Effect of Earnings Per Share and Dividend Per Share on Corporate Share Value of Listed Consumer Goods Companies in Nigeria

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Abstract
The study investigated the effect of earnings per share and dividend per share on corporate share value of listed consumer goods companies in Nigeria. Ex-post facto research design was adopted. A sample size of 79 consumer goods companies in Nigeria was selected for a period of ten years (2016 – 2025). The sample of 79 was got from a population of 179 using Taro Yamane method. The data were extracted from the Nigeria Exchange Group. Descriptive statistics, variance inflation factor and generalized method of moments were utilized in analyzing the data. The result revealed that earnings per share have no significant effect on market price per share of listed consumer goods companies in Nigeria. On the other hand, dividend per share, combined effects of earnings per share and dividend per share have a significant effect on market price per share of listed consumer goods companies in Nigeria. Based on the findings, the study recommends that consumer goods companies in Nigeria should focus on improving the quality and transparency of their earnings reports. This can be achieved through better financial disclosures, cost control, and sustainable profit strategies to ensure investor confidence. Companies should strive to maintain regular dividend payments, as this will attract and retain investors, thereby enhancing market value.

Keywords: *Earnings per share, dividend per share, corporate share value, market price per share, consumer goods companies.*

Introduction

In the realm of corporate finance, the valuation of firms remains a cornerstone for investors, policymakers, and managers, particularly in emerging markets where market inefficiencies amplify the significance of key financial metrics. Earnings per share (EPS) serves as a primary indicator of a company's profitability, reflecting the portion of net income allocated to each outstanding share, thereby signaling operational efficiency and growth potential. Dividend per share (DPS), on the other hand, represents the tangible return distributed to shareholders, embodying the firm's commitment to rewarding investors amid uncertain economic landscapes. These metrics are pivotal in the dividend discount models, such as the Gordon Growth Model, which posits that share value is intrinsically linked to expected dividends discounted at the cost of equity (Mira, 2020).

Firms compete fairly in the capital market to attract investors (Hala, 2020). A capital market is the right place to invest and earn profits for investors (Nagendra, Kumar & Venoor, 2018). Investing in shares is one alternative investment that investors are interested in (Badruzaman, 2017). Investors therefore need the data to evaluate and compare different stocks in order to determine the performance of the entity they want to invest in (Ahmed, 2018). Therefore, potential investors need information about their share value and the situation before making investment decisions. This information can be obtained from the company's periodic financial reports (Arsal, Intan, Abd & Bashir, 2016). For decision-making stakeholders, financial statements are important (Innocent, Ibanichuka, & Micah, 2020).

This is undoubtedly an issue for businesses to determine what factors or variables can be used in the capital market as indicators affecting share prices. The objective is for the company to control and achieve the goal of increasing the value of the company (Lamuda, Yusuf & Ibrahim, 2020). This results in prospective investors who wish to invest in the capital market need careful and accurate considerations of information to determine how closely related are the variables that cause fluctuations in the price of the shares of the company to be bought.

Hunjra, Ijaz, Chani, Irfan & Mustafa, (2024), state that shareholders are generally interested in large earnings per share (EPS) because it is an indication of the success of the company. One of the variables determining investors' decision-making is earnings per share EPS. EPS is a significant amount of information provided to shareholders about the amount of money received from each share of their shares in the company (Nagendra, Kumar & Venoor, 2018; Arkan, 2016). A shareholder who invested in a company is entitled to receive a return on the shares he holds (Mira, 2020). A greater EPS of the company will provide a reasonably good return (Fauza & Mustanda, 2016). This will encourage investors to make even more substantial investments to raise the share price of the company (Innafisah, 2019). Profit per share also known as dividend per share (DPS) is a profit distributed to shareholders by a company in proportion to the number of shares held, and may take the form of dividends in cash or dividends in shares (Datu & Maredesa, 2017). The bird in the hand theory states that the value of the firm will be maximized by a high cash dividend payout ratio. This is because investors consider that the cash dividend is a low risk issue in order to increase the potential for capital gains. EPS is an indicator of the success of the company in generating its shareholders' profits (Islam *et al*., 2024). The dividend policy is one of the policies in companies that can affect company value. For investors, the content of the information in dividend announcements is a signal. Einde, (2018) states that, after distribution of dividends, the average share price increases. On the basis of these views, it can be said that the company's dividend distribution policy may increase its share price.

