenced share return while tangibility negatively impacted on share return of listed firms. Efforts at improving size of the firms and adjustment of firms' tangibility to a positive side was suggested to improve financial situation of firms through share return.

METHODOLOGY :

The study adopted correlational research design to investigate the impact of corporate attributes on the share price of listed Pharmaceutical firms in Nigeria. Correlational design was used because of its effectiveness in testing the relationship as well as effect of one variable on another.

The population of this study comprises all the seven (7) pharmaceutical firms listed on the floor of Nigerian Stock Exchange as at 31st December, 2013. However, based on the data accessibility and availability for all the period of the study (2004-2013), two (2) firms were filtered out and the sample size of the study is five (5) firms and the data for all the variables were obtained from the Annual Financial statements of the sampled companies and NSE factbook.

Multiple regression analysis is used by the study as the techniques of analysis. In order to examine the effect of corporate attributes on share value of listed Pharmaceutical firms in Nigeria, a multiple linear regression model is built. The model captures all the variables of the study as follows;

Share Value = Share price

CorpAttbt = Fsize + Lev + Roe+ Liq + Fgrwt -----(i)

Therefore, the model of the study is given as;

$SPRICE_{it} = \beta_0 + \beta_1 FSIZE_{it} + \beta_2 LEV_{it} + \beta_3 ROE_{it} + \beta_4 LIQ_{it} + \beta_5 FGRWT_{it} + \mu_{it} \dots (ii)$

CorpAttbt = Corporate Attributes

SPRICE = Share price

LEV = Leverage

ROE = Return on Equity

LIQ = Liquidity

FGRWT = Firm Growth

μ_{it} = Random error term

i represents the number of firms in the panel data

t represents the time period of the panel data

VARIABLE AND THEIR MEASUREMENT:

The independent variables considered for this study are Firm size, Leverage, Profitability represented by Return on equity, Liquidity and Firm Growth and they were measured as follows;

- i. Firm Size (FSIZE): is measured as the natural log of total assets
- ii. Leverage (LEV): is measured as the ratio of total debt to total equity of the company
- iii. Return on Equity (ROE): is measured as net operating profit divide by the total equity of a company
- iv. Liquidity (LIQ): is computed by dividing current assets by the current liabilities.
- v. Firm Growth (FGROWTH): is measured as the changes in total sales.
- vi. The dependent variable is share price which is also being derived from the audited financial statement of the companies. The study used the average price of shares. That is the price of shares for three months each year (90 days) divided by 90 days beginning from 1st April to June of each year.

RESULTS AND DISCUSSION:

The summary of the regression result obtained from the model of the study ($SPRICE_{it} = \beta_0 + \beta_1 FSIZE_{it} + \beta_2 LEV_{it} + \beta_3 ROE_{it} + \beta_4 LIQ_{it} + \beta_5 FGRWT_{it} + \mu_{it}$) is presented on the table below;

Table 4.3: Regression Results

VARIABLES	Coefficients	Z-Statistics	Z-Sig	VIF/Tolerance
Constant	-107.0379	-2.97	0.003	
FSIZE	6.7880	2.70	0.007	2.40/0.42
LEV	22.0655	1.83	0.067	3.02/0.33
ROE	61.2258	3.69	0.000	1.47/0.68
LIQ	-3.9638	-0.37	0.708	4.87/0.21
FGRWT	1.2701	3.66	0.000	1.15/0.87
R ²				0.512
Wald Chi ²				52.52
Wald-Sig				0.000

Source: STATA OUTPUT

The result from table 4.3 shows that fsize has a coefficient value of 6.7880 and Z-statistics value of 2.70 while Z-Sig as 0.007 which is significant at 1%. The positive value of the coefficient (6.7880) signifies that fsize and Shprice are positively related which implies that for every 1% increase in fsize of pharmaceutical firms will lead to an increase in the shprice by 6.79%. This provides an evidence for rejecting the Null Hypothesis one (H_{01}) which state that fsize has no significant impact on the share price of listed pharmaceutical firms in Nigeria. This finding is in line with the findings of Nawazish Mirza (2008), Srinivasan (2012) and Soliman (2013) . The size of a firm will of course increase the share price of a firm because investors usually invest in large firms on the belief that larger firms do exploit more economies of scale, enjoy more bargaining power over their clients and also face little difficulty in obtaining loans which will lead to higher demand of their shares in the market and in turn maximizes their returns

