Financial Management Decisions and Stock Price of Quoted Manufacturing Companies in Nigeria

[1]Jeremiah Patrick EDET
B.Sc., M.Sc., ACA & Ph.D in View
Post Graduate Student, Department of Accounting, Faculty of Management Sciences, University of Uyo, Uyo, Akwa Ibom State, Nigeria
Email: jeremiahedet5@gmail.com
Phone Number: +2347037665332 & +2348105825370
Correspondence Email: jeremiahedet5@gmail.com

[2]Enobong Patrick UMO
B.Sc., M.Sc., ACA & Ph.D in View
Post Graduate Student, Department of Accounting, Faculty of Faculty of Management Sciences, University of Uyo, Uyo, Akwa Ibom State, Nigeria
Email: enobongumoh7@gmail.com
Phone Number: +2347038438330
DOI 10.56201/ijebm.v10.no7.2024.pg286.312

Abstract

The study was conducted to examine the influence of financial management decisions on stock price of quoted manufacturing companies in Nigeria. Several financial decisions are often taken by managers of quoted companies with the aim of improving the wealth of shareholders by raising the market price of shares. This necessitated the conduct of this study to ascertain the direction of influence of the variables of financial management decisions on stock price of quoted manufacturing companies in Nigeria. Ex-post facto design was employed in the study because it required secondary data. Financial management decisions (independent variable) were represented by Dividend Decisions (DD) and Cashflow Decisions (CD). The dependent variable was Stock price (SP) while Revenue (REV) was the control variable chosen for the study. The population of the study was Thirty-four (34) manufacturing companies whose shares were traded on Nigerian Exchange Group (NGX) as at 31st December 2022. Twenty-seven (27) companies were selected as sample size for the study on the basis of availability of published financial statements. Data required were collected from the sampled companies for the period of 2013 to 2022. The nature of data was panel data. Descriptive statistics and fixed effect linear regression statistical tools were used to analyze the data collected for the study. The result of the analysis revealed that DD and CD had positive and significant influence on SP of quoted manufacturing companies in Nigeria. From the findings, the researcher concluded that financial management decisions had significant influence on stock price of quoted manufacturing companies in Nigeria. It was recommended that managers of quoted manufacturing companies in Nigeria should adopt retention policy that will help to pay more dividends to equity shareholders as this is capable of improving upon the stock price of the entities and policies of improving upon inflows of cash from different components of statement

of cashflows should be implemented in the operation of quoted manufacturing companies in Nigeria.

Keywords: *Financial Management Decisions, Stock Price and Quoted manufacturing Companies in Nigeria.*

1. INTRODUCTION

The conduct of operations of these entities depends on the decisions of managers who are entrusted with the responsibility of piloting the affairs of the organization. Financial management decisions are some of the decisions that are taken by managers to ensure that optimal outcomes are achieved from financial management. Financial management decisions are decisions of managers or directors taken on behalf of the shareholders for the purpose of maximising the wealth of the owners (Itan and Riana, 2021). The whole activities in an organization are expected to be conducted in line with the available resources and as such, proper management is required (Kehinde, 2018). The outcomes of financial management decisions taken by the managers or directors of companies are often reflected on the published financial statements reported by them (Akintunde *et al*., 2021).

Financial activities of quoted companies require proper management for the purpose of improving upon the wealth of shareholders. This means that the conduct of activities in the entities is expected to be in line with the interests of the shareholders who are also known as the owners. Financial management decisions are major activities that must be properly handled by experienced managers for the purpose of raising the performance of quoted entities as well as improving upon the wealth of shareholders. Financial management decisions of companies are critical because when they are properly coordinated, the stock price of the quoted entities is expected to be influenced positively.

Financial management decisions are essential activities conducted by managers of quoted companies mostly in the contemporary period. Financial management decisions are usually taken on the available financial resources contributed by equity shareholders as well as debt holders. The process in which these resources are put to use by managers to ensure adequate returns is known as corporate finance management or financial management (Yulianto *et al*., 2021). This simply means that before financial decisions are taken, there must be financial resources made available by the key stakeholders who are shareholders and debt holders. On this note, corporate finance is described as organizational financial management approaches adopted which mainly include investment, financing, cashflow management activities and dividend policies (Yusuf, 2019). This implies that financial management decisions could be in form of cashflow and dividend decisions of quoted entities (Simon-Oke and Ologunwa, 2016; Singla and Samanta, 2019).

Cashflow decision is associated with the activity of ensuring that positive net cashflow is achieved in a firm in different accounting periods. Dividend decision is associated with dividend policy of quoted entities which is associated with retention ratio and dividend pay-out ratio. Effective financial management decisions taken by managers of quoted entities are expected to influence positively on stock price of the companies. This is because as decisions

are taken in line with the interests of shareholders, attributes reported on financial statements should exert positive and material influence on shareholders' wealth or stock price. Stock price is described as the worth of existing shareholders on the floor of stock markets in terms of several indices such as opening stock price, closing stock price, average stock price, stock price of equity and market capitalization (Nympha *et al*., 2021). This is because as the price of shares fluctuates, several indicators that relate to shareholders' wealth are usually affected either positively or negatively.

All the indicators of stock price are influenced by the internal performance of companies reported on financial statements of entities (Triani and Tarmidi, 2019). The internal performance of companies is regarded as the outcome of financial management decisions. Thus, there are links between financial management decisions and stock price of entities. Thus, this study was carried out to examine financial management decisions and stock price of quoted manufacturing companies in Nigeria to address the critical issues raised in the extant literature especially in Nigeria.

In the extant literature, studies were mostly conducted on capital structure decision on financial performance and firm value both locally and internationally. It seems that there are limited studies in the area of financial management decisions and stock price of quoted companies (Opoku-Asante *et al*., 2022). The few studies on financial management decisions and stock price of entities also used ratios to measure their predictors such as dividend decision and cashflow decision.

The links between the variables of financial management decisions on stock price of entities could either be positive or negative depending on how important the decisions are. Several studies were conducted both locally and internationally in this area of interest, but it appears that studies on financial management decisions and stock price of quoted manufacturing companies in Nigeria are limited. The empirical results derived in previous studies conducted in this area of interest both local and internationally are conflicting with different approaches of measuring the key variables.

The previous studies on financial management decisions and stock price of entities were mainly conducted internationally other than in Nigeria (Aras and Yildirim, 2018 and Triani and Tarmidi, 2019). Also, cashflow decision was rarely used by previous researchers in assessing the influence of financial management decisions on stock price of firms. In quoted companies of Nigeria where financial statements are reported in accordance with the requirements of international financial reporting standards (IFRSs), financial management decisions and stock price of quoted companies have not been given much attention by researchers despite the fact that the published financial statements of these entities represent the outcomes of financial management conducted by the managers.

On this note, an empirical study like this is expected to address the influence of financial management decisions on stock price of entities using key predictors such as dividend and cashflow decisions. In quoted manufacturing companies in Nigeria, empirical studies on the variables of financial management decisions and stock price had inadequate and conflicting empirical results with limited studies in the post adoption period of IFRSs. The direction of the variables of financial management decisions on stock price of quoted companies are essential to managers because it helps in policy formulation which could in turn influence positively on

the firms. Also, effective financial management decisions are expected to influence positively on stock price of quoted entities. Thus, the study was conducted to assess the direction of these variables on stock price of quoted manufacturing companies in Nigeria from 2013 to 2022.

The main objective of the study was to ascertain the influence of financial management decisions on stock price of quoted manufacturing companies in Nigeria. The specific objectives of the study were to:

i. ascertain the influence of dividend decision on stock price of quoted manufacturing companies in Nigeria.

ii. determine the influence of cashflow decision on stock price of quoted manufacturing companies in Nigeria.

2. REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Financial Management Decisions

Financial management decisions are decisions that are associated with financial activities of organization (Amah *et al*., 2016). It is mainly concerned with acquisition, disbursement and disposal of entities. Corporate finance decision is anchored on how the financial activities of organizations are appropriately managed in line with the goals and objectives of the organization (Nangih *et al*., 2020). According to Ashraf *et al*. (2017), financial management decisions are decisions which cut across investment activities, financing activities, cashflow management and dividend payment to shareholders. Financial management decisions are also regarded as financial management decisions because the ultimate of the two terms is to ensure that the available resources of the organizations are appropriately put to use to achieve the anticipated benefits. In the view of AL-Tally (2014), financial management decisions are also considered as all the business activities conducted by a company in different accounting periods that are linked to the use of financial resources. On this note, financial management decisions affect the accounting data reported on financial statements of quoted companies.

