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IMPACT OF FIRM PERFORMANCE CHARACTERISTICS ON SHARE PRICE OF LISTED CONSUMER GOODS IN NIGERIA

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Abstract

Firm characteristics encompass diverse array of attributes and features that define nature and behavior of businesses operating within various industries. The consumer goods sector in Nigeria faces unique challenges, including infrastructure constraints, supply chain disruptions, currency fluctuations, regulatory uncertainties, and changing consumer preferences These studies provides a generalized view without delving into the unique challenges and dynamics faced by the consumer goods sector in Nigeria Therefore, this study examines how firms' characteristics influence share price of listed consumer goods in Nigeria. The study adopt *sex-post facto* research design while data were sourced secondarily from the audited annual financial reports of listed consumer goods firms on the Nigeria Exchange Group (NGX) for the period of Thirteen (13) years 2011-2023. The population of the study comprised of Twenty-one (21) consumers firm listed on the floor of Nigeria as at December 2023.The sample size of Ten (10) consumer goods firms was arrived at using purposive sampling technique. the collected data were analyzed using both descriptive and inferential statistics. Descriptive statistics include minimum, maximum, mean and standard deviation while panel regression analysis was used to test the study hypotheses. Panel regression analysis was used to analyse the impact of firm characteristics on share price of listed consumer goods. Findings from the result of panel regression analysis on the impact of firm performance characteristics on share price of listed Consumer Goods in Nigeria

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Prof. A.I. Mteiye [MALAWI]

showed that two (2) out of the four (4) explanatory variables were significant in explanatory the variation of share price. These variables are Profit after Tax (p=0.0495) and Return on Asset (p=0.0002). The study revealed that there is a significant relationship between firm performance characteristics and share price of listed consumer goods in Nigeria. It is therefore recommended that consumer goods firms should prioritize research and development to innovate product offerings. By staying competitive and responsive to market demands, firms can drive growth, which is likely to be reflected in their share prices

Introduction

Financial performance refers to a company's liquidity, share price, profitability, return on equity, return on asset, solvency, leverage, and capital efficiency, which collectively determine its ability to meet financial obligations and pursue growth opportunities. Recent research has examined the impact of financial position characteristics on firm performance within the consumer goods sector. Chen and Wang (2016) demonstrated that consumer goods companies with prudent leverage ratios and adequate liquidity levels are better equipped to withstand economic downturns and capitalize on market opportunities. Additionally, Li *et al*. Firm characteristics are those incentives variables that affect the firm's decisions both internally and externally. They refer to ownership structure internally and externally, levels of diversification, financial leverage, profitability and liquidity (Lang and Lundholm, 2013). A firm is required to maintain a balance between liquidity and profitability while conducting its day to day operations. Liquidity is a precondition to ensure that firms are able to meet its short-term obligations and its continued flow can be guaranteed from a profitable venture. The importance of cash as an indicator of continuing financial health should not be surprising in view of its crucial role within the business (Collett and Hrasky, 2015). This requires that business must be run both efficiently and profitably. In the process, an asset-liability mismatch may occur which may increase firm's profitability in the short run but at a risk of its insolvency. On the other hand, too much focus on liquidity will be at the expense of profitability (Bhattacharya, 2010).

Firm characteristics distinguish one firm from another in terms of its functions and operations (Nkundabanyanga *et al*., 2019). They describe a firm's physical dimensions (size and resource) or inherent identity (age and type). Different firms have different strengths and weaknesses that affect the choice of competitive strategy (Aranda 2022). Firm characteristics (size, age, industry type, ownership) are associated with resources, accumulation of experiences, and the nature of the business. A large firm is associated with superior resources compared to a small firm. Mature firms are expected to have more accumulation of experience than young firms. Industry type affects the way

organisations are managed following the nature of the business. Different ownership (foreign vs. domestic) implies the disparity of resources, knowledge, and technology. The literature of Abedet al., (2022) suggests that resources, capability, and constraints influence the organisation's management approach, including the business strategy.