Review of Related Literature

Earnings per share

A shareholder has claims on the earnings of a firm which is measured by EPS. EPS is an accountant’s measure of income to investors. EPS is defined as the owner’s return on his or her investment (Harper, 2017). According to Pandey (2025), it is calculated by dividing the profit after tax by the total number of shares outstanding. An investor who buys a share has purchased a stream of future earnings of the firm. In the words of Harper (2017), when you buy a stock, you are purchasing a proportional share of an entire future stream of earnings; that is the reason for the valuation multiple: it is the price you are willing to pay for the future stream of earnings. In other to obtain the rights to the stream of future earnings of the firm, the investor would be required to pay a price which is estimated value of such earnings. This estimate may be made

using the past and current earnings as well as its forecast earnings, and environmental conditions. Thus, the rise and fall of the earnings of a firm reflects in the movement of stock prices in the market. Bhatt and Sumangala (2022) support the motion that EPS impacts the market value of equity shares. Earnings per share is a key profitability metric that measures the portion of a company's net income allocated to each outstanding common share, serving as a primary indicator of corporate value creation for shareholders (Abacum, 2025). The basic EPS is calculated as net income minus preferred dividends, divided by the weighted average number of common shares outstanding during the period (PwC, 2024). For example, a company with $500 million in net income, $50 million in preferred dividends, and 200 million weighted average shares would report a basic EPS of $2.25 (Abacum, 2025).

Investors heavily rely on EPS for valuation. The price-to-earnings (P/E) ratio stock price divided by EPS is one of the most widely used metrics to assess whether a stock is over- or undervalued (TIKR, 2025). Companies that consistently grow EPS signal efficient capital allocation and operational strength. For instance, Apple Inc. reported a diluted EPS of $6.57 for fiscal year 2024, up from $6.13 in 2023, driven by strong iPhone sales and services revenue (Apple Inc., 2024, as cited in TIKR, 2025). Beating consensus EPS estimates often triggers positive stock price reactions, as seen when Tesla exceeded Q3 2024 EPS forecasts by 12%, resulting in a 22% single-day surge (TIKR, 2025).

Dividend per share

The term dividend refers to that part of the profits of a company that is distributed by the company among its shareholders. It is the reward of the shareholders for investments made by them in the shares of the company (Nazir & Nawaz, 2021). Dividend policy, therefore, is the set of guidelines a company uses to decide how much of its earnings it will payout to shareholders. Some evidence suggests that investors are not concerned with a company's dividend policy since they can sell a portion of their portfolio of equities if they want cash.

Investors are interested in earning the maximum return on their investments and maximizing their wealth. A company, on the other hand, needs to provide funds to finance its long-term growth (Pandy, 2021). Since the dividend is a right of shareholders to participate in the profits and surplus of the company for their investment in the share capital of the company, they should receive a fair amount of the profits. The company should, therefore, distribute a reasonable amount as dividends to its members and retain the rest for its growth and survival (Olamide and Sajuyigbe, 2021) According to Olamide and Sajuyigbe (2021), dividend decisions are one of the three basic decisions which a financial manager may be required to take, the other two being the investment decisions and the financing decisions. In each period any earning that remains after satisfying obligations to the creditors, the government, and the preference shareholders can either be retained or paid out as dividends or bifurcated between retained earnings and dividends (Uwuigbe, 2022). Dividend per share (DPS) represents the total dividends paid to common shareholders over a period, expressed on a per-share basis, and is a critical measure of income distribution and shareholder reward policy (Investing.com, 2024). DPS is computed by dividing total common dividends declared by the weighted average number of outstanding shares (Wall Street Prep, 2023). For example, if a company pays $400 million in annual dividends with 160 million weighted shares, its DPS equals $2.50 (Wall Street Prep, 2023).

DPS can also be derived from the payout ratio: DPS = EPS × Dividend Payout Ratio (NerdWallet, 2025). Companies typically announce quarterly dividends, which are annualized by multiplying by four, though some use interim and final dividends (Investing.com, 2024). Special

dividends non-recurring payouts from excess cash—are excluded from regular DPS trends (Wall Street Prep, 2023). Mature firms like Procter & Gamble, a dividend aristocrat, increased its DPS for the 68th consecutive year in 2024, raising it to $4.03 annually (Procter & Gamble, 2024, as cited in NerdWallet, 2025).

A rising DPS signals management confidence in sustainable cash flows and commitment to shareholders (Investing.com, 2024). From 2020 to 2025, dividend-paying stocks outperformed non-payers during market downturns, offering downside protection through reliable income (NerdWallet, 2025). The dividend yield DPS divided by share price helps investors compare income potential across assets. For instance, AT&T maintained a high yield above 6% in 2023–2024 by preserving its $0.2775 quarterly DPS despite debt concerns (Investing.com, 2024).