Financial management decisions are taken on various activities of organization which include acquisition of assets, management of the assets, financing activities. Cashflow management, working capital management, liquidity management and so on (Mihaela, 2018). This simply means that financial management decisions comprise of all the activities of corporate financial management. Financial management is one of the responsibilities of board of directors in quoted companies to ensure that shareholders' funds provided through the acquisition of shares as well as funds sourced from debts are appropriately managed to bring about the best outcome capable of affecting the wealth of shareholders positively. Corporate financial management, also known as financial management, is defined as the process of planning, coordinating and controlling of organizational resources for the purpose of achieving maximum benefits (Imelda and Himelda, 2020). Financial management is also associated with the policies put in place by managers of organization to ensure that inflows and outflows are appropriately managed (Mutairi *et al*., 2011).

The role of financial management in an organization especially in modern period makes finance and accounting department is one of the key departments in quoted companies today. This is because without financial resources being appropriately managed, the survival of a quoted company is threatened. All the activities of managers in finance and accounting department of quoted entities are accurately decided through routine processes to avoid financial malpractice or waste of financial resources. The whole of the activities of financial management conducted by managers are aggregated into investment activities, financing activities, dividend policies, cashflow management, working capital management and receivable management (Akintunde *et al*., 2021). This is where financial management decisions derived its name as all the functions listed are appropriately handled and decided in quoted companies. As financial resources are appropriately managed, it is usually anticipated that expenditure should not exceed the total revenue or income realised in different accounting periods.

When maximum profit is achieved in different accounting periods with sound cashflow position, managers of the quoted entities could be described as those with high level of efficiency or skills of business (Triani and Tarmidi, 2019). As profit and other performance indicators are maximised, shareholders' wealth is also influenced positively. It is on this note that financial management of quoted companies could influence their stock price positively (Salman, 2019). On the other hand, when financial management activities of organization do not yield meaningful result in terms of profit and other financial performance indicators in different accounting periods, it could be said that managers are not efficient and as such, the wealth of the shareholders are not maximised as well as the stock price of the entities (Imelda and Himelda, 2020). Thus, the goals of financial managers in organization are to ensure that various attributes of financial performance are maximised by the execution of their policies and strategies and when this is achieved, stock price of the entity is influenced positively. In this case, financial management decisions could influence the stock price of quoted manufacturing companies in Nigeria through the various attributes of investment, financing, dividend and cashflow decisions.

2.1.2 Dividend Decisions

Dividend decisions are described as decisions taken for the purpose of distributing portion of profits or the entire profits made by a company in an accounting period to the shareholders (Yulianto *et al*., 2021). It is also described as the decisions on the portion of profit to be distributed to shareholders and the portion of profit to be retained for financing of investments for the growth of the company in future (Yusuf, 2019). For Simon-Oke and Ologunwa (2016), dividend decision is understood to be a kind of decision in which idea is taken from financing decision to agree on the portion of profit to distribute as dividends and the portion to retain in an accounting period. According to Singla and Samanta (2019), dividend decision is associated with the possibility of setting out a proportion from the profit made by a company for dividend payments to shareholders and other part of the profit retained for future growth.

From the definition of dividend decision, it is clear that the essence is to decide critically on two things which are payment of dividend to shareholders and retaining some earnings. Usually, the portion of profit distributed as dividend and the proportion retained in

an accounting period are not always equal (Anton, 2016). This is because in one accounting period, an organization might realise lower profit and choose to retain a greater portion and pay less proportion as dividends (Salman, 2019). On the other hand, larger profit might be made in another accounting period and greater proportion of the earnings is distributed to shareholders as dividend where less proportion is retained especially where the entity is not faced with financing problem (Morakinyo *et al*., 2018).

For an entity that is seeking for growth in line with the interest of the equity shareholders, larger proportion of profit is usually retained and for a company that is matured in which capital structure is optimal, larger proportion of profit made in an accounting period is usually distributed in form of cash dividend to equity shareholders and less proportion is retained (Nadeem *et al*., 2018). This is because for a company that is growing, several investment opportunities are evaluated by the managers to identify the viable ones in which funds could be invested to realise larger returns and as such, retained earnings could serve and one of the methods of financing those viable investments (Nympha *et al*., 2021). When the managers of entity have high curiosity to invest in high profitable investment for the purpose of maximising returns, larger proportion of earnings in an accounting period is usually retained to support the financing challenge of the company (Yulianto *et al*., 2021).

Payment of dividends are usually decided by the directors of companies to distribution portion of profit as cash dividend and retain other portions (Iftikhar *et al*., 2017). In some situations, the entire profit in an accounting period is usually retained. In such situation, the company is faced with financing challenges that require larger amount to resolve the issue (Yusuf, 2019). Also, aside from retained earnings, other financing approaches are used to resolve the financing challenges of an entity in an accounting period but retained earnings could serve as a supporting approach of financing because of less cost of the funds and the ease in obtaining the funds. It is on this note that Simon-Oke and Ologunwa (2016) stated that modern companies rely more on retained earnings to finance their investments because it has lower cost compared to other methods of financing. Dividend decisions are influenced by the position of capital structure of companies. This is because dividends and retained earnings are interrelated where the payment of more dividends means the retention of less earnings and the retention of more profits means the payment of less dividends to shareholders (Singla and Samanta, 2019).

When more dividend is paid to shareholders, total equity of a company reported will be affected negatively because less amount of earnings is retained and when less dividends are paid to shareholders, the total equity position will be influenced positively as more profits are retained (Salman, 2019). For an entity that has not achieved optimal capital structure, greater proportion of earnings are usually retained because of the ideology that retained earnings is the cheapest source of financing and in utilising the earnings to finance project the weighted average cost of capital (WACC) for the firm will be maintained as low as possible (Morakinyo *et al*., 2018). On the other hand, for a company that has achieved optimal capital structure where the combination of debt and equity do not bring about high financial risk, less proportion of retained earnings are usually set aside in an accounting period and larger proportion of the profits is distributed as cash dividends to shareholders (Nadeem *et al*., 2018).

2.1.3 Cashflow Decisions

Cashflow decision is associated with the possible activities in organization conducted by managers to ensure that optimal cash is achieved where obligations could be settled. The decision of cashflow is linked to operating, investing and financing activities of quoted organization (Itan and Riana, 2021). This simply means that the outcome of cashflow position usually reflects the decisions of managers taken in formulating policies. Cashflows of a company is usually prepared by managers of companies and all the information are presented on a financial statement regarded as statement of cashflows. As the name indicates, cashflows is associated with items of transactions done by cash and not on credit. Cashflows of an entity help to ascertain the cash position of an entity by revealing the various avenue during an accounting period where cash are received and expended. Cashflows is defined as the total inflows and outflows of a company in an accounting period. The total inflows of an entity are regarded as the total receipt or income (Putri and Puryandani, 2020). On the other hand, the outflows of an entity are regarded as the total expenses or costs incurred in cash. The total receipt of a company is made up of income generated from sales of companies' products or services, cash received from investment and other income received by cash. Income could be derived in cash through sales of companies' products or services.

This is applicable to quoted manufacturing companies in Nigeria where goods are manufactured to be sold to final consumers for consumption. Based on companies' policies, certain proportion of sales of their products are usually on credit and the other proportion is on cash. The cash aspect of the revenue constitutes the cashflows to be reported on statement of cashflows (Ni *et al*., 2019). Also, service of companies could be used to derive meaningful income in cash especially where a company is specialised in providing professional services to other entities. The amount of cash derived from rendering of services to individual or other entities is often reported on statements of cashflows. Cash realised from both sales of products and services is often expected to more than the credit proportion granted in order to achieve the expectation set by a company. For the purpose of ensuring that adequate cash is derived from the sales of products or services is to allow a company to meet up with its commitments and obligations which usually occur in one accounting period (Reschiwati *et al*., 2020). Adequate cash realised from the sales of company's products or services could help a company to achieve its stated commitments as well as settling its short-term obligations.

Cash could be generated from investments. A company could either invest in the acquisition of long-term assets or short-term assets. Both long-term and short-term assets is expected to generate cash inflows. A quoted company could acquire the share of another company and as such, dividend could be received in cash from such investment and thus, the cash dividend received constitutes the cash inflows of the company. This kind on investment is described as long-term investment (Kehinde, 2018). On the contrary, a company could acquire short-term financial instruments from money market such as treasury bills which usually matured in ninety-one (91) days. Interest income could be received from the treasury bills acquired in cash and the amount received is usually reported on statements of cashflows as inflows. The two forms of investments are often used to derive cash inflows into an entity. Investment income is not always in cash. Based on the investment agreement, certain proportion of the investment income is usually paid in cash and the cash aspect of the return is what is captured as inflows on the statement of cashflows of a company.