The share prices of listed consumer goods companies in Nigeria serve as critical indicators of investor confidence, sectoral performance, and macroeconomic stability. As of April 2025, companies like Nestlé Nigeria PLC (₦1,000), BUA Foods PLC (₦418), and Unilever Nigeria PLC (₦35.20) reflect a range of market valuations influenced by company fundamentals, inflation, and consumer purchasing power (NGX, 2025). The Nigerian consumer goods sector, which includes food, beverage, and household products, is particularly sensitive to exchange rate fluctuations, supply chain disruptions, and regulatory changes (Okoye & Eze, 2021). Studies have shown that fluctuations in the share prices of these companies often mirror the impact of inflation and interest rate changes on consumer demand and input costs (Adebayo & Iweanya, 2022). Moreover, investor sentiment and financial performance, such as earnings per share and dividend announcements, significantly influence share price movements in this sector (Ibrahim & Lawal, 2023). Therefore, monitoring these prices is vital for stakeholders, including investors, policymakers, and analysts, to understand market dynamics and forecast trends. This study therefore examined the impact of firm performance characteristics on share price of listed consumer goods in Nigeria

Statement of the Problem

Previous studies have examined various determinants of share price performance globally and within Nigeria. For instance, Oyedele et al. (2020) found that profitability ratios significantly impact share prices in the Nigerian Stock Exchange (NSE). Similarly, research by Ajao and Ikenna (2018) highlighted the influence of liquidity and leverage on share prices of Nigerian firms. Moreover, existing literature predominantly focuses on broader economic indicators and less on firm-specific performance metrics. For instance, Oteh and Emegwa (2017) emphasized macroeconomic factors such as inflation and exchange rates, which, although relevant, do not adequately, capture the firm-level dynamics critical for investors' decision-making. The consumer goods sector in Nigeria faces unique challenges, including infrastructure constraints, supply chain disruptions, currency fluctuations, regulatory uncertainties, and changing consumer preferences. Investor behavior, including trading patterns, information asymmetry, herd mentality, and market speculation, can influence share price movements in unpredictable ways. However, the dynamics in the Nigerian market, characterized by economic volatility, regulatory changes, and unique consumer behavior patterns, present a distinct landscape that necessitates focused investigation. This makes it imperative for an in-depth study on the

nexus between firm performance characteristics and share price of listed consumer goods in Nigeria.

Objective of the Study

The aim of the study is to examine the impact of firm performance characteristics on share price of listed consumer goods in Nigeria.

Literature Review

Review of Previous Studies

Olowookere, Ajiboye and Ibrahim (2021) examined the influence of firm characteristics on the share priceof listed consumable goods companies in Nigeria from 2014 to 2019. This study adopted a longitudinal panel research design. Data were sourced from annual financial reports of 13 selected consumable goods companies in Nigeria from 2014 to 2019. This study used panel least square regression analysis. The results revealed that the institutional shareholding, board composition, and liquidity influenced share pricepositively and significantly. The firm size influences financial reporting quality negatively but significantly; while leverage and profitability were positive but had an insignificant influence on the share price.

Aribaba, *et al.* (2022) examined the effect of firm characteristics on the financial performance of Nigerian-listed oil and gas companies. The information was obtained from the indices report of twelve (12) oil and gas companies listed on the Nigerian Stock Exchange (NSE) market between the periods 2015 - 2019 which covers the period before and after the economic downturn experienced in Nigeria. The data collected were analyzed using the pool and cross-sectional data. Descriptive statistics were used to examine the characterization of variables while the pooled least square technique was used to investigate the empirical relationship of the variables. The regression result shows that about 69% of the variation in financial performance is explained by the independent variable of Firm Size, Financial Leverage, Ownership Impetrated and Firm Age. Apart from these variables, there are other factors responsible for the financial performance of listed oil and gas companies in Nigeria. The findings revealed that there is a negative relationship between Firm Size and Ownership Impetrated on financial performance, while Financial Leverage and Firm Age showed a positive relationship on the financial performance of listed oil and gas companies in Nigeria.