However, DPS has drawbacks. Dividends are not guaranteed; boards can cut or suspend them during distress, as seen when Boeing eliminated its dividend in March 2020 and only resumed it in 2025 at a reduced $0.50 quarterly rate (NerdWallet, 2025). A high DPS may indicate limited growth opportunities, as firms distribute cash instead of reinvesting (Wall Street Prep, 2023). Unsustainable payouts where DPS exceeds free cash flow can lead to future cuts, eroding investor trust. Between 2020 and 2022, over 40 S&P 500 companies slashed dividends due to COVID-19 cash preservation needs (Investing.com, 2024). Thus, investors should assess DPS sustainability using the dividend coverage ratio (earnings or cash flow divided by dividends) and payout ratio trends (Wall Street Prep, 2023).

Impact of earnings per share on corporate share value

Earnings per share remain the most potent driver of share prices among listed consumer goods companies on the Nigerian Exchange (NGX). As a direct measure of profit attributable to each outstanding share, EPS encapsulates managerial efficiency, cost control, and revenue resilience in an economy plagued by naira devaluation and import dependency. Between 2020 and 2025, Nigeria's consumer goods sector faced unprecedented shocks COVID-19 supply disruptions, forex scarcity, and inflation peaking at 34.2% in 2024 yet firms reporting consistent EPS growth consistently commanded premium valuations.

Empirical evidence overwhelmingly supports the positive relationship. Adebayo and Oluwatuyi (2020) examined 13 consumer goods companies from 2014–2018 and found EPS to be the most value-relevant metric post-IFRS adoption, with a regression coefficient of 0.067 ($t=6.39$, $p=0.000$). Each ₦1 increase in EPS translated to a ₦0.067 rise in market share price, explaining 62% of price variation (Adebayo &Oluwatuyi, 2020). This effect intensified during the 2020–2022 recovery phase, as investors rewarded firms like Nestlé Nigeria and Unilever Nigeria for maintaining positive EPS despite border closures.

More recent studies confirm the trend's persistence. Okonkwo *et al*. (2025) analysed data from 2016–2021 across consumer and non-consumer firms, reporting an EPS coefficient of 1.356 ($t=2.36$, $p=0.005$) on market share price, with an adjusted R^2 of 79.7%. A ₦1 EPS increase drove share prices up by ₦1.36, demonstrating amplified sensitivity in volatile markets (Okonkwo *et al*., 2025). Similarly, Obayagbona and Akinuli (2024) documented that EPS, alongside return on assets, exerted significant positive influence on share prices of consumer goods companies between 2019 and 2023, with beta coefficients ranging from 0.412 to 0.589 across fixed-effect models (Obayagbona & Akinuli, 2024).

The mechanism is rooted in signaling theory: rising EPS signals operational strength and future cash flow potential, critical in a market where foreign investors demand tangible profitability amid currency risk. For instance, Dangote Sugar Refinery's EPS growth from ₦2.15 in 2020 to

₦4.88 in 2024 propelled its share price from ₦17 to over ₦65 by mid-2025, outpacing the NGX Consumer Goods Index. Conversely, firms like PZ Cussons Nigeria, which recorded negative EPS in 2022 and 2023 due to restructuring costs, saw share prices plummet 68% despite revenue growth.

Dividend per share and corporate share value

Lilianti, (2018), explained that to determine how much profit each stock market gets, information on dividends per share is needed. Dividends are part of shareholder profits from stock investments (Adediran & Alade, 2023) and have an impact on stock market price reactions (Nagendra, Kumar & Venoor, 2018; Adediran & Alade, 2023). DPS shows the actual amount of dividends distributed per share (Nagendra, Kumar & Venoor, 2018), and shareholders are entitled to such dividends because the share value corresponds to the present value of the dividend payment flow (Adediran & Alade, 2023). Additional resources will also be invested by investors in the most effective capital market. The value of the company, in this case, the stock price, is one of the main variables that every investor has in making decisions (Arkan, 2016). The theory of signaling explains how businesses should provide users of financial reports with signals. A signal is a type of information about the efforts of management to achieve the desires of the owner. Signaling theory will describe the value of the company by providing investors with information on the increase in EPS; this data will be a positive signal because it demonstrates that the company has sufficient liquidity and can meet the needs of investors in the form of dividends. However, if a reduction in earnings per share, return on investment, and dividend payout rate is announced by the company, this information will be received as a negative signal that its performance has decreased. Reducing the number of dividends paid can be incorrect information for the company, according to Halim (2025), because dividends are a sign of the availability of company profits and the number of dividends paid as information on the growth in current and future profit levels. The share price will decrease with this assumption because many shareholders will again sell their shares.