Miscellaneous incomes are usually received in cash by a company. These incomes are connected in activities that are not cardinal to a company. This simply means that a company could embark in activities that could bring about income, but such activities are not the cardinal business of the company. This is why income that come from such activities are usually called other income or miscellaneous income. miscellaneous income has advantages which include raising the cash position of an entity and providing a firm with the strength to settle its short-term obligations that ate due. Sometimes, the cardinal business activities of a company might not yield the expected income but the other activities which usually take place occasionally (Itan and Riana, 2021). On statements of comprehensive income, other incomes are usually added to operating income before deducting finance cost. Some of the main reasons for that is to determine the total income derived by a company in an accounting period and to tax the entire income derived in the accounting year.

The other component of cashflows is regarded as outflows which include payment of salaries to employees, payment of creditors for the raw materials supplied, payment of salaries and incentives to directors and payment for professional services rendered. Every quoted company has set of individuals who render services daily. The reward of these individuals is regarded as salaries and wages. Salaries are the amount payable to employees monthly for the service rendered (Reschiwati *et al*., 2020). Salaries are amount of money used to influence the productivity of employees in an organization. When an employee is said to be efficient and performing well, the motivating factor is salary. For this reason, salaries are regarded as remuneration granted to employees in an organization as agreed by the employer. To motivate the activities of employees in an organization, it is expected that salaries should be paid in cash every month to employees. In real life situation, some organizations do not always pay the agreed salary to employees.

Cashflow decision is measured by the net cashflows which is often regarded as the aggregate of the three components of activities presented on statement of cashflows known as operating, investing and financing activities. In ratio form, cashflow decision is measured by net cashflow from the three components divided by total assets of quoted entities in an accounting period. The net cashflows could either be positive or negative depending on the level of inflows and outflows in the three activities. This simply means that the decision of managers on policy formulation of cashflows could either result to positive net cashflows or negative net cashflows in any accounting period (Itan and Riana, 2021). In corporate finance decision, cashflow position of an entity is one of the concern of managers. Thus, cashflow decision is seen as an attribute of financial management decisions that could influence the stock price of quoted manufacturing companies in Nigeria.

2.1.4 Stock Price

The stock price of shares is defined as the current price of shares determined by the interaction of demand and supply of equity shares in the stock market. The price of shares determines the level of return of investors who have acquired the equity shares. As the market price of shares improves, it could be viewed that the level of return for the existing shareholders has also been raised (Adegoke *et al*., 2017). Stock price is also described as the worth of unit of shares assigned by stock market depending on the performance of the company or the reputation gained by the company (Ha and Minh, 2020). When price of shares falls, the wealth

of shareholders is usually affected negatively and when price of shares rises, the wealth of shareholders is affected positively (McConnell and Muscarella, 1985).

In this case, when the price of shares rises, it could be said that stock price of the company has improved and when the price of shares falls, the stock price of the company is said to have declined (Mutairi *et al*., 2011). According to Bahraini *et al*. (2021), for the purpose of improving upon the stock price of a company, the price of shares must be raised continuously in different accounting periods. In this case, the market price per shares of a company could be used as a proxy for stock price in any empirical study as suggested by scholars in the field of accounting and finance. In assessing the influence of financial management decisions on stock price of quoted manufacturing companies in Nigeria, market price of shares could represent the dependent variable where the direction of variables of financial management decisions could be examined on the stock price.

Thus, market price of shares could be used as a proxy of stock price of a company because it is directly linked to the level of achievement made by board of directors in considering the interest of the shareholders. When market price of shares improves, it is possible to say that the wealth of shareholders has been improved positively and as such, value of the company has been raised as well (Adegoke *et al*., 2017). On the other hand, when market price of shares falls in an accounting period, it could be viewed as a situation whereby the wealth of the shareholders has been affected negatively for the fact that the price of shares has declined in the period which could also cause the shares of the company to be unattractive (Ha and Minh, 2020).

Market price of shares is used as a proxy of stock price of quoted manufacturing companies in Nigeria in this study. The justification for the adoption of market price of shares as a measurement of stock price in this study is owing to the fact that over the years financial management decisions made have affected the level of market price of shares and in assessing the effect of these decisions will help in explaining the direction of each of the variables of financial management decisions on stock price of the entities.

2.1.5 Factors that Determine Stock Price

There are essential attributes that usually influence stock price other than the independent variables of interest. These variables include revenue and firm age (Kraipornsak and Poramapojn, 2021). Each of the variables are discussed:

i. Revenue: Revenue is regarded as the income realised from the principal activities of organization order than other investments (Yameen *et al*., 2019). It is said to be sales of companies' goods and services made in different accounting periods. The larger amount of revenue realised usually defines the efficiency of managers in an organization. This is because managers are expected to perform in accordance with the respective interest of the shareholders and as such, they are expected to effectively utilise the accumulated assets to maximise revenue (Amah *et al*., 2016). On the other hand, when low amount of revenue is realised in an accounting period, it could be said that managers are inefficient in utilising the accumulated assets to generate revenue in the accounting period (Bassam, 2017). It is on this note that Nangih *et al*. (2020) stated that efficiency of managers in quoted entities is appropriately

measured by the soundness of policies implemented to generate revenue in different accounting periods.

Larger amount of revenue generated in different accounting periods is capable of influencing upon the stock price of entities because as revenue improves in different accounting periods when costs and expenses are appropriately managed, profit is certain to be improved as well. In the opinion of Ashraf *et al*. (2017), when profit of quoted entities improves in different accounting periods, shareholders' equity is certain to be improved as well and in such a situation, the wealth of shareholders is improved positively and continuously. On the other hand, when minimal amount of revenue is realised in different accounting period, stock price of such entity could be affected negatively because lower profit might be realised and as such, equity position of shareholders will be affected negatively (Yameen *et al*., 2019). Thus, revenue is seen as an indicator of performance reported on statement of profit or loss account. In other words, it could be said that larger amount of revenue realised in an accounting period equally describe high level of performance and minimal amount of revenue made defines lower level of performance achieved.

In Nigeria particularly in the era of post adoption of IFRSs, there are basically stages of recognising revenue by quoted companies as stipulated by international accounting standards (IFRSs 15: Revenue from contracts with customers). According to the standard, there are five stages in which revenue could be recognised and presented on the statement of profit or loss account of quoted entities. The stages are: identify the contract(s) with the customer, identify the separate performance obligations, determine the transaction price, allocate the transaction price to the performance obligation and recognise revenue. Thus, revenue could influence the both the variables of financial management decisions as well as the stock price of entity.

ii. Firm Age: Firm age is defined as the duration of a company in existence right from the year of incorporation or the year listed on the floor of stock market (Nangih *et al*., 2020). Firm age helps an entity to improve its market share as the products of the company is known in the market as a result of continuous advertisement. The measurements of firm age are basically classified into two known as years of incorporation and years of listing. Years of incorporation is the number of years in which a company is incorporated. Years of listing is the period in which a company is quoted on the floor of exchange. years of listing as a proxy of firm age is more economical than the years of incorporation. Firm age is capable of affecting stock price negatively or positively (Habib, 2011). This is because larger firm age does not mean the stock price indicators must grow on the same trend and smaller firm age does not means that stock price indicators must be lower. Firm age is considered as an internal factor that could influence other accounting attributes such as profitability (stock price), stock price of company and stock price. The magnitude of firm age is expected to affect stock price either positively or negatively. In an empirical study like this, the direction of firm age on the dependent variable is usually ascertained.

2.2 Theoretical Review

2.2.1 Stewardship Theory

Stewardship theory was developed and popularised by Donaldson and Davis (1991). The theory states that managers or board of directors without conflict of interest are stewards to principals or owners of companies. According to Donaldson and Davis (1991), a steward is defined as an individual who always wish to perform or execute good job. It is also viewed as a person who ensure that appropriate action is taken to safeguard the accumulated assets of an entity and other accounting attributes for the purpose of ensuring meaningful growth for the company.

According to the theory, managers are motivated differently. The basis of motivation of managers are captured in different organizational theories. Managers of companies are expected to be loyal to their principal by ensuring that accountability and transparency is achieved (Ni *et al*., 2019). The motive of managers, according to the theory, is to ensure that accountability and transparency are attained through excellent job. Managers or directors are viewed as those who always wish to achieve higher performance from challenging activities or tasks entrusted to them.