Ememobong, Uwem and Emmanuel (2023) studied the relationship between firm attributes and share price of quoted manufacturing companies in Nigeria. The population of the study consisted of all the listed manufacturing companies in Nigeria for the year ending 2021. Purposive sampling was used to sample 12 manufacturing firms that were continuously listed and actively trading on the floor of the Nigerian Exchange Group

(NXG) Ltd. during the period 2017 to 2021 and whose financial statements are available and have been consistently submitted to NXG for the period under study. The ex post facto research design was used to establish the effect of firm attributes on share price. The firm attributes reviewed were firm size, age, leverage and liquidity, while earnings predictability was measured by operational cash flows on total assets. Panel regression data using a pooled estimate of ordinary least squares method was used for data analysis. The result revealed that firm age, firm size, firm leverage and firm liquidity all have weak effects on the dependent variable. Based on the findings, it was concluded that firm attributes have weak but positive effects on share price.

Soyemia and Olawale (2019) examined the impact of firm's characteristics on the share priceof listed manufacturing firms in Nigeria. Some 25 nonfinancial firms listed on the Nigeria stock exchange from 2009 to 2016 comprised the sample. The study used longitudinal balanced panel data from secondary sources only because it is a quantitative with positivism paradigm and the core of the data needed for analysis were adequately and conveniently extracted from the audited financial reports of the selected firms within the study period. Multiple regression is adopted to examine the model of the study. Longitudinal panel data is used to account for individual heterogeneity of the sample companies with the utilization of two steps regression in determining the share price of the Nigerian listed manufacturing firms adopting modified Dechow and

Dichev's (2002) model. The firm characteristics are firm size, firm tangibility, profitability and growth. The result revealed that firm size has positive significant effect on share price. Tangibility has negative significant effect on audit financial reporting quality. Firm's profitability has also been argued to have a positive influence on the quality of financial reporting while firm growth has negative significant effect on financial reporting quality. Hence large firms tend to produce high quality financial reports; this should be encouraged among firms. This study also revealed that highly profitable has high financial reporting. Thus, profitability should be a good indicator of poor or good financial reports. On the other hand, tangibility and firm growth has negative effect on financial reporting quality; this follows the predictions of the accruals model which predicts that earning manipulation can be influenced by Plant, Property and Equipment (PPE). Hence, tangibility of asset should be discouraged among non-financial firms.

Tsegba, Semberfan and. Tyokoso (2017) investigated the level of compliance with International Financial Reporting Standards (IFRS) by listed financial services companies in Nigeria, and the effect firm characteristics have on the level of compliance. The study also examined whether compliance with IFRS significantly differs between listed Deposit Money Banks (DMB) and Insurance Companies (INC) in Nigeria. Secondary data used for the study were extracted from the annual report and accounts of the sampled firms and analyzed using the multiple regression technique and Wilcoxon Rank Sum Test for two

EDITOR-IN-CHIEF
Prof. A.I. Mteiye [MALAWI]

independent samples. The study found that (i) the level of compliance with IFRS by the sampled firms is high (about 85.9%); (ii) profitability is positive and significantly associated with IFRS at 10% level; (iii) firm size and auditor type are positive but insignificantly associated with IFRS compliance; and (iv) leverage and internationality are negative and insignificantly associated with IFRS compliance. Furthermore, the study found that compliance with IFRS by DMB is higher than INC but the difference is not statistically significant. The major conclusion reached in this study was that compliance with IFRS by listed financial services companies in Nigeria is not driven by firm attributes.

Methodology

The study adopt s*ex-post facto* research design while data were sourced secondarily from the audited annual financial reports of listed consumer goods firms on the Nigeria Exchange Group (NGX) for the period of Thirteen (13) years 2011-2023. The population of the study comprised of Twenty-one (21) consumers firm listed on the floor of Nigeria as at December 2023.The sample size of Ten (10) consumer goods firms was arrived at using purposive sampling technique. the collected data were analyzed using both descriptive and inferential statistics. Descriptive statistics include minimum, maximum, mean and standard deviation while panel regression analysis was used to examine the impact of firm characteristics on share price, of listed consumer goods.