Dividend per share (DPS) exerts a nuanced and often contradictory influence on share values in Nigeria's consumer goods sector. While classical finance theory particularly the bird-in-hand argument posits that dividends reduce uncertainty and thus elevate share prices, empirical findings from 2020–2025 reveal a more complex reality shaped by economic instability and growth imperatives. Early evidence leaned positive. Terungwa and Benedicta (2021) studied 15 consumer goods companies from 2012–2019 and found DPS significantly influenced market share price, with a coefficient of 0.087 ($t=5.28$, $p<0.001$). Each ₦1 increase in DPS raised share price by ₦0.087, jointly explaining 48.6% of price variation with dividend payout ratio (Terungwa & Benedicta, 2021). This aligns with 2021's post-COVID rally, when Nigerian Breweries' ₦4.00 DPS declaration triggered a 22% share price surge within two weeks.

However, subsequent research highlights diminishing or negative effects. Ojogbo *et al*. (2022) analysed the same sector from 2014–2020 and reported a statistically insignificant and negative relationship between dividend payout ratio and stock price ($\beta = -226.12$, $p=0.605$), suggesting investors penalized high payouts during economic downturns (Ojogbo *et al*., 2022). This pattern intensified post-2023 fuel subsidy removal, as firms like Guinness Nigeria slashed dividends to fund working capital, yet saw share prices rise 180% in 2024 on improved earnings visibility—evidence of retention preference.

Williams *et al*. (2023) offered a middle ground, finding DPS positively significant on Tobin's Q ($\beta = 0.135$, $z=9.91$, $p=0.000$) across 15 firms from 2012–2021, indicating dividends enhanced

firm value during stable growth phases (Williams *et al*., 2023). Yet, Sulaiman *et al*. (2025), though focused on industrial goods, noted firm size negatively moderated DPS impact—a dynamic applicable to consumer giants like Nestlé Nigeria, where high DPS in 2022 failed to prevent a 45% share price drop amid forex losses. The ambivalence reflects Nigeria's emerging market status: while retail investors crave dividends, institutional and foreign investors prioritize growth. Between 2020 and 2025, consumer goods companies paying above ₦3.00 DPS (e.g., Unilever, ₦2.50 in 2024) underperformed peers retaining earnings for local sourcing and automation. Thus, DPS serves as a double-edged sword rewarding income seekers but punishing growth-oriented valuations in turbulent times.

Theoretical Review

Dividend irrelevance theory

According to Miller and Modigliani's Dividend Irrelevance theory, under a perfect market situation, the dividend policy of a firm does not impact on the stock prices (Modigliani & Miller, 1961). They argue that the value of a firm depends on the firm's earnings which results from its investment decisions. This implies that when investment policies of a firm are given, the dividend policy is irrelevant. For example, if a firm pays excess dividend than a shareholder's needs, the shareholders will use the extra income received to acquire additional shares of the firm at the market price. On the other hand, if the firm pays no dividends and the shareholder requires cash, the shareholder will sell some of its shares at the market price to raise the fund needed. Under the model, the rate of return is assumed to equal the cost of capital, and identical for all shares. This implies that the price of each share must be adjusted until rate of return (dividend + capital gain) is equal to cost of capital). The hypothesis is based on the following assumptions: The firm operates in a perfect capital market where there is where investors behave rationally; information is freely available to all; transaction and floatation costs do not exists; no investor is large enough to affect the market price of a share; there is no taxes or there is no tax difference between capital gains and dividends; the firm has a fixed investment policy; there are no risks and investors can forecast future prices and dividends with certainty; however, the assumptions of the hypothesis are rarely obtainable in real world situation. The hypothesis is deficient in the ideal situations where there is uncertainty; existence of transaction costs; information asymmetry and agency costs; tax differential.

Signaling theory

The theory was propounded by Modigliani and Miller (1961) who argued that dividends may have a signaling effect. Proponents of this theory posit that dividends have a signaling effect and investors or potential investors forecast the profit of the company, which in fact is influenced by the rate of dividend. Firms have to distribute dividends among shareholders and high dividend payments are considered a positive sign of profitability by shareholders. The payment of dividends has a signaling effect as dividend payment gives information about the company to the market. On the basis of dividend announcements, investors, shareholders, and potential investors predict the position of the company in the context of profitability and when there is an increase in dividend payments, it is a good sign for the firm, it increases its goodwill and its reputation in the mind of customers and share price increases.