This is why Donaldson and Davis (1991) viewed organizational activities as the activities expected to be handled effectively and efficiently by experienced managers. Based on the theory, there are different tasks of which some are more challenging than the others. The ability to attain high level of accountability and transparency in an organization is foster by low level of conflict of interest between managers and shareholders (Putri and Puryandani, 2020). In other words, it is expected that managers or directors who wish to perform excellently have no conflict of interest as this could affect the possibility of achieving the expectation of an organization.

In line with the assertion of Donaldson and Davis (1991), conflict of interest between managers and shareholders is defined as the possibility in which managers formulate and implement policies and strategies in favour of their interest and not for the interest of the shareholders. One critical factor rejected by stewardship theory is the possibility of not taking the interest of the shareholders into consideration in piloting of the affairs of business organization. This simply means that all policies and strategies formulated by managers or directors of the companies should be based on the interest of the real owners of companies regarded as shareholders.

For the purpose of ensuring that the interests of shareholders are maximized from the various operational activities conducted by managers or board of directors, conflict of interest between managers and shareholders should be reduced to be minimal. The ability to use effective policies and strategies to influence accounting variables reported on financial statements of companies is the sole responsibility of managers. Financial management decisions and stock price of companies are critical variables to be influenced by policies of managers (Nympha *et al*., 2021). This is because the theory is centred on the view that managerial control has no inherent problem whereby accounting data published could be misleading.

Also, in accordance with the theory, as the behaviour of managers is aligned with the interest of the shareholders, inherent problems of management are mitigated. Based on the theory, managers are expected to be honest in every activity conducted. Thus, stewardship theory is linked with integrity of managers. In other words, for a manager to be regarded as a

good steward, he/she is expected to be an individual with higher integrity. Integrity of managers brings about accountability and transparency which ensures that various accounting attributes are affected positively which include cashflows and financial performance.

According to Triani and Tarmidi (2019), a company that has attained higher accountability and transparency is one whose decisions taken by managers in different accounting periods have yielded meaningful outcomes. Also, financial management decisions are expected to influence upon accounting attributes reported on published financial statements of companies positively. These include leverage, equity position, liquidity position, profitability, revenue, among others.

Stewardship theory is associated with the level of effort put by managers to ensure that accounting variables or data reported on financial statements reflects the reality of the operation. This theory is related to the present study for the fact that the idea of establishing the influence of the variables of financial management decisions on stock price of quoted manufacturing companies in Nigeria is associated with stewardship of managers. In other words, for there to be adequate influence of financial management decisions on stock price of companies, accountability and transparency, that is linked to stewardship, must be attained. Thus, this theory was adopted in the study.

2.3 Empirical Review

Mutairi *et al*. (2011) carried out a study on impact of corporate financing decision on corporate performance in the absence of taxes: Panel data from Kuwait stock market. The essence of the study was to assess the influence of corporate financing decision on corporate performance of firms listed on the Kuwait stock exchange. the study covered the period of 2000 to 2008 and the data for the study were obtained from eighty (80) quoted entities on Kuwait stock exchange (KSE) for the periods chosen. Return on asset (ROA) and Tobin's Q were the proxies for both accounting performance and market performance respectively. Corporate finance decision was measured by capital structure, short-term debt, dividend policy, capital budgeting technique, firm size, risk of the company, growth opportunities and industrial sector. Panel regression approach was employed because of the nature of the data collected for the study. The outcomes of the analyses indicated that short-term debt had adverse and significant influence on both measures of performance (ROA and Tobin's Q) while long-term debt exerted no significant influence on both measures of performance. Other attributes of corporate finance decision had no significant influence on the measures of corporate performance used in the study.

Okafor *et al*. (2011) assessed dividend policy and share price volatility in Nigeria. The aim of the study was to determine the influence of dividend policy on share price volatility of Nigerian firms. Dividend policy was represented by dividend yield (DY), earning volatility (EV), dividend pay-out ratio (DPR) where asset growth and firm size were the two control variables selected by the researchers. Data were collected from the financial statements of the selected entities sampled for the study and whose were quoted as at the period of the study. Essential collected were analysed by descriptive statistics and multiple linear regression model. Ordinary least square (OLS) regression approach was employed in the study. The analyses revealed that DY, DPR and EV showed positive and material impact on stock price volatility.

Mursalim *et al*. (2015) studied financial decision, innovation, profitability and company value: study on manufacturing company listed in Indonesian stock exchange. The purpose of the study was to evaluate the impact of financial decision, innovation, profitability and company value of Indonesian firms. The key variables considered in the study were investment decision (ID), capital structure (CS), profitability (PF), dividend decision (DD) and innovation (IV). Twenty-two companies were sampled for the study for the period of 2009 to 2014 and relevant data were collected from the annual reports and financial statements of the entities. The relevant data were analysed using descriptive statistics and linear regression. Ordinary least square (OLS) method of regression was employed by the researchers. From the analyses, it was observed that DD, ID, CS, PF and IV positively and materially influenced company value of manufacturing companies studied.

Anton (2016) in a study to investigate the impact of dividend policy on firm value. A panel data analysis of Romanian listed firms. The study aimed to examine the effect of impact of dividend policy on firm value of firms in Romania. The period of 2001 to 2011 was considered in the study and dividend policy was measured by dividend pay-out ratio (DPR) and four (4) control variables of debt ratio (DR), firm size (FS), profitability (PF) and liquidity (LQ) were selected by the researcher. Data were analysed by both descriptive statistics and panel linear regression (fixed effect) approach. The outcome of the analyses revealed that DPR exerted positive and insignificant influence on firm value. It was observed that all the control variables had inconsequential impact on firm value for the companies studied.

Iftikhar *et al*. (2017) in a study to assess the impact of dividend policy on stock prices of firm. The aim of the study was to investigate the influence of dividend policy on stock price of companies. the study covered the period of 2005 to 2014 and the essential data were collected from the financial statements of five banks (5) sampled companies whose shares were quoted on Pakistan and Karachi stock exchange. Dividend policy was measured by retention ratio (RR), dividend pay-out ratio (DPO) and dividend per share (DPS). The sourced data were analysed using descriptive and multiple linear regression approaches. The method of regression employed was ordinary least square (OLS). The analyses revealed that both DPO and DPS exerted positive and significant influence on stock prices of the entities investigated while RR had a negative and significant impact on stock prices of the firms.

Altahtamouni (2018) examined the determinants of market value: Case of Jordanian banks. The purpose of the study was to evaluate the determinants of market value of Jordanian banks. The study covered the period of 2004 to 2013 and the determinants of market value used in this study were investment decision (ID), financing decision (FD), dividend decision (DD), profitability (PR), company size (CS) and growth (GT) where market value was measured by Tobin's Q. Essential data for the study were collected from the annual reports and financial statements of the entities studied. From the analyses, it was observed that FD, DD and CS had negative influence on market value of the entities studied while ID, PR and GT exerted positive influence on market value of the companies under study. Also, it was found that ID, PR, CS and GT exerted significant influence on market value while FD and DD exerted inconsequential influence on market value.

Aras and Yildirim (2018) investigated the impact of corporate finance decisions on market value in emerging markets. The purpose of the study was to examine the influence of

corporate finance decision on market value of emerging markets. The period of 2010 to 2014 was covered in the study and two hundred and seventy-four (274) entities were drawn from quoted firms on BIST in Turkey and two hundred and forty-nine (249) listed firms were sampled for the study from BOVESPA in Brazil. Corporate finance decisions were measured by total debt-to-equity ratio (TDER), account payable turnover (APT), account receivable turnover (ART), asset turnover (AT), inventory turnover (IT), asset reinvestment ratio (ARR) and net fixed asset turnover (NFAT). While market value was measured by market capitalization. Return on asset (ROA) was used as control variable in the model. The analyses indicated that level of debt of entities in both countries affected market value negatively and substantially. It was observed that other corporate finance decision variables strongly and optimally supported market values of firms in the two countries.

Ahmed (2019) assessed the effect of dividend policy on share price: An evaluative study. The aim of the study was to examine the impact of dividend policy on share price of firms. Dividend policy was represented by dividend per share (DPS) and retention ratio (RR) where market price per share represented the dependent variable of the study. The sourced data were analysed using descriptive statistics and linear regression approach. The essential data were obtained from the annual reports and financial statements of companies used for the study. The study covered the period of 2005 to 2018 and pool regression method was used to establish the influence between the predictors on share price. The analyses revealed that both variables of dividend policy (DPS and RR) used had positive and significant effect on share price of the firms studied. It was concluded that the dividend policy maintained by the entities helped to improve upon share price consequentially.