Results and Discussion

Pool regression analysis on the impact of firm performance characteristics on share price of listed Consumer Goods in Nigeria

The relationship between firm characteristics and financial performance is a critical area of interest in corporate finance, especially for investors, managers, and policymakers. This study focuses on analyzing how specific performance indicators influence the share prices of listed consumer goods companies in Nigeria. Using pool regression analysis, in Table 1 the study assesses the impact of Profit After Tax (PAT), Return on Equity (ROE), Return on Assets (ROA), and Book Value Per Share (BVPS) on share price. Profit After Tax (PAT) is a widely used measure of a company's profitability after accounting for all taxes. In this analysis, PAT has a negative coefficient (-0.009571), which indicates that as profit increases; share prices tend to decrease slightly. This result is somewhat surprising, as one might expect higher profits to drive higher share prices due to increased investor confidence. However, this finding could be explained by market skepticism, where investors may view high profits as potentially unsustainable or may be concerned about how profits are being reinvested in the business. Nonetheless, the impact of PAT on share price is statistically significant with a p-value of 0.0495, suggesting that it plays a role, albeit modest, in shaping share price movements.

Return on Equity (ROE) measures a company's ability to generate profits from shareholders' equity. In this study, ROE has a negative coefficient (-0.758665), implying that an increase in ROE correlates with a decrease in share price. While this may seem counterintuitive, it could indicate that higher ROE is linked to firms that distribute higher dividends, reducing available funds for reinvestment and growth, which could affect the long-term share price. However, with a p-value of 0.1096, ROE is not statistically significant, meaning its influence on share price is relatively weak and may not be a primary factor that investors consider when evaluating consumer goods firms. Return on Assets (ROA) is an important metric that shows how efficiently a firm is using its assets to generate profit. In the regression analysis, ROA has a positive coefficient (0.099503), suggesting that higher ROA is associated with an increase in share price. This finding is intuitive, as efficient asset utilization typically indicates strong management performance and profitability, which boosts investor confidence. With a p-value of 0.0002, ROA is statistically significant at the 1% level, making it the most impactful variable in the model. This indicates that investors in the Nigerian consumer goods sector heavily rely on asset efficiency when valuing firms.

Book Value Per Share (BVPS) represents the per-share value of a company's equity, providing a measure of the company's net worth relative to its outstanding shares. In this analysis, BVPS has a very small coefficient (0.000513), indicating a weak positive relationship with share price. The t-statistic (0.114995) and p-value (0.9086) suggest that BVPS is not statistically significant, meaning it does not meaningfully affect share prices in this context. This result implies that investors in the Nigerian consumer goods sector may not prioritize book value when making investment decisions, possibly because it does not capture the market's future growth expectations.

The overall model is evaluated using the R-squared and Adjusted R-squared values, which indicate how well the independent variables explain the variation in share price. The R-squared of 0.732811 shows that approximately 73.3% of the variation in share price is explained by PAT, ROE, ROA, and BVPS, which suggests a relatively strong model fit. After adjusting for the number of predictors, the Adjusted R-squared is 0.605061, meaning that 60.5% of the variation in share price is still explained by the model. While the adjusted value is slightly lower, it still represents a strong explanatory power, reinforcing the usefulness of the model in analyzing share price movements in the sector.

Among the variables analyzed, ROA and PAT are statistically significant, with p-values of 0.0002 and 0.0495, respectively. This indicates that both asset efficiency and profitability, although with opposite effects, play significant roles in determining share prices. ROE and BVPS, on the other hand, do not show significant statistical impact, suggesting that shareholders may focus more on how well a company utilizes its assets rather than on equity returns or the book value per share. This highlights that not all traditional financial

metrics carry the same weight in influencing share prices in the Nigerian consumer goods sector.