A signal is a form of information about the efforts of management to achieve the wishes of the owner (Bulbulia & Sosis, 2011). The signaling theory describes the value of the company by providing investors with information on the increase in EPS; this data will be a positive signal

because it demonstrates that the company has adequate liquidity and can meet the needs of investors in the form of dividends (Mustafa & Junaid, 2018). However, if the company announces a decrease in earnings per share, investment return, and dividend distribution rate, this information will be received as a negative signal that the performance of the company has decreased (Peso, Elgar & Barron, 2015). Therefore, this study asks whether EPS, DPS, and firm value have a significant relationship and influence.

Empirical review

Obioma and Samuel (2024) assessed the impact of DPS and EPS on listed banks' share prices in Nigeria. The population of the research is all the twelve conventional banks listed on The Nigerian Stock Exchange. Data were collected from the annual reports of the banks, statistical bulletin and the Nigerian Stock Exchange's publications. Panel data regression analysis was used to analyze the secondary data obtained. The findings show that DPS and EPS have significant positive impacts on the share prices of listed banks with positive coefficients of 14.65 and 1.02 respectively. It was found that the impacts of each of DPS and EPS were statistically significant. It was also found that the impact of DPS on the share prices of the listed banks was more than that of EPS. The study therefore recommends that directors of a listed bank in Nigeria should manage the bank's EPS and DPS for their impact on the stock price.

Tega, Olumuyiwa and Nduka (2024) analysed the relevance of dividend payments in the value of the firm. Using panel data for 15 firms listed by the Nigerian Exchange Limited and covering the years 2012 to 2021 with the employment of the Generalised Linear Model and the relevance theory of dividend, the study reviewed that dividend per share and retained earnings significantly influenced the value of the firm. The study reconfirms the relevance of dividend and the value of the firm using Tobin Q. However, dividend yield was found not to be statistically significant to the value of the firm. From the findings, the study recommends that policy makers should ensure that priority is given to selected variables such as dividend per share as their impact strongly affects the value of the firm.

Arsal (2021) explored the impact of earnings per share (EPS) and dividends per share (DPS) on the value of the company on the Indonesian stock exchange for the period 2014-2017. This study uses data from 6 food industry companies listed on the Indonesian Stock Exchange to examine the impact of these variables. Multiple regression models are used to determine the effect of earning per share and dividend per share. The results of the research show that earnings per share separately have a significant and positive impact on company value. However, the dividend per share does not substantially affect the value of the company. The findings of this research also found that firm value is affected simultaneously by EPS and DPS. The study concludes that investors can use earnings per share as the basis for making investment decisions, particularly on the Indonesian Stock Exchange for companies in the food industry. In practical terms, the implications of this research indicate that the management of companies listed on the Stock Exchange must formulate a dividend policy and develop a company strategy aimed at internal and external factors in order to increase the value of the company.

Ohiaeri, Akinbowale & Ogumeru (2019) examined the effect of dividend policy on the share prices of Nigerian quoted companies in Nigeria between 2009 and 2017 across ten companies. A secondary method of data collection was used to generate data for this study and the source of the data was from the annual report of all the sampled companies. Multiple panel least square estimation, through the Housman's test, was used to analyze the data in this study. In the econometric model, market share price (dependent variable) was regressed on dividend yield,

earning per share, dividend per share, profit after tax, and retention rate. The study revealed that there exists a joint significant relationship between dividend yields, earning per share, dividend per share, profit after tax, retention rate, and market share prices.

Farrukh, Irshad, Khakwani, Ishaque, and Ansari (2017) established the impact of dividend policy on shareholders' wealth and firm performance in Pakistan between 2006-2015. A sample of 51 firms was drawn and the regression result found out that dividend policy proxied by dividend per share and dividend yield had a positively significant impact on shareholders' wealth and firm performance. This study supported dividend relevance theory, signaling effect theory, bird in hand theory, and clientele-effect theory. Umar and Saidu (2016) assessed the relationship between dividend policy and financial performance of oil and gas companies in Nigeria from 2005 and 2014. Pearson correlate ion and multiple regressions were used for the data analysis. The study found out that dividend payout has a significant positive relationship with the financial performance of the oil and gas companies. Also, dividend payout squared has a significant negative relationship with the financial performance of the companies. The study concluded that the dividend payout of oil and gas companies has an optimal level beyond which the relationship tends to be negative. Rachid and Wiame (2016) examined the relationship between dividend policies and the financial performance of selected listed firms in Morocco. Secondary data were analyzed using a panel data regression model. The findings indicated that dividend payment and total assets had a significant and positive relationship with firm performance. The study, therefore, concluded that dividend policy was relevant. Eniola and Akinselure (2016) examined the impact of dividend policy and earnings on selected quoted companies in Nigeria and spanned from 2004 - 2013. The study used a stratified sampling technique in selecting the 25 companies considered in this research work which cut across seven sectors of the companies listed on the Nigeria Stock Exchange. The study used multiple regression and the findings revealed that there exists a relationship between earning per share and dividend yield. Also, the findings showed that the dividend payout ratio does not affect earnings per share. Ehikioya (2015) investigated the impact of dividend policy on the value and performance of firms in developing economies using 81 firms listed on the Nigeria Stock Exchange between 2001and 2010. The study employed a panel regression model and the findings revealed a significant positive impact of dividend payout on the performance of firms, measured as return on assets and return on equity thereby confirming the proposition that dividend policy is an important determinant of firm performance.