Ni *et al*. (2019) carried out a study on cashflow statements and firm value: Evidence from Taiwan. The study sought to examine the influence of cashflow statements of firm value of the studied firms in Taiwan. The independent variable was cashflow measured by operating cashflow (OCF), investing cashflow (ICR) and financing cashflow (FCR) and the dependent variable was firm value. The period of the study ranged from 2006 to 2014 and the relevant data in relation to the variables of the study were extracted from the published annual reports and financial statements of the entities studied. The data extracted were analysed using multiple regression technique (pooled linear regression) and the results obtained indicated that cashflow from investing and financing activities influenced positively and significantly on firm value while cashflow from operating activities had an inconsequential influence on firm value of the studied firms.

Ohiaeri *et al*. (2019) investigated the impact of dividend policy on the share price of quoted companies in Nigerian Exchange Group (NGX). The aim of the study was to assess the impact of dividend policy on share price of companies quoted on Nigerian Exchange Group (NGX). The period of 2009 to 2017 was considered in the study. Dividend policy was represented by dividend yield (DY), dividend per share (DPS), earnings per share (EPS) and retention ratio (RR) and profit after tax (PAT) was selected as the control variable. The data sourced for the study were analysed using descriptive statistics and panel linear regression. The fixed effect approach was employed in the study in accordance with the nature of data collected. From the analyses, it was observed that DPS and DY exerted positive and significant influence on share price, RR showed negative and insignificant influence on share price, PAT and EPS exerted positive and insignificant influence on share price.

Itan and Riana (2021) assessed the impact of cashflow statement on firm value in Indonesia. The study aimed at ascertaining the influence of cashflow statement on firm value of Indonesian firms. The period of the ranged from 2015 to 2019 and a total of one thousand, two hundred and thirty-six companies listed in Indonesian stock exchange were sampled for the study. The dependent variable used in the study was firm value measured by Tobin's Q, the independent variables of cashflow proxied by Operating Cash Flow Ratio (OCFR), Investing Cash Flow Ratio (ICFR) and Financing Cash Flow Ratio (FCFR) and corporate governance proxied by Managers' Holding Ratio MHR, Independent Director (ID) and Board Size (BS) were chosen for the study while Current Ratio (CRR), Asset Turnover Ratio (ATR), Debt Ratio (DR) and Firm Size (FS) were the control variables. Essential data for the study was extracted from the audited annual reported and financial statements of the entities studied. Data analysis was conducted using panel regression technique (fixed effect model). From the analysis conducted, OCFR exerted direct positive and material influence on firm value of the studied entities while ICFR and FCFR exerted adverse and material influence on firm value of the firms chosen for the study. Also, MHR and BS impacted significantly on firm value, while the ID exerted a direct and significant influence on firm value.

Kraipornsak and Poramapojn (2021) conducted a study on determinants of the market value of listed firms in the services sector: A case of Thailand. The study sought to evaluate the determinants of market value of listed firms in services sectors. The study covered the period of 2003 to 2019 and the determinants of market value were measured by productivity (PD), book value (BV), capital-to-labour ratio (CLR), company size (CS) and technological progress (TP). Data for the study were obtained from the financial statements of the entities studied. Based on the nature of the data collected, the fixed effect linear regression approach was employed to establish the influence on the determinants on the market value. The analyses revealed that PD, BV CS and TP had positive and significant influence on market value of the entities studied while CLR had negative and insignificant influence on the market value.

Meutia *et al*. (2021) conducted a study on investment decisions, financing and dividends to increase firm value: A case study of manufacturing companies in Indonesia. The study sought to evaluate the influence of investment decisions, financing and dividends on firm value. The study was conducted to cover the period of 2008 to 2017 and one hundred and eight (108) manufacturing companies whose shares were quoted on the floor of Indonesian stock exchange were sampled for the study. Firm value was measured by the model of Tobin's Q in the study and the key predictors were investment decision (IVD), financing decision (FID) and dividend decision (DID). Data for the study were analysed using descriptive statistics and pooled regression method. From the analysis, it was observed that all the predictors (IVD, FID and DID) exerted significant influence on firm value of the companies studied. However, both investment decision and dividend decision had positive influence on firm value while financing decision had a negative influence on firm value.

Nduonofit *et al*. (2023) investigated firms' characteristics and market value of listed manufacturing companies in Nigeria. The purpose of the study was to assess the influence of firms' characteristics and market value on listed manufacturing companies in Nigeria. The study was conducted to cover the period 2013 to 2020. Forty-two (42) quoted manufacturing companies in Nigeria were investigated and the predictors that represented firms' characteristics were liquidity (LQ) and operating efficiency (OE) where inflation rate (IFR)

was the control variable selected by the researchers. Market value (SP) was measured by the model of Tobin's Q. Panel data were collected from the entities sampled for the study. Data were analysed using descriptive statistics and panel regression approach known as fixed effect. From the analysis, it was observed that both LQ and OE had positive and substantia influence on SP of quoted manufacturing companies in Nigeria studied.

2.3.1 Gap in Empirical Literature

Several empirical studies had been reviewed both locally and internationally and in relation to financial management decisions and stock price of companies. From the relevant literature examined, it was observed that the focus of previous researchers was mainly on capital structure decisions on firm value, dividend policy on stock price or firm value and determinants of stock price of entities. In the extant literature, it was also observed that there were limited studies that addressed the influence of financial management decisions with key variables of dividend decision and cashflow decision on stock price.

The sample size used in the previous studies and the theories adopted were different as compared with the present study. The time frame of the dataset used in the previous study especially in Nigeria did not really experience the changes brought by the adoption of International Financial Reporting Standards (IFRSs). The present study is said to address the enumerated issues that formed the gap which necessitates the conduct of this study. Hence, the use dividend decision and cashflow decision to establish the influence of financial management decisions on stock price of quoted manufacturing companies in Nigeria from 2013 to 2022 is expected to bridge the prevailing gap in the literature and contribute to knowledge adequately.

3. METHODOLOGY

In accordance with the purpose of the study and the procedures from which data was obtained the *ex-post facto* research design was employed in the study. The adoption of such design enabled the researcher to empirically ascertain the influence of financial management decisions on stock price of quoted manufacturing companies in Nigeria. Also, the design directed the focus of the researcher towards the suitable statistical tools to use in the process of analysing the essential data collected. The purpose of the study fundamentally was to ascertain the direction of variables of influence of financial management decisions on stock price of quoted manufacturing entities in Nigeria. This design was of paramount importance to help the researcher to achieve empirical evidence with minimal rate of spuriousness.

The population of the study consisted of entire quoted manufacturing companies in Nigeria that are fundamentally into manufacturing of consumable and industrial products. On this premise, the subsectors considered were consumer goods and industrial goods firms whose shares were traded on the floor of Nigerian Exchange Group (NGX) as at 31st December 2022. The quoted manufacturing companies were drawn from the subsectors delineated regarded as the consumer and industrial goods entities in Nigeria. As at 31st December 2022, the number of companies whose shares were quoted under consumer goods were twenty-one (21) companies and industrial goods were thirteen (13) companies. The aggregate of these companies was thirty-four (34) quoted manufacturing companies in Nigeria. Thus, the population of this study was thirty-four (34) quoted manufacturing companies in Nigeria drawn from the two (2) subsectors.

The sample size of this study was made up of only those entities whose annual reports were published as single entities and not in group forms. Also, the possibility of retrieving the annual reports and financial statements of companies formed the basis for sampling for collection of essential data in line with the respective variables of this study associated with financial management decisions and stock price of quoted manufacturing entities. On this basis, twenty-seven (27) companies were drawn from consumer goods and industrial goods sectors respectively to constitute the sample size for this study. Fifteen (15) companies are selected from consumer goods sector and twelve (12) companies were selected from industrial goods sector. The sample size of twenty-seven (27) companies was thought to represent the entire population of thirty-four (34) entities effectively in achieving empirical results with minimal spuriousness. Thus, the twenty-seven (27) companies selected as sample size of this study was in line with the view of the researchers about selection of sample size. The twenty-seven (27) companies were based on the availability of data based on the specific variables of this study.

The method for sample size selection was necessary to facilitate appropriate justification for the sample size used an empirical study (Vijayakumaran, 2019). Thus, the twenty-seven (27) companies that were sampled for this study were selected on the basis of the prospect to retrieve published annual reports and financial statements for relevant data extraction fundamentally based on the period chosen for this study. Thus, the purposive sampling approach was adopted in the selection of twenty-seven (27) quoted entities in Nigeria to be used as sample size. This technique permitted a researcher to rely on his/her brainpower and decision in selection of appropriate sample size that could represent the entire population of the study (Opoku-Asante *et al*., 2022).