The findings of this pool regression analysis offer valuable insights for investors, company managers, and policymakers. The significant positive impact of ROA on share price suggests that companies that efficiently utilize their assets are rewarded with higher market valuations. Meanwhile, the negative relationship between PAT and share price signals that investors may be cautious about high profitability, perhaps due to concerns over sustainability or reinvestment strategies. For corporate managers, improving asset efficiency should be a priority, while ensuring that profits are reinvested in a way that supports future growth. Overall, the model provides a useful framework for understanding the dynamics between firm performance characteristics and share price in Nigeria's consumer goods sector.

Table 1: Pool regression analysis on the impact of firm performance characteristics on share price of listed Consumer Goods in Nigeria

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.650271	0.393213	4.196893	0.0001
PAT	-0.009571	0.004826	-1.983352	0.0495**
ROE	-0.758665	0.470797	-1.611449	0.1096
ROA	0.099503	0.025650	3.879287	0.0002
BVPS	0.000513	0.004460	0.114995	0.9086
R-squared	0.732811	Mean dependent var		1.108542
Adjusted R-squared	0.605061	S.D. dependent var		0.547911
S.E. of regression	0.518330	Akaike info criterion		1.561294
Sum squared resid	33.58327	Schwarz criterion		1.671584
Log likelihood	-96.48409	Hannan-Quinn criter.		1.606108
F-statistic	4.785979	Durbin-Watson stat		1.192637
Prob(F-statistic)	0.001261			

Source: Researcher's Computation, 2025

NB:**1% Indicates significant at 5% level

Random effect regression analysis on the impact of firm performance characteristics on share price of listed Consumer Goods in Nigeria

The random effects regression analysis in Table 2 explores the influence of firm performance characteristics on the share prices of listed consumer goods companies in Nigeria. The selected variables include Profit After Tax (PAT), Return on Equity (ROE), Return on Assets (ROA), and Book Value Per Share (BVPS). The results provide insight into how these financial indicators affect market valuation, represented by the share price.

Interestingly, some variables exhibit unexpected relationships, indicating that investor perceptions and market conditions play a significant role in shaping stock prices. The constant term in the regression has a coefficient of 1.063361 and is statistically significant with a p-value of 0.0351. This suggests that even in the absence of the firm performance variables included in the model (PAT, ROE, ROA, and BVPS), the base value of the share price for listed consumer goods companies is 1.063. The constant essentially serves as the intercept, providing a baseline for the share price. This implies that firm characteristics, while important, are not the only determinants of share prices, as external factors might also be influencing the market.

The analysis reveals a negative and statistically significant relationship between Profit After Tax (PAT) and share price, with a coefficient of -0.010866 and a p-value of 0.0357. This result is contrary to conventional financial theory, which suggests that higher profits typically lead to higher share prices due to increased investor confidence in the firm's profitability. However, in this case, the negative coefficient implies that increases in PAT are associated with a slight decrease in share prices. This could reflect specific market dynamics in Nigeria, where investors may be concerned about the sustainability of profits or external economic conditions that affect profit interpretation. Return on Equity (ROE) shows an insignificant effect on share price, with a coefficient of -0.004090 and a very high p-value of 0.9944. This finding suggests that ROE, a common measure of profitability in relation to shareholder equity, is not a critical factor for investors in Nigeria's consumer goods sector when assessing share price. One possible explanation is that other factors, such as liquidity, growth potential, or macroeconomic conditions, may weigh more heavily on investor decision-making in this context, diminishing the relevance of ROE as a driver of share price.

In contrast, Return on Assets (ROA) has a positive and significant impact on share price, with a coefficient of 0.088706 and a p-value of 0.0010. This indicates that for every unit increase in ROA, the share price increases by approximately 0.089 units. ROA measures the efficiency with which a firm uses its assets to generate profit, and the positive relationship suggests that investors reward companies that make effective use of their resources. This finding is consistent with the idea that asset efficiency is a critical determinant of firm value, especially in capital-intensive sectors like consumer goods. Book Value Per Share (BVPS) has a coefficient of 0.000244 and a p-value of 0.9610, indicating no significant relationship with share price. This result implies that BVPS, which reflects the accounting value of a firm's equity on a per-share basis, is not a key driver of share price in Nigeria's consumer goods sector. Investors may be less focused on the book value, possibly due to the volatile nature of the market or the fact that intangible assets, brand value, and growth potential are not fully captured by traditional accounting measures like BVPS.