The table 4.3 also revealed that leverage (Lev) has a coefficient value of 22.0655, Z-Statistics value of 1.83 and Z–Sig of 0.067 which is significant at 10% level of significance. From the coefficient value (22.0655) it can be deduced that Leverage and Share price of listed pharmaceutical firms are positively related which implies that when leverage increase by 1%, will lead to an increase in the Share price of listed pharmaceutical firms by 22.07%. This result shows that the Null Hypothesis two (H_{02}) which states that Leverage has no significant impact on the share price of listed pharmaceutical firms must be rejected. This finding is aligned with the study results of Uwuigbe et'al (2012), Irmala et'al (2011) among others.

Profitability (ROE) has a coefficient of 61.2258, Z-Statistics of 3.69 and a Z-Sig Of 0.000 which is significant at 1%. The positive coefficient of value of 61.2258 signifies that profitability (roe) and share price of listed pharmaceutical firms are directly related which implies that for every 1% increase in profitability share price of listed pharmaceutical firms will also increase in the same direction to the turn of 61.23% approximately. This is to inform that the Null Hypothesis three (H_{03}) which states that profitability has no significant impact on the share price of listed pharmaceutical firms in Nigeria stand to be rejected. The finding is in conformity with the result of studies like Jin & Zhenhu (2008), Abdallah (2014) & Abu Hasheesh, (2003).

On the contrary, Liquidity (Liq) shows a coefficient of -3.9638, Z-Statistics of -0.37 and Z-Sig of 0.708 which is not significant at all level of significance. The negative coefficient of -3.9638 signifies that liquidity and share price of listed pharmaceutical firms are inversely related meaning that whenever the liquidity position of the firms increase by 1%, share price of the firms will decrease by 3.96%. This result provides an evidence of failing to reject the Null Hypothesis four (H_{04}) which state that liquidity has no significant impact on the share price of listed pharmaceutical firms in Nigeria. The result supports the finding of Tafirenyika, Sunde & Sanderson (2009). The inverse relationship of liquidity with share price may not be unconnected with the fact that investors are aware that the measurement of liquidity is the total current assets over the total current liabilities. This will not send a strong signal as to the viability of the firms because current assets include unsold stock which is an indication of capital tied up, slow turnover and the tendencies of stocks damage.

Finally, the table 4.3 also revealed that Firm Growth (fgrwt) has a positive coefficient value of 1.2701, Z-Statistics value of 3.66 and Z-Sig of 0.000 which is significant at 1%. The positive coefficient signifies that firm growth and share price of listed pharmaceutical firms in Nigeria are directly related which implies that if the

firm growth increase by 1% share price of listed pharmaceutical firms increases by 1.27% approximately. This shed light for rejecting Null Hypothesis five (H_{05}) which initially states that firm growth has no significant impact on the share price of listed pharmaceutical firms in Nigeria. The result is in line with studies such as Safdar, et'al (2013), Sunde & Sanderson (2009) & Abdallah (2012).

The cumulative R^2 (0.5123) which is the multiple coefficient of determination gives the proportion of the total variation in the dependent variable explained by the independent variables jointly. Hence, it signifies that 51% of the total variation in share price of listed pharmaceutical firms in Nigeria is caused by their fsize, leverage, profitability, liquidity and firm growth. This indicates that the model is fit and the regressors are properly selected, combined and used. This further implies that for any changes in the attributes of listed pharmaceutical firms in Nigeria, their share price will be directly affected.

The F-Statistics or Wald chi-squared statistics are really the same thing in that, after normalization chi-squared is the limiting distribution of the F as the denominator degrees of freedom goes to infinity. So therefore, the Wald χ^2 of 52.52 which is significant at 1% indicates that the corporate attributes and share price model is fit.