The relevant data for this study were collected from the published annual reports and financial statements of selected quoted companies in Nigeria for the variables of financial management decisions on stock price of quoted manufacturing companies in Nigeria. Explicitly, it was collected from the available annual reports of twenty-seven (27) quoted manufacturing companies in Nigeria selected as sample size for this study. The type of data collected was panel data which ranges from 2013 to 2022. The choice for this period enabled the researcher to achieve a more observation that would help the researcher to generalize the findings. The use of panel data made it possible for the application of panel regression method.

The method of data collection for this study was secondary. This was because the design adopted stated undoubtedly that the study required this method and similarly, owing that the data has already been made available on published annual reports and financial statements of quoted manufacturing companies in Nigeria. The pertinent data collected using this method were those that were linked to financial management decisions and stock price of quoted manufacturing entities in Nigeria.

The study was conducted on financial management decisions and stock price of quoted manufacturing companies in Nigeria. The key variable of this study were financial management decisions and stock price. Financial management decisions was the independent variable while stock price was the dependent variable. The measurements of these two variables were presented on Table 3.1:

Table 3.1: Variable Description

S/N	Variable	Abbr.	Variable	Measurement	*Apriori* Expectation
1.	Stock price	SP	Dependent	Market price per share.	
2.	Dividend Decision	DD	Independent	Total dividends paid in individual accounting period divided by profit for the year.	Positive
3.	Cashflow Decision	CD	Independent	Net cashflows divided by total assets.	Positive
4.	Revenue (Control Variable)	REV	Independent	Trend growth of sales revenue generated in individual accounting period.	Positive

Source: Researcher's Compilation (2024)

The central objective of the study was to establish the influence of financial management decisions on stock price of quoted manufacturing companies in Nigeria. From the central objective, the specific objectives were formulated where the independent variable regarded as financial management decisions was represented by key variables which were Dividend Decision (DD) and Cashflow Decision (CD). All the factors formed the specific objectives of this study. To attain authentic empirical results with minimal spuriousness, a control variable of Revenue (REV) was chosen by the researcher to be included in the models. Stock price (SP) was measured by market price per share (MPS) of each of the companies selected for this study.

Based on the specific factors of financial management decisions and in line with the specific objectives of the study, the specific models were formulated accordingly:

$SP_{ij}=\beta_o+\beta_1 DD_{ij}+\beta_2 REV_{ij}+e_t$ Equation (3.1)

$SP_{ij}=\beta_o+\beta_1 CD_{ij}+\beta_2 REV_{ij}+e_t$ Equation (3.2)

In order to evaluate the combined influence of financial management decisions on stock price of quoted manufacturing companies in Nigeria.

The essence of the conduct of this study was to arrive at empirical findings where influence of financial management decisions on stock price had been established. For the purpose of arriving at essential findings, the data collected were analysed using descriptive statistics and regression analytical tool. The descriptive statistics was used to evaluate the nature of the data collected for each of the variables of financial management decisions such as Dividend Decision (DD) and Cashflow Decision (CD). On the other hand, the regression statistical tool was used to establish the influence of each of the predictors of financial management decisions on stock price of quoted manufacturing companies in Nigeria. Based on the nature of the data collected, the panel regression approach was used in analysing the data to establish the influence among the respective variables.

The major statistical tools of regression that were used in this study include R^2, Adjusted R^2, F-statistics, t-statistics, p-value and Durbin-Watson (DW) statistics. Both R^2 and adjusted R^2 were used to ascertain the variation in stock price that is explained by the influence of the

variables of financial management decisions. F-statistics was used to determine the significance of R^2 and adjusted R^2 in each of the models. p-value and t-statistics was used to test the significance of each of the variables of financial management decisions on stock price of quoted manufacturing companies in Nigeria. Durbin-Watson (DW) statistics was used to test the firs order autocorrelation in the models. All regression analysis was conducted at 5% level of significance. Correlation analysis was conducted on the data collected to check the possible indication of multicollinearity. Variance Inflation Factor (VIF) was used to test the existence of multicollinearity among the independent variables.

4. DATA ANALYSIS AND DISCUSSION

4.1 Data Analysis

4.1.1 Descriptive Statistics

The descriptive statistics of the data collected for this study was to enable the researcher to evaluate the nature of the dataset for each of the variables of interest. These were computed and presented in Table 4.1:

Table 4.1: Descriptive Statistics

Statistics	SP	DD	CD	REV
Mean	77.41581	2.145909	0.018615	0.125833
Median	16.20000	0.302300	0.015300	0.066700
Maximum	1556.500	366.1929	2.172500	5.514900
Minimum	0.460000	-5.146500	-1.534900	-0.907000
Std. Dev.	241.6347	23.19724	0.214540	0.450711
Skewness	4.977093	14.84193	2.409126	6.979653
Kurtosis	27.72204	230.0992	50.12237	80.32433
Jarque-Bera	7901.699	583564.0	24961.53	68684.80
Probability	0.000000	0.000000	0.000000	0.000000
Sum	20670.02	572.9577	4.970100	33.59740
Sum Sq. Dev.	15531030	143137.8	12.24328	54.03527
Observations	267	267	267	267

Source: Researcher's Computation (2024)

From Table 4.1, Stock price (SP) had mean of ₦77.416. This indicated that the average of SP for quoted manufacturing companies in Nigeria during the period of this study was ₦77.416. The median of SP indicated that the middle dataset of quoted manufacturing companies in Nigeria during the period of study was ₦16.200. The maximum of SP indicated the highest data of manufacturing companies was 1556.50. The minimum of SP showed that the lowest data of quoted manufacturing companies in Nigeria during the period of study was ₦0.4600. The standard deviation of SP indicated that the fluctuations from mean during the period of the study for quoted manufacturing companies in Nigeria was ₦241.635 and was high.

From Table 4.1, Dividend Decision (DD) had mean of 214.59%. This indicated that the average of DD for quoted manufacturing companies in Nigeria during the period of this study was 214.59%. The median of DD indicated the middle dataset of quoted manufacturing

companies in Nigeria during the period of study was 30.23%. The maximum of DD indicated the highest data of manufacturing companies was 36619.29%. The minimum of DD showed that the lowest data of quoted manufacturing companies in Nigeria during the period of study was -514.65%. The standard deviation of DD indicated that the fluctuations from mean during the period of study for quoted manufacturing companies in Nigeria was 2319.72% and was high.

From Table 4.1, Cashflow Decision (CD) had mean of 1.862%. This indicated that the average of CD for quoted manufacturing companies in Nigeria during the period of this study was 1.862%. The median of CD indicated the middle dataset of quoted manufacturing companies in Nigeria during the period of study was 1.53%. The maximum of CD indicated the highest data of manufacturing companies was 217.25%. The minimum of CD showed that the lowest data of quoted manufacturing companies in Nigeria during the period of study was -153.49%. The standard deviation of CD indicated that the fluctuations from mean during the period of study for quoted manufacturing companies in Nigeria was 21.454% and was high.

From Table 4.1, Revenue (REV) had mean of 12.58%. This indicated that the average of REV for quoted manufacturing companies in Nigeria during the period of this study was 12.58%. The median of REV indicated the middle dataset of quoted manufacturing companies in Nigeria during the period of study was 6.67%. The maximum of REV indicated the highest data of manufacturing companies was 551.49%. The minimum of REV showed that the lowest data of quoted manufacturing companies in Nigeria during the period of study was -90.70%. The standard deviation of REV indicated that the fluctuations from mean during the period of study for quoted manufacturing companies in Nigeria was 45.071% and was high.

4.1.2 Test of Multicollinearity

The multicollinearity between the predictors (independent variables) were tested by the researcher using Variance Inflation Factor (VIF). The results computed were presented in Table 4.2:

Table 4.2: Test of Multicollinearity

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	903.6019	4.088398	NA
DD	0.413765	1.012248	1.003627
CD	6788.982	1.419177	1.408534
REV	1532.853	1.513414	1.403598

Source: Researcher's Computation (2024)

From the results presented in Table 4.2, it was discovered that all the predictors had Centered VIF of less than ten (10). This indicated that the independent variables, including the control variable of REV, had no problem of multicollinearity. In other word, it could be interpreted that the influence of individual independent variables of financial management decisions on Stock price (SP) of quoted manufacturing companies in Nigeria was not the same with another independent variable in the model.