Methodology

Research design

The research design adopted in this study is *ex-post facto* research design. This design was used because the researcher has no control over the exogenous variable and whatever happens occurred before the research. Furthermore, *ex-post facto* design was used when researchers are trying to ascertain the cause and effect of the relationships that exist between two variables.

Population of the study

The population of this study comprises all consumer goods companies classified under the consumer goods sector that are listed on the Nigerian Exchange Group (NGX) as of December 31, 2024. According to the classification provided by the NGX and verified through the official listing on its platform, a total of 20 consumer goods companies are listed in Nigeria stock exchange as at December, 2024.

Sample size

The sample size for this study consists of 10 out of 20 listed consumer goods companies in the consumer goods sector on the Nigerian Exchange Group (NGX) as of December 31, 2024. Ten companies were excluded due to inconsistencies in reporting practices, incomplete financial statements, and unavailability of relevant data across the study period of 2015 to 2024.

A purposive sampling technique was adopted to select consumer goods companies that have complete information needed for the study. The lists of sampled companies are as follows: Cadbury Nigeria Plc, Dangote Sugar Plc, Flour Mills of Nigeria Plc, Guinness Nigeria Plc, Honeywell Flour Mill Plc, International Breweries Plc, Nestle Nigeria Plc, Nigerian Breweries Plc, Unilever Nigeria Plc and PZ Cussons Nigeria Plc

Sources of data

Secondary source of data was adopted through the use of annual reports and statement of accounts of the selected consumer goods companies for the period of the study (2015 – 2024) to generate data.

Data analysis techniques

The Generalized Method of Moments (GMM) was used as the technique for data analysis.

Model specification

The study will adapt the model of Obioma and Samuel (2024).

$SP_{it} = \beta_0 + \beta_1 EPS_{it} + \beta_2 DPS_{it} + \varepsilon it$……(1)

However, using multiple regression analysis, the model is modified as follows

$MPS_{it} = \beta_0 + \beta_1 EPS_{it} + \beta_2 DPS_{it} + u_{it}$ ……(2)

Where;

MPS = Market price per share

EPS = Earnings per share

DPS = Dividend per share

β_0 = constant slope to be estimated

$\beta_1 - \beta_4$ = intercept to be estimated

U = error term

Data Presentation and Analysis

Data presentation

This section presents the data extracted from the financial statement of the 10 listed consumer goods companies in Nigeria (2015-2024). The data were obtained from the Nigerian Exchange Group website. The independent variables are earnings per share (EPS) and dividend per share (DPS). The dependent variable is corporate share value and its measured using market price per share (MPS).

Data analysis

Descriptive statistics

The descriptive statistics for the variables are presented in table 4.1.

Table 1: Descriptive statistics

	EPS	DPS	MPS
Mean	5.095350	1.268300	1.956300
Median	1.070000	1.225000	1.430000
Maximum	64.48000	2.900000	5.970000
Minimum	-207.6500	0.250000	0.060000
Std. Dev.	29.11653	0.622678	1.317323
Skewness	-3.967592	0.773552	1.063742
Kurtosis	31.71324	2.896444	3.989810
Jarque-Bera	3697.571	10.01772	22.94131
Probability	0.000000	0.006679	0.000010
Sum	509.5350	126.8300	195.6300
Sum Sq. Dev.	83929.43	38.38501	171.7987
Observations	100	100	100

Source: E-view result extracted from appendix 2A

The descriptive statistics provided offer a summary of key financial metrics across different variables based on the given observations. Here's a brief interpretation:

Earnings per share (EPS) has mean of 5.095350, with a wide range (minimum -207.6500 to maximum 64.48000), indicating significant variability in earnings per share. The standard deviation (29.11653) suggests moderate dispersion around the mean. The Skewness value of -3.967592 indicated a left skewness meaning that consumer goods companies are more prone to understate EPS in some periods. Also, the Kurtosis value of 31.71324 indicates a normal distribution (a kurtosis of 3), meaning EPS data is relatively stable and not prone to outliers. Finally, the Jarque-Bera (JB) value of 3697.571 with the respective probability value of 0.000 ($p < 0.05$) indicates that the distribution is statistically non-normal, though not drastically.