CONCLUSION AND RECOMMENDATIONS:

Emanating from the results obtained from the data collected and analyzed together with hypotheses tests, the firm size, leverage, profitability and firm growth exhibit positive relationship with the share price. The study therefore concludes that the firm size, leverage, profitability and firm growth have significant impact on the share price of listed pharmaceutical firms in Nigeria. While for the liquidity, the result revealed negative relationship with the share price of listed pharmaceutical firms in Nigeria which signifies that liquidity has no impact on the share price of listed pharmaceutical firms in Nigeria.

This further suggests that corporate attributes such as firm size, leverage, profitability and firm growth are factors that firms consider in taking decisions that have to do with the share price improvement. So also Profitability influences share price because profitability is a measure of performance that most investors consider before investing in a particular company because is signaling the quality of management team of a company and the future of a company. Therefore, investors rush to such type of companies and invest which will attract more demand of their shares in the equity market as a result, improve their share price..

On the contrary, liquidity could not influence share price positively due to the fact that investors are aware that the measurement of liquidity is the total current assets over the total current liabilities. This will not send a strong signal as to the viability of the firms because current assets include unsold stock which is an indication of capital tied up, slow turnover and the tendencies of stocks damage.

Finally, Growth helps to establish legitimacy, achieve economies of scale, attract investment capital, and increase firm value. After all, when companies are able to grow, they generally offer customers what they want which will increase their sales and of course maximize their share price.

In line with the findings of the study, the following recommendations were made;

- i. The study recommends that companies should expand and diversify with the aim of achieving an optimum size, so as to enjoy economies of scale which will ultimately result in higher level of share value. However, the management of firms should take size in to consideration, in improving their share price as size plays significant role in the determination of share price of a company.
- ii. Leverage has been empirically identified as one of the important factors that influences share price, therefore firms should take the advantage of debt financing to make better returns on their shares. Financing an organization with equity only is risky in the sense that if an organization liquidates shareholders would bear both the incident and burden. Where as if an organization finances it operations with the combination of debt and equity, its risk will reduce and the debt is also a sign that a company is worthwhile which at last enhance its share value.
- iii. Firms should pay maximum attention in its profitability level as it plays a significant role in improving share price as shown in this study. They should try as much as possible to improve its profitability so as to send a signal to investors to invest more in its share market which in turn maximizes its share price and value.
- iv. The study recommends that the companies should not take into consideration its liquidity position in its quest to maximize share price, instead they should look for other attributes which may have positive impact on their share price.
- v. Finally, it is suggested that sales growth should be encourage through excessive advertisement because growth was found to be significantly positive related with the share price. Thus, the higher the growth the higher the share price simply because investors always considers growth of a firm when investing with the

belief of having more returns on their investment as a result, the firm's shares would attract more demand which in turn maximizes its share price.

REFERENCES:

- [1] Abdallah, B. (2012) "Trends in working capital management and its impacts on firm's profitability and value". *Journal of studies and business research Issue*, 2.
- [2] Abdallah, B. (2014). The impact of financial structure, financial leverage and profitability on industrial company share value; Applied study on a sample of Saudi industrial companies. *Journal of finance and Accounting*, 5(1).
- [3] Abdelkarim, M.A (2014). Determinants of Equity Share Price. *International Journal of Business and Social Science*, 5(1).
- [4] Abu Hasheesh, K. (2003), The role of published Accounting Information in predicting of stock prices; An Applied study on Listed Corporations on Amman Stock Exchange Al Basa'er Magazine/petra University, Amman.
- [5] Abu Shanab, S.A (2008). The impact of Returns and Risks on share prices; An study on industrial corporations listed on Amman Stock Exchange. Unpublished Doctorate Thesis, Arab Amman University for Higher Studies, Amman Jordan.
- [6] Adeyemi, S.B., Fagbemi, T.O. (2010). (2010). Audit Quality, Corporate Governance and firm Characteristics in Nigeria. *International Journal of Business and Management* 5(5).
- [7] Akhtar, S. Javed, B. Maryam, A. and Sadia, H.(2012). Relationship between Financial Leverage and Financial Performance: Evidence from Fuel & Energy Sector of Pakistan, *European Vol 4*, No.11.
- [8] Aliu, O. N. (2010). Effect of capital structure on the performance of quoted manufacturing firms in Nigeria.
- [9] Al Nuaimi, Mohammed Abdel Aal and others. (2011). Impact funding mix in the market value of Jordania insurance companies listed in Amman Financial Market. *Journal of Accounting Thought, Cairo, Volume 15 , Issue 2 pp. 283-301*
- [10] Al-khalaileh, M. (2001). The Relationship between Accounting Performance Indexes and Market Performance Indexes: An Applied Study on Listed Corporations at Amman Security Exchange; *Administrative Sciences Studies Magazine*, Jordan University, Amman, 1.
- [11] Al-Kurdi, A. (2005). The Ability Range of Published Accounting Information on Stock Prices prediction: An Applied Study on public shareholding Corporations on Amman Security Exchange. Unpublished Doctorate Thesis, Arab Academy for Financial and Banking Sciences, Amman, Jordan.
- [12] AL-Matameh, F.G. (2009). Financial List Analysis: An Applied and Theoretical Introduction. Dar Almasira.
- [13] AL-Qudah, Y.M. (2004). The role of Accounting Revelation in Showing the Real market value of exchange Corporations Stocks in Amman Security Exchange: Unpublished thesis, Arab Amman University for Higher Studies, Amman Jordan.
- [14] Alroud, S. F (2013). Impact of Solvency of financial on market value of the share price in the Jordanian commercial banks: 9th international scientific conference proceeding of Arab economic situation and future option, Zarqa University, Jordan.
- [15] AL-Taher, M.(2003). Profits Distribution policy and its Impact on the Market Stock price; An Applied study on one sample of commercial Banks at Amman Security Exchange, Beitlahem University Magazine, 22.
- [16] AL-Taleb, G., & AL-Shubiri, F. (2011). Capital Structure Decision and Debt Maturity Structure: An Empirical Evidence From Jordan, *Journal of Commerce*, 3(4).
- [17] Dana B.M. (2008). Determining the factors that have effect on stock return in Amman Stock market; Master Thesis, middle east University, Jordan.
- [18] Dehuan, J., & Zhenhu, J. (2008). Firm Performance and Stock Returns: *Academy of Accounting and Financial Studies Journal Karachi*.
- [19] Elliott J. (1982). Subject to Audit Opinions and Abnormal Security Returns: Outcomes and Ambiguities; *Journal of Accounting Research* 20(2).
- [20] Fisher, G.(1961). Some Factors Influencing Share Prices, *The Economic Journal*; 71(281):121 -141
- [21] Hashem, Javad and Fatemah (2012). Impact of company characteristics on working capital management. *Journal of Applied Finance & Banking*, vol.2(1), PP124-131.
- [22] Nirmala, P., Sanju S., & Ramachandran, M. (2011). Determinants of Share Prices, *Journal of Emerging Trends in Economics and Management Sciences (JETEMS) India*; 2 (2): 124-130.
- [23] Iyoha F.O (2012). Company attributes and the timeliness of financial reporting in Nigeria, *Business intelligence journal* 5 (1).