4.1.3 Correlation Analysis

The correlation matrix for all the variables of this study were computed by the researcher to examine the coefficient of relationship among the factors. The results were presented in Table 4.3:

Table 4.3: Correlation Matrix

Correlation	CD	DD	SP	REV
CD	1.000000			
DD	0.005899	1.000000		
SP	0.614906	0.588335	1.000000	
REV	0.530086	-0.036069	0.014304	1.000000
Probability	**CD**	**DD**	**SP**	**REV**
CD	-----			
DD	0.9236	-----		
SP	0.0002	0.0005	-----	
REV	0.0000	0.5573	0.8160	-----

Source: Researcher's Computation (2024)

From Table 4.3, the relationship between an independent variable and another independent variable was less than 60% (0.60). This indicated that there was no sign of multi-collinearity existing among the pairs of independent variables as presented on Table 4.3. The relationship between DD and SP was 58.83% (0.5883), the relationship between CD and SP was 61.49% (0.6149) and the relationship between REV and SP was 1.430% (0.01430).

4.1.4 Test of Hypotheses

Under this sub-section, individual hypotheses were tested from the outputs of analyses done by the researcher using appropriate statistical tools. The Hausman Test conducted on the data with probability value of 0.0090 ($p<0.05$) revealed that the fixed effect regression technique was suitable in this study.

4.1.4.1 Hypothesis One

The fixed effect regression results were computed by the researcher and presented in Table 4.4:

Table 4.4: Fixed Effect Regression Output

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	77.01101	4.102862	18.77007	0.0000
DD	0.880817	0.184079	4.784994	0.0007
REV	4.719088	9.408005	0.501603	0.6164
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.938095			
Adjusted R-squared	0.930812			
F-statistic	128.8077	Durbin-Watson stat		2.195878
Prob(F-statistic)	0.000000			

Dependent Variable=SP
Source: Researcher's Computation (2024)

From Table 4.4, Dividend Decision (DD) had a positive and significant influence on Stock price (SP) of quoted manufacturing companies in Nigeria. This was because the t-statistic and p-value indicated that DD was significant on SP (p-value<0.05). The DD was in compliance with the *apriori* expectation stated by the researcher. A percentage increase in DD brought about increase in SP of quoted manufacturing companies in Nigeria. The Durbin-Watson (DW) statistic of 2.1959 showed that there was no first order autocorrelation in the model.

R^2 indicated that 93.809% variation in SP was caused by the influence of DD and REV and Adjusted R^2 indicated that 93.081% variation in SP was attributed to the influence of DD in the model. The F-statistic of 128.807 (prob.<0.05) indicated that R^2 and Adjusted R^2 were significant in explaining the model. The null hypothesis, which states that dividend decision does not significantly influence stock price of quoted manufacturing companies in Nigeria, was rejected and the alternative hypothesis, which states that dividend decision significantly influence stock price of quoted manufacturing companies in Nigeria, was accepted on the basis of t-statistic and p-value computed (p-value<0.05).

4.1.4.2 Hypothesis Two

The fixed effect regression results were computed by the researcher and presented in Table 4.5:

Table 4.5: Fixed Effect Regression Output

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	76.57953	4.074722	18.79381	0.0000
CD	10.55281	2.249427	4.691333	0.0004
REV	8.207004	10.99848	0.746195	0.4563
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.938094			
Adjusted R-squared	0.930811			
F-statistic	128.8049	Durbin-Watson stat		2.18862
Prob(F-statistic)	0.000000			

Dependent Variable=SP
Source: Researcher's Computation (2023)

From Table 4.5, Cashflow Decision (CD) had a positive and significant influence on Stock price (SP) of quoted manufacturing companies in Nigeria. This was because the t-statistic and p-value indicated that CD was significant on SP (p-value<0.05). The CD was in compliance with the *apriori* expectation stated by the researcher. A percentage increase in CD brought about increase in SP of quoted manufacturing companies in Nigeria. The Durbin-Watson (DW) statistic of 2.1886 showed that there was no first order autocorrelation in the model.

R^2 indicated that 93.809% variation in SP was caused by the influence of CD and REV and Adjusted R^2 indicated that 93.081% variation in SP was attributed to the influence of CD

in the model. The F-statistic of 128.805 (prob.<0.05) indicated that R^2 and Adjusted R^2 were significant in explaining the model. The null hypothesis, which states that cashflow decision does not significantly influence stock price of quoted manufacturing companies in Nigeria, was rejected and the alternative hypothesis, which states that cashflow decision significantly influence stock price of quoted manufacturing companies in Nigeria, was accepted on the basis of t-statistic and p-value computed (p-value<0.05).

4.2 Discussion of the Findings

From Table 4.4, Dividend Decision (DD) had a positive and significant influence on Stock price (SP) of quoted manufacturing companies in Nigeria. This showed that a percentage increase in dividend payment as a measurement of financial management decisions in this study resulted to significant increase in stock price of quoted manufacturing companies in Nigeria. The result of the analysis in respect to DD deviated from the *apriori* expectation stated by the researcher of the present study. Dividend decision is an essential action for corporate finance decision. This is because the aim of dividend decision is to ensure that shareholders of quoted companies, who are the owners receive maximum return from the funds contributed by them. When dividends are distributed to equity shareholders, it is often anticipated that their wealth has improved from their investments. The positive and significant influence of dividend decision on stock price of quoted manufacturing companies in Nigeria could be said to be attributed to the fact that during the period of the study, adequate dividends have been distributed to the shareholders and the dividends distributed have also affected their wealth positively. The perception of dividend payment by quoted manufacturing companies in Nigeria caused the stock price to increase because more potential shareholders are willing to acquire the shares of companies that distribute dividends as often as possible.

For this reason, managers of quoted entities are always on the opinion of paying more dividends to equity shareholders especially when their companies have attained maximum growth where internal financing is not adequately required for investment purpose (Ahmed, 2019). This was applicable to quoted manufacturing companies in Nigeria from 2013 to 2022 where dividend decision exerted positive and substantial influence on stock price. This study was in line with the study of Mursalim *et al*. (2015) who studied financial decision, innovation, profitability and company value: Study on manufacturing company listed in Indonesian stock exchange and found that dividend decision exerted positive and significant influence on firm value. The study also supported the study of Meutia *et al*. (2021) who conducted a study on investment decisions, financing and dividends to increase firm value: A case study of manufacturing companies in Indonesia and found that dividend decision exerted positive and significant influence on value of firms. However, the findings of the study negated the study of Altahtamouni (2018) who examined the determinants of stock price: Case of Jordanian banks and discovered that dividend decision influenced stock price of the banks negatively.

From Table 4.5, Cashflow Decision (CD) had a positive and significant influence on stock price of quoted manufacturing companies in Nigeria. This indicated that a percentage increase in cashflow resulted to consequential and positive influence on stock price of quoted manufacturing companies in Nigeria. The result of the analysis in respect to CD was in compliance with the *apriori* expectation stated by the researcher of this study. When cashflow of entities from the three basic components are appropriately managed in such a way that the

net of each of the three components is positive, adequate cashflows will be available where the wealth of the shareholders will be influenced positively because adequate cashflow is capable of building confidence in the mid of the existing shareholders. For the potential shareholders, adequate cashflows is capable of raising the price of stocks as investors are always interested in the cashflows of quoted companies that the adequately managed. In other words, it could be said that cashflow decision is capable of influencing the status of cash of companies especially when the net cashflows from the three components in different years are positive. The study was not in line with the study of Ni *et al*. (2019) who conducted a study on cashflow statements and firm value: Evidence from Taiwan and was in line with that of Itan and Riana (2021) who assessed the impact of cashflow statement on firm value in Indonesia.

5. CONCLUSION AND RECOMMENDATIONS

The study was conducted to ascertain the influence of financial management decisions on stock price of quoted manufacturing companies in Nigeria. Data for the core variables were obtained and analyse using descriptive statistics and multiple linear regression. Revenue (REV) was chosen by the researcher as control variable to reduce the spuriousness of the empirical results in the individual model. From the analyses done by the researcher, it was concluded that financial management decisions had a significant influence on stock price of quoted manufacturing companies in Nigeria.

From the result of the analyses and in line with the independent variables of this study, the following recommendations were suggested:

i. The managers of quoted manufacturing companies in Nigeria should adopt retention policy that will help to pay more dividends to equity shareholders as this is capable of improving upon the stock price of the entities.

ii. Effective management technique should be adopted to reduce costs and operating expenses for the purpose of improving upon profitability and bringing about payment of more dividends to equity shareholders.

iii. The policies of improving upon inflows of cash from different components of statement of cashflows should be implemented in the operation of quoted manufacturing companies in Nigeria.