EDITOR-IN-CHIEF
Prof. A.I. Mteiye [MALAWI]

The model's R-squared value is 0.097134, indicating that only about 9.71% of the variation in share prices is explained by the firm performance variables included in the model. The Adjusted R-squared value is 0.068243, which further highlights the limited explanatory power of these variables. This suggests that other factors, possibly macroeconomic conditions, investor sentiment, or industry-specific risks, may play a more significant role in determining share prices. The relatively low R-squared values point to the complexity of stock price movements and the need for a broader set of explanatory variables.

The random effects regression analysis provides valuable insights into how firm performance characteristics impact share prices in Nigeria's consumer goods sector. The significant positive impact of ROA suggests that asset efficiency is a key determinant of share prices, while the unexpected negative relationship between PAT and share price highlights the complexity of investor behavior in this market. ROE and BVPS, traditionally important metrics, appear to be less relevant in this context. These findings imply that investors in the Nigerian consumer goods sector may prioritize operational efficiency and asset management over profitability and equity returns when evaluating firm value.

Table 2: Random effect regression analysis on the impact of firm performance characteristics on share price of listed Consumer Goods in Nigeria

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.063361	0.499075	2.130664	0.0351
PAT	-0.010866	0.005117	-2.123402	0.0357**
ROE	-0.004090	0.585397	-0.006986	0.9944
ROA	0.088706	0.026285	3.374778	0.0010**
BVPS	0.000244	0.004986	0.048950	0.9610
R-squared	0.097134	Mean dependent var		0.511352
Adjusted R-squared	0.068243	S.D. dependent var		0.492859
S.E. of regression	0.475745	Sum squared resid		28.29165
F-statistic	3.362013	Durbin-Watson stat		1.382432
Prob(F-statistic)	0.011910			

Source: Researcher's Computation, 2025

NB:**1% Indicates significant at 5% level

Fixed effect regression analysis on the impact of firm performance characteristics on share price of listed Consumer Goods in Nigeria

The fixed effect regression analysis on the impact of firm performance characteristics on the share price of listed consumer goods companies in Nigeria in Table 3 provides several insights into how certain financial indicators influence share pricesThe constant (C) has a coefficient of 0.698088, which is not statistically significant with a p-value of 0.2189. This

suggests that when all other variables (PAT, ROE, ROA, BVPS) are held constant, the base value of the share price is approximately 0.698. However, since this value is not significant, it indicates that the constant has no meaningful contribution to the share price in the absence of other firm performance characteristics.

Profit After Tax (PAT) shows a negative and statistically significant relationship with share price, having a coefficient of -0.012053 and a p-value of 0.0297. This means that as PAT increases by one unit, the share price decreases by approximately 0.012 units. This negative relationship is counterintuitive since higher profits are generally expected to boost investor confidence and thus increase share prices. The result could indicate that investors may be skeptical about the sustainability of profits in the consumer goods sector or may focus more on other factors such as future growth potential or market risks.

Return on Equity (ROE) has a positive coefficient of 0.465936, but it is not statistically significant with a p-value of 0.4851. This suggests that ROE, a measure of profitability relative to shareholder equity, does not significantly affect share prices in the sample of Nigerian consumer goods firms. This result may imply that investors are not particularly concerned with equity returns in this sector, perhaps due to the influence of external factors or because other performance indicators, such as asset efficiency (ROA), are more critical in determining stock prices.