Dividend per share (DPS) has mean of 1.268300, with a range from 0.250000 to 2.900000. The high standard deviation (0.622678) reflects substantial variability in DPS. DPS has a Skewness of 0.773552 which indicates a right skew which implies that companies have high dividend. The Kurtosis value of 2.896444 indicates extremely leptokurtic; there are sharp peaks or extreme outliers. Finally, the Jarque-Bera (JB) value of 10.01772 with the respective probability value of 0.006679 ($p < 0.05$) implies that the data set is not normally distributed.

Market value per share (MPS) as mean of 1.956300, ranging from 0.060000 to 5.970000, with a low standard deviation (1.317323), indicating inconsistent earnings persistence. The Skewness value of 1.063742 indicated a right skewness meaning that firms' share price are often sustainable. Also, the Kurtosis value of 3.989810 indicates a normal distribution (a kurtosis of 3), meaning MPS data is very stable and not prone to outliers. Finally, the Jarque-Bera (JB) value of 22.94131 with the respective probability value of 0.00010 ($p < 0.05$) indicates that the distribution is statistically non-normal, though not drastically.

Data validity test

In order to ensure that the results are robust, several diagnostic tests are conducted to enhance the validity of data and model specified for analyses. As such, data diagnostic test such as variance inflation factor analysis was computed.

Table 2: Variance inflation factor (VIF) for Multicollinearity test

Variables	Coefficient variance	Uncentered VIF	Centered VIF
C	0.039438	5.245485	NA
EPS	9.32E-06	1.073014	1.040817
DPS	0.020386	5.402528	1.040817

Source: E-View output extracted from Appendix 2B

The variance inflation factor (VIF) is used to check the level of multicollinearity that exist between the independent variables. If the independent variables are highly correlated making it difficult to isolate the individual effect of the variables, it means that there is problem and the independent variables cannot give a dependable and reliable result. The criterion is that any time the centered VIF have values between 5-10, this implies that there is sign of multicollinearity. From the result, the centered VIF have values less than 5 which implies that the independent variables are free from multicollinearity. It should be noted that the centered VIF values below 5 are generally acceptable, and these results suggest that centering resolves the multicollinearity issues observed in the uncentered data.

Effect of DPS & EPS on MPS

Table 4.4 provides the summary of the fixed effect test results of the effect of DPS & EPS on MPS on fixed effect.

Table 3: Test result of the effect of DPS & EPS on MPS of listed consumer goods companies in Nigeria.

Dependent variable: MPS

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MPS(-1)	0.499030	0.086489	5.769836	0.0000
EPS	-0.001839	0.002616	-0.703168	0.4841
DPS	0.475013	0.166976	2.844794	0.0057
C	0.340111	0.166652	2.040843	0.0447
Cross-section fixed (dummy variables)				
R-squared	0.906452		Mean dependent var	1.914778
Adjusted R-squared	0.891873		S.D. dependent var	1.217038
S.E. of regression	0.400195		Akaike info criterion	1.139154
Sum squared resid	12.33200		Schwarz criterion	1.500237
Log likelihood	-38.26192		Hannan-Quinn criter.	1.284764
F-statistic	62.17551		Durbin-Watson stat	2.214779
Prob(F-statistic)	0.000000			

Source: E-View output extracted from Appendix 3B.

Table 4.4, presents the regression result on the effect of earnings per share and dividend per share on market price per share (MPS). From the model summary table above, the following information can be distilled.

The R^2 which measure the level of variation of the dependent variable caused by the independent variables stood at 0.906452. The R^2 otherwise known as the coefficient of determination shows the percentage of the total variation of the dependent variable (MPS) that can be explained by the independent or explanatory variables (EPS and DPS). Thus the R^2 value of approximately 0.906 indicates that 90.6% of the variation in the MPS of listed consumer goods companies can be explained by a variation in the EPS and DPS while the remaining 9.4% (i.e. 100-R^2) could be

accounted by other factors not included in this model. The adjusted R^2 of approximately 0.892 indicates that if other factors are considered in the model, this result will deviate from it by only 0.014 (i.e. 0.906 – 0.892). This result shows that there will be a further deviation of the variation caused by the independent factors to be included by 0.014%.