REFERENCES

Adegoke, O. J., Aluko, B. T., and Adegoke, B. F. (2017). Determinants of market value of residential properties in Ibadan metropolis, Nigeria. *Journal of Economics and Sustainable Development*, 8(4): 178-188.

Ahmed, H. (2019). The effect of dividend policy on share price: An evaluative study. *The Cost and Management,* 47(4): 54-58.

Akintunde, A., Nwabuisi, N. P., and Oyeyemi, O. G. (2021). Financing decision and shareholders' wealth maximisation of Nigeria listed companies. *Business and Finance Journal*, 12(1): 18-35.

Altahtamouni, F. (2018). Determinants of market value: Case of Jordanian banks. *International Business Research*, 11(1): 124-132.

AL-Tally, H. A. (2014). An investigation of effect of financial leverage on firm financial performance in Saudi Arabia's listed companies, Victoria graduate school of business, Melbourne, Australia, 1-8.

Amah, C., Micheal, H., and Ihendinihu, R. (2016). Relationship of cash flow and financial performance of listed Banks in Nigeria. *International Journal of Business Management*, 11(3): 14-24.

Anton, S. G. (2016). The impact of dividend policy on firm value. A panel data analysis of Romanian listed firms. *Journal of Public Administration, Finance and Law*, 10: 107-112.

Aras, G., and Yildirim, F. M. (2018). The impact of corporate finance decisions on market value in emerging markets. *Productivity and Performance Management*, 67(9): 1959-1976.

Ashraf, M., Ahmad, M. W., and Mehmood, N. (2017). The impact of financial leverage on firm performance in fuel and energy sector, Pakistan. *Journal of Energy Technologies and Policy*, 7(5): 43-49.

Bahraini, S., Endri, E., Santoso, S., Hartati, S., and Pramudena, S. M. (2021). Determinants of Firm value: A case study of the food and beverage sector of Indonesia. *Journal of Asian Finance, Economics and Business*, 8(6): 839-847.

Bassam, A. (2017). Financial leverage and firm performance evidence from Amman Stock Exchange *College of Business and Economics Qatar University*, 23p.

Donaldson, L., and Davis, J. H. (1991). Values. *Australian Journal of Management*, 16: 49-64.

Ha, N. T. L., and Minh, B. T. (2020). Determinants of firm value in Vietnam: A research framework. *International Journal of Science and Research*, 9(1): 626-631.

Habib, A. (2011). Growth opportunities, earnings permanence and the valuation of free cash flow. *Australasian Accounting Business and Finance Journal*, 5(4): 101-122.

Iftikhar, A. B., Raja, N. J., Sehran, K. N. (2017). Impact of dividend policy on stock prices of firm. *International Scientific Journal of Theoretical and Applied Science*, 3(47): 32-37.

Imelda, S., and Himelda, D. (2020). Financing decision as a mediating variable between capital structure and firm performance. *Advances in Economics, Business and Management Research*, 174: 266-270.

Itan, I., and Riana, W. (2021). The impact of cash flow statement on firm value in Indonesia. *Forum Ekonomi*, 23(3): 442-453.

Kehinde, J. S. (2018). Shareholders' wealth maximization, capital structure and management satisfaction in Nigeria corporate organizations: The goal mix dynamisms. *Global Review of Accounting and Finance*, 9(1): 1-14.

Kraipornsak, P., and Poramapojn, P. (2021). Determinants of the market value of listed firms in the services sector: A case of Thailand. *International Journal of Economics and Finance Studies*, 13(1): 155-172.

McConnell, J. J., and Muscarella, C. J. (1985**)**. Corporate capital expenditure decisions and the market value of the firm. *Journal of Financial Economics*, 14: 399-422.

Meutia, R., Apridar, A., Mursidah, E., Mastuti, R., and Fuad, M. (2021). Investment decisions, financing and dividends to increase firm value: A case study of manufacturing companies in Indonesia. *Economic Annals-XXI*, 194(11-12): 67-72.

Mihaela, P. I. (2018**).** Impact of the financing decision on the company's value. *International Journal of Economics and Management Studies,* 4(3): 1-14.

Morakinyo, F. O., David, J. O., Adeleke, E. O., and Omojola, S. O. (2018). Determinants of dividend policy of listed deposit money banks in Nigeria. *World Journal of Finance and Investment Research*, 3(1): 25-40.

Mursalim, H., Alamzah, N., and Sanusi, A. (2015). Financial decision, innovation, profitability and company value: Study on manufacturing company listed in Indonesian stock exchange. *Information Management and Business Review*, 7(2): 72-78.

Mutairi, M. A., Hasan, H., and Risik, E. (2011). The impact of corporate financing decision on corporate performance in the absence of taxes: Panel data from Kuwait stock market. *II World Finance Conference,* 1-27.

Nadeem, N., Bashir, A., and Usman, M. (2018). Determinants of dividend policy of banks: Evidence from Pakistan. *The Pakistan Journal of Social Issues*, 1: 19-27.

Nangih, E., Ofor, T. N., and Onuorah, J. K. J. (2020). Cash flow management and financial performance of quoted oil and gas firms in Nigeria. *Journal of Accounting and Financial Management*, 6(4): 1-11.

Nduonofit, C. B., Essien, A., Etim, E. O., and Edet, J. P. (2023). Firms' characteristics and market value of listed manufacturing companies in Nigeria. *Asian Journal of Management and Commerce,* 4(1): 140-151.

Ni, Y., Huang, P., Chianga, P., and Liao, Y. (2019). Cash flow statements and firm value: Evidence from Taiwan. *The Quarterly Review of Economics and Finance*, 71: 280-290.

Nympha, A. N., Egolum, P. U., and Nnenna, C. V. (2021). Dividend policy determinants of firm value: Empirical evidence from listed non-financial companies in Nigeria. *International Journal of Research and Innovation in Social Science*, 5(7): 612-634.

Ohiaeri, N. V., Akinbowale, F. I., and Ogumeru, B. (2019). The impact of dividend policy on the share price of quoted companies in Nigerian Exchange Group (NGX). *International Journal of Economics and Management Studies,* 6(8): 145-156.

Okafor, C. A., and Mgbame, C. O., and Chijoke-Mgbame, A. M. (2011). Dividend policy and share price volatility in Nigeria. *JORIND*, 9(1): 202-210.

Opoku-Asante, K., Winful, E. C., Sharifzadeh, M., and Neubert, M. (2022). The relationship between capital structure and financial performance of firms in Ghana and Nigeria. *European Journal of Business and Management Research*, 7(1): 236-244.

Putri, S. N. A., and Puryandani, S. (2020). The influence of cash flow, leverage and profitability on investment decisions in financial distress companies (All Companies Listed on Indonesia Stock Exchange of 2017-2019). *Advances in Economics, Business and Management Research*, 169: 447-452.

Reschiwati, R., Syahdina, A., and Handayani, S. (2020**)**. Effect of liquidity, profitability, and size of companies on firm value. *Utopía y Praxis Latinoamericana*, 25(6): 325-331.

Salman, A. (2019). Determinants of dividend policy. *Investment Management and Financial Innovations*, 16(1): 167-177.

Simon-Oke, O. O., and Ologunwa, O. P. (2016). Evaluation of the effect of dividend policy on the performance of corporate firms in Nigeria. *FUTA Journal of Management and Technology*, 1(1): 112-120.

Singla, H. K., and Samanta, P. K. (2019). Determinants of dividend pay-out of construction companies: A panel data analysis. *Journal of Financial Management of Property and Construction*, 24(1): 19-38.

Triani, N., and Tarmidi, D. (2019). Firm value: Impact of investment decisions, funding decisions and dividend policies. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 9(2): 158-163.

Vijayakumaran, R. (2019). Efficiency of working capital management and firm value: Evidence from Chinese listed firms. *International Journal of Financial Research*, 10(6): 133-144.

Yameen, M., Farhan, N. H. S., and Tabash, M. I. (2019). The impact of liquidity on firms' performance: Empirical investigation from Indian pharmaceutical companies. *Academic Journal of Interdisciplinary Studies*, 8(3): 212-220.

Yulianto, A., Witiastuti, R. S., Ridloah, S., Khotimah, S., Hendrayati, H., and Murwatiningsih, K. (2021). The influence of company's characteristics to propensity to pay dividend. *Economics and Business in Industrial Revolution*, 4: 345-350.

Yusuf, R. A. (2019). Factors influencing dividend pay-out policy of firms listed on the Nigerian stock exchange. *Advances in Economics and Business*, 7(6): 256-265.