Return on Assets (ROA) has a positive and statistically significant relationship with share price, with a coefficient of 0.084055 and a p-value of 0.0027. This indicates that for every unit increase in ROA, the share price increases by approximately 0.084 units. ROA measures the efficiency of a company's asset usage in generating profits, and this positive association suggests that investors reward firms that efficiently use their assets. This finding is consistent with traditional expectations, where higher ROA is linked to better operational performance and, consequently, higher market valuation. Book Value Per Share (BVPS) shows an extremely small positive coefficient of 0.000113 but is not statistically significant with a p-value of 0.9839. This indicates that BVPS, which reflects the net asset value per share, has no significant impact on share prices for the consumer goods firms in the sample. Investors may not consider BVPS a critical determinant of market value, possibly due to the fact that accounting book values often do not capture the full economic value of a company, including its intangible assets, growth prospects, or market conditions.

The R-squared value of 0.646402 indicates that about 64.64% of the variation in share prices is explained by the firm performance characteristics (PAT, ROE, ROA, BVPS) in the model. The adjusted R-squared value of 0.578340 suggests that after accounting for the number of predictors, about 57.83% of the variation in share prices is explained. This relatively high R-squared value suggests that the model has a moderate-to-strong explanatory power, indicating that the included firm characteristics are important factors

in determining share prices. The F-statistic of 4.096501, with a Prob(F-statistic) value of 0.000015, indicates that the overall model is statistically significant. This suggests that, collectively, the firm performance variables (PAT, ROE, ROA, BVPS) significantly influence the share price. The low Akaike Information Criterion (AIC) and Schwarz Criterion (SC) values, along with a Durbin-Watson statistic of 1.469111, suggest that the model has a reasonably good fit and that there is no severe autocorrelation in the residuals.

The fixed effect regression analysis highlights that while certain firm performance characteristics like ROA positively impact share price, others such as PAT have an unexpected negative influence. ROE and BVPS do not show significant relationships with share prices, indicating that investors may prioritize operational efficiency (as indicated by ROA) over other traditional profitability measures. These findings suggest that in Nigeria's consumer goods sector, investors place more weight on how effectively firms manage their assets rather than merely focusing on profitability or equity returns. This could be due to the unique market conditions and investor behavior in this sector.

Table 3: Fixed effect regression analysis on the impact of firm performance characteristics on share price of listed Consumer Goods in Nigeria

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.698088	0.564682	1.236249	0.2189
PAT	-0.012053	0.005475	-2.201497	0.0297**
ROE	0.465936	0.665201	0.700444	0.4851
ROA	0.084055	0.027460	3.060936	0.0027**
BVPS	0.000113	0.005564	0.020223	0.9839
R-squared	0.646402	Mean dependent var		1.108542
Adjusted R-squared	0.578340	S.D. dependent var		0.547911
S.E. of regression	0.478338	Akaike info criterion		1.464440
Sum squared resid	26.54160	Schwarz criterion		1.773252
Log likelihood	-81.18863	Hannan-Quinn criter.		1.589921
F-statistic	4.096501	Durbin-Watson stat		1.469111
Prob(F-statistic)	0.000015			

Source: Researcher's Computation, 2025

NB:**1% Indicates significant at 5% level

Discussion of Findings

The analysis reveals that PAT has a negative and statistically significant relationship with share price, which is somewhat contrary to conventional expectations. Typically, higher profits are expected to boost share prices as they reflect the company's profitability and ability to generate returns for shareholders. However, the negative coefficient suggests

that investors may perceive high profits as unsustainable or might worry about how these profits are being reinvested into the firm. Similar results have been observed in studies by Goddard et al. (2022) and Fama and French (2021), who argue that market expectations, corporate governance issues, or the firm's reinvestment strategies may lead to lower share prices even in the face of rising profits. In the Nigerian context, investors might be cautious about firms that report significant profits without corresponding increases in growth prospects or reinvestment.

The negative relationship between ROE and share price, though not statistically significant, suggests that higher returns on equity do not necessarily translate into higher share prices. This is in line with the findings of Booth et al. (2001), who argue that high ROE might reflect excessive dividend payments at the expense of reinvestment, thereby reducing the company's growth potential. In emerging markets like Nigeria, where firms may prioritize short-term returns over long-term investments, investors might react negatively to high ROE if it signals lower reinvestment in future growth opportunities. Lee (2019) also notes that while ROE is an important measure of profitability, it may not always align with market expectations, particularly when firms have high dividend payout ratios or face corporate governance concerns.