- [24] Jin D. & Zhenhu J. (2008). Firm performance and stock returns. *Academy of Accounting and financial studies journal publisher shanghai china*, 12(1)
- [25] Kabajeh M.M., Al-Nuaimat S.M.A & Dahmash F.N (2012). the relationship between the ROA, ROE, and ROI ratio with Jordanian insurance public companies market share prices; *International Journal of humanities and social sciences*, 2 (11).
- [26] Mahira Rafique, (2011). Effect of Profitability & Financial Leverage on Capital Structure: A Case of Pakistan's Automobile Industry, *Economics and Finance Review* Vol. 1(4) pp. 50 – 58
- [27] Maina, L. and Ismail, M. (2014). Capital structure and financial performance in Kenya: Evidence from firms listed at the Nairobi Securities Exchange. *International Journal of Social Sciences and Entrepreneurship*, 1 (11), 209-223.
- [28] Menage, P. M (2012). Impact of selected financial variables on share prices of listed public firms in the Philippines. *American international journal of contemporary research*, 2 (9).
- [29] Monika B & Wojciech W (2012). The influence of liquidity on profitability of publish construction sector companies listed on warsaw stock exchange sucharskiego: *financial internet quarterly, e- finance* 8(1).
- [30] Nawazish, E.(2008). *Size and Value Premium*; Cahier DRM – Finance Karachi; 6: 1-39.
- [31] Olowoniyi A. O., & Ojenike J. O (2012). Determinants of stock return of Nigerian listed firms, *Journal of Emerging trends in economics and management sciences (JETEMS)* 3(4).
- [32] Owolabi, S.A. and Obida, S. (2012). Liquidity Management and Corporate Profitability. A study of Selected Manufacturing companies in Nigeria Stock Exchange. *Business Management Dynamics Journal*, Vol 2, 2, pp. 10-25.
- [33] Oyedekun A. J, Aworemi J. R., & Odeyemi J. T (2011). Elusive factors influencing share values: An Empirical assessment. *Australian journal of business and management research* 1(5).
- [34] Safdar H.T, Hazoor M.S, Toheed A. and Ammara I. (2013). Impact of firm characteristics on stock returns of non financial listed companies in Karachi stock exchange; *Asian economic and financial review* 3(1).
- [35] Saheb A.M & Mohammed S.I. Determinants of stock price; Department of Business Administration University of Chittagong Bangladesh.
- [36] Saini, R. (2012). Impact of financial leverage on shareholders returns and market capitalization: Empirical evidence of telecommunication sector companies. India, *International Journal of Research in IT, Management and Engineering*. 2 (2).
- [37] Saleem, Q. and Rehman, R.U. (2011). Impacts of Liquidity ratio on Profitability: Case of Oil and Gas Companies of Pakistan. *Interdisciplinary Journal of Research in Business*, 1(7) pp. 95-98
- [38] Sanjeet (2011). Determinants of Equity Price; *Journal of Arts, Science and Commerce*, 11(4), 51
- [39] Shafana M., Al Fathima R. & Inuwa J. (2) Relationship between stock returns and firm size and book to market equit; *journal of emerging trends in economic and management sciences* 4(2).
- [40] Shehu U.H, & Bello A. (2013). Firm characteristics and financial reporting quality; *International journal of Accounting, Banking and Management*, 1(6) 47-63.
- [41] Soliman M. M. (2013). Firm characteristics and the extent of voluntary disclosure: the case of Egypt. *Journal of finance and accounting*, 4(17).
- [42] Srinivasan, P.(2012). Determinants of Equity Share Prices: *The Romanian Economic Journal*; 46: 205-228.
- [43] Subai'i, Bdah Mohsen. (2012). The relationship between financial leverage and return on investment in Kuwaiti public shareholding companies, Master Thesis ,Middle East University Amman - Jordan.
- [44] Sunde, T., & Sanderson A. (2009). A review of the determinants of share price; *Journal of Social Science*, 5(3) 188-192.
- [45] Uddin, M. (2009). *Determinants of market price of stock: Journal of Modern Accounting and Auditing. Bangladesh*; 5(7).
- [46] Uwuigbe,U., Olusegun,O.,& Godswill,A. (2012). An Assessment of the Determinants of Share Price: *ACTA Universities Danubius*; 8 (6).
- [47] Uyar A.,& Kilik M. (2012). Influence of corporate attributes on forward looking-information in publicly traded Turkish Corporations. *Social and behavioral sciences* 62 244-252.
- [48] Uyar, A. (2009). The relationship of Cash Conversion Cycle with Firm Size and Profitability: A An Empirical Investigation in Turkey, *International Research Journal of Finance and Economics*, 24, 47-54.
- [49] Varun D. (2012). Determinants of share prices; *International Journal of computing and Business research*. 3(3), 2229-6166.