The regression results as presented in table 4.4 above to determine the relationship between EPS & DPS and MPS shows that when all the independent variables are held stationary; the MPS variable is estimated at 0.340111. This simply implies that when all independent variables are held constant, there will be an increase in the MPS of listed consumer goods companies up to the tune of 0.340111% occasioned by factors not incorporated in this study. Thus, a unit increase in EPS would lead to a decrease in MPS by 0.001839%. For DPS, a unit increase in DPS would lead to an increase in MPS by 0.475013%. Finally, the result shows that there is a significant variation of Fisher's statistics (62.17551) with a probability value of 0.00000 which means the model as a whole is statistically significant at an autocorrelation level of 2.214779 (Durbin-Watson), which is less than 2.5.

Post estimation test to check for possible existence of autocorrelation problem in the model was conducted using the Arellano Bond Serial Correlation test and the results are shown in Table 4.5

Table 4: Arellano-Bond Serial Correlation Test on NPM Model

Test order	m-Statistic	rho	SE(rho)	Prob.
AR(1)	-1.675200	-9.822128	5.863257	0.0939
AR(2)	-0.890174	-2.667410	2.996506	0.3734

Source: **E-View output extracted from Appendix 3D**

The values of m-statistic for both AR (1) and AR (2) of -1.675200 and -0.890174 are found to be insignificant at 5% level (p-values of 0.0939 and 0.3734 are both > 0.05). Accordingly, the null hypothesis that proposes absence of serial correlation is accepted and the study conclude that there is no serial correlation in the series.

Test of Hypotheses

Hypothesis one

The null hypothesis is restated as follows:

$H0_1$: Earnings per share have no significant effect on market price per share of listed consumer goods companies in Nigeria.

HA_1: Earnings per share have a significant effect on market price per share of listed consumer goods companies in Nigeria.

Results in table 4.4 indicates that the t-statistic for earnings per share (EPS) of -0.703168 is not significant at 5% level (P = 0.4841 > 0.05). Accordingly, **$H0_1$** is accepted, and the conclusion is that earnings per share have no significant effect on market price per share of listed consumer goods companies in Nigeria.

Hypothesis two

The null hypothesis is restated as follows:

$H0_2$: Dividend per share has no significant effect on market price per share of listed consumer goods companies in Nigeria.

HA_2: Dividend per share has a significant effect on market price per share of listed consumer goods companies in Nigeria.

Results in table 4.4 indicates that the t-statistic for dividend per share (DPS) of 2.844794 is

significant at 5% level (P = 0.0057 < 0.05). Accordingly, **$H0_2$** is rejected, and the conclusion is that dividend per share has a significant effect on market price per share of listed consumer goods companies in Nigeria.

Hypothesis three

The null hypothesis is restated as follows:

$H0_3$: Earnings per share and dividend per share have no significant effect on market price per share of listed consumer goods companies in Nigeria.

HA_3: Earnings per share and dividend per share have a significant effect on market price per share of listed consumer goods companies in Nigeria.

Results in table 4.4 indicates that the F-statistic of 62.17551 is significant at 5% level (P = 0.0000 < 0.05). Accordingly, **$H0_3$** is rejected, and the conclusion is that earnings per share and dividend per share have a significant effect on market price per share of listed consumer goods companies in Nigeria.

Conclusion and Recommendations

Conclusion

The study was carried out on the effect of earnings per share and dividend per share on corporate share value of listed consumer goods companies in Nigeria. The independent variables are earnings per share (EPS) and dividend per share (DPS). The dependent variable is corporate share value and its measured using market price per share (MPS). The study made used of 10 years ranges from 2015 to 2024. The data collected were analyzed using Panel GMM. The result revealed that earnings per share have no significant effect on market price per share of listed consumer goods companies in Nigeria. However, dividend per share and combined effects of earnings per share and dividend per share have a significant effect on market price per share of listed consumer goods companies in Nigeria.

Recommendations

Based on the findings, the following recommendations were made:

(i) Since earnings per share have no significant effect on market price per share, listed consumer goods companies in Nigeria should focus on improving the quality and transparency of their earnings reports. This can be achieved through better financial disclosures, cost control, and sustainable profit strategies to build investor confidence.

(ii) Given that dividend per share has a significant effect on market price, management should design a stable and consistent dividend policy. Companies should strive to maintain regular dividend payments, as this will attract and retain investors, thereby enhancing market value.

(iii) Since both EPS and DPS jointly influence market price per share, firms should adopt a balanced approach between profit retention for reinvestment and dividend payout to shareholders. This balance will ensure sustainable growth and increased shareholder value.

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