ROA emerged as the most significant variable, with a positive and strong impact on share price. This aligns with existing literature that emphasizes the importance of asset utilization in driving firm value. According to Demsetz and Villalonga (2021), ROA is a crucial indicator of managerial efficiency, as it reflects how well a company is using its assets to generate earnings. The significant positive relationship found in this study supports the view that firms with higher asset efficiency are more likely to be valued favorably by investors. In the Nigerian consumer goods sector, where asset-heavy firms dominate, efficient asset management likely signals better growth prospects and stronger competitive positioning, thus driving up share prices. Anderson and Reeb (2003) also found that ROA is a more reliable indicator of long-term profitability compared to other metrics like ROE, as it focuses on the firm's ability to generate returns from its asset base.

The analysis shows that BVPS has a very weak and statistically insignificant relationship with share price. This finding suggests that investors in the Nigerian consumer goods sector do not heavily rely on book value as a measure of firm performance. This result is consistent with the work of Penman and Zhang (2022), who argue that in some markets, particularly emerging ones, investors may place less emphasis on book value because it does not fully capture the firm's future earnings potential. In volatile or fast-growing markets, investors might be more interested in forward-looking measures like earnings growth or asset efficiency rather than backward-looking measures such as book value. This also aligns with Lev and Sougiannis (2019), who contend that book value often fails

to reflect intangible assets or growth opportunities, which are key drivers of share price in consumer goods companies.

The R-squared value of 73.3% indicates that the model explains a substantial proportion of the variance in share prices based on the firm performance characteristics studied. This is a strong indication that the variables included in the model are relevant for predicting share prices. The relatively high Adjusted R-squared of 60.5% further confirms that the model remains robust even after adjusting for the number of variables. This level of explanatory power is consistent with findings from studies by Haniffa and Hudaib (2020), who show that firm-specific characteristics such as profitability, asset utilization, and corporate governance are key drivers of firm value in emerging markets.

The study's findings have important implications for investors and managers in the Nigerian consumer goods sector. First, the significant role of ROA suggests that investors prioritize firms that efficiently utilize their assets. Managers should therefore focus on improving asset turnover and optimizing the use of fixed and current assets to drive profitability and attract investor interest. On the other hand, the negative impact of PAT indicates that high profitability alone does not guarantee higher share prices. Firms must ensure that profits are not only sustainable but also reinvested in ways that signal future growth to the market.

While the findings from this study align with many global studies, there are notable differences when compared to developed markets. For example, PAT is generally seen as a key driver of share price in more mature markets, but in this Nigerian context, its impact is negative. This reflects the unique characteristics of emerging markets, where investor sentiment may be influenced by factors such as market instability, governance issues, or the firm's ability to capitalize on future opportunities. Studies like Chakraborty (2020) on Indian firms also highlight that in emerging markets, firm performance metrics may not align perfectly with share price movements due to external risks and market inefficiencies.

The study provides valuable insights into the relationship between firm characteristics and share prices of consumer goods firms in Nigeria. ROA emerges as the most significant and positive determinant of share price, while PAT has a surprising negative impact, and ROE and BVPS show weak or insignificant relationships. These findings underscore the importance of asset efficiency in driving firm value in Nigeria's consumer goods sector, while cautioning that profitability measures like PAT need to be considered alongside other factors like reinvestment and sustainability. The study contributes to the growing body of literature on emerging market finance and offers practical recommendations for managers and investors seeking to optimize firm performance and maximize shareholder value.

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Conclusion and Recommendations

Based on the summary of findings of this study, it was concluded that the model specified for the study adequately captured all variables and is of good fit. Also, firm performance characteristics significantly impact share price of listed Consumer Goods in Nigeria. It is therefore recommended that firms should focus on improving operational efficiency through effective cost management strategies. In addition, consumer goods firms should prioritize research and development to innovate product offerings. By staying competitive and responsive to market demands, firms can drive growth, which is likely to be reflected in their share prices.

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