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Shareholders' return and value of manufacturing firms listed on the Nigerian stock exchange

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The attainment of going concern concept of an entity relies heavily on its ability to maximize the wealth of its shareholders and value. The prospect of a firm to investors is a function of return, which signals to the market its good governance. The study examined the influence of shareholders' return on the value of manufacturing firms listed on Nigerian Stock Exchange using annual reports and accounts of 36 selected firms for a period of twenty years, between 2007 and 2016 (720 firm year observations). The results of the multivariate regression analysis (fixed effect) revealed that past dividend, agency cost, debt-equity ratio, and size have significant positive effect on market capitalization of listed manufacturing firms in Nigeria; while earnings per share and sales growth have insignificant negative influence on value of a firm though, the magnitude is immaterial. The study concluded that managers should look beyond the signaling effect of dividend, but place the interests of the key stakeholders (shareholders, management, employees, and loan holders) as well as the growth and expansion of the business at the centre of their decision-making. Especially on the proportion of earnings to be paid as dividend and the nature of dividend policy to be adopted to enhance its value.

Key words: Past dividend, earnings, agency cost, market capitalization, stakeholders.

INTRODUCTION

The separation of ownership from control in a firm has led to owners distrust in the managers on the resources entrusted to them. Shareholders usually hinge on dividend in assessing the risk and returns associated with their investment in a firm. Dividend is the proportion of residual income attributable to investors as returns on their investment (Sam-Okere and Ologunwa, 2016). It served as nexus to bridge the information asymmetry. Due to information gap between the owners of the business and the management, managers tend to assure the investors of the security of their investment in the firm

and guarantee the effectiveness in their stewardship duties through payment of dividend (Khan and Qureshi, 2018).

Nwidobie (2016) opined that payments of returns to investors connote financial stability and good corporate governance; it is believed that proportion of earnings to be paid as dividend is subject to cash availability. Shareholders quest for high dividend payout to curb misappropriation of excess cash flow by the management (Jensen, 1986). Miller and Modigliani (1961), Miller and Scholes (1978), and Black (1976) proposed that value react indifferently to dividend in an ideal market where

there is non-existence of information gap, transaction cost and taxes or both corporate and individuals are taxed at the same rate. The dividend supremacy school of thoughts (Bhattacharya, 1979; Fama and Babiak, 1968; Gordon, 1963; Jensen, 1986; Solomon, 1969; Walter, 1963) propounded that capital markets are clouded with uncertainties and thus perfect situation is unrealistic. They believed that in a market featured with high inflation rate, exchange rate fluctuations and insecurity; the investors would prefer having cash distribution rather than capital gains. This is due to devaluation in the time value and purchasing power of money.

Despite the controversial assumptions in respect to the influence of shareholders' returns on firm value; it was reported that stock price increased eightfold in two decades of its initiation by the East Indian Company in 1700 and that the total capitalization of global Joint Stock Companies increased fourfold within 22 years (Frankfurter et al., 2003). Likewise, current studies have shown that dividend payment influences value of firms (Habumugisha and Mulyungi, 2018; Akinkoye and Akinadewo, 2018; Yustisiana, 2017). Over time, researchers have discovered that several factors drive management decision on the proportion of earnings to pay as dividend if a firm tends to attain its value maximization goal (Kajola et al., 2015; Ojeme et al., 2015, Kapoor et al., 2010). The inconsistency observed in the dividend payment patterns of Nigerian firms has led to mixed reports on the influence of dividend on the value (Okpara, 2010; Ozuomba and Ezeabasili, 2017; Nwaiwu and Ali, 2018). Therefore, this paper examines the relationship between shareholders return and market capitalization of Nigerian manufacturing firms.

REVIEW OF RELATED LITERATURE

The underlying theories and the extant empirical review of past studies are discussed in this here.

Underlying theories

This study rest on four theories; Lintner's signaling theory, resource-based view hypothesis, trade-off debt theory and agency cost of free cash flow hypothesis. Signaling theory propounded by Lintner (1956) believed that the existence of information gap between the internal and external environment of a firm might probably cause market inability to access the true intrinsic value of the firm; such that share price may not always be an accurate measure of the firm's value. Therefore, shareholders and potential investors believed in cash flow provided to them in form of returns on their investment as a yardstick for firm's valuation. According to Miller and Modigliani (1961), in an imperfect market,

share prices tend to respond to changes in dividends. Dividend announcement is perceived to convey implicit information about the firm's future earnings and as a benchmark for potential investors in taking decision. On the other hand, Myers (1984) in trade-off debt theory opined that firm trade off the benefits and costs of debt (especially interest tax shields) and equity financing resulting to optimal capital structure. Firms with huge debt are committed to high fixed interest obligation thus reducing earnings available for distribution. The theory accounts for market imperfections such as taxes, bankruptcy costs, and agency costs, but ignores the threat of bankruptcy in a situation whereby the cost of debt outweighs the benefit.

Conflict of interest between the owners of the firm and the managers cannot be overlooked due to insider information possessed by the managers (Fama and Miller, 1971). Efficient utilization of firm's resources by its agent is a reflection of management efficiency and the extent to which a firm has been able to manage its agency problem. Wernerfelt (1984) hypothesized that variations between firms' performances in the same industry and across industries are traceable to the amount and quality of their resources and ability of the managers to efficiently manage the available resources towards the attainment of firm overall objective of wealth and value maximization (Cool and Schendel, 1988; Hansen and Wernerfelt, 1989). The underlying theories of this study served as justifications for the explanatory variables used; which are past dividend, earnings per share, asset utilization ratio, operating cash flow, growth in sales and size of the firm.

Empirical review

The study of Ojeme et al. (2015) revealed that dividend positively associated with market value, which is consistent with the findings of Adefila et al. (2014); while Egbeonu et al. (2016) reported a significant negative effect but Emeni and Ogbulu (2015) as well as Ozuomba and Ezeabsali (2017) obtained an insignificant negative relationship between dividend and market value. Similar studies were carried out in other countries using market prices and market capitalization as measures of firm value and divergent results were obtained.

The study conducted in Pakistan by Gul et al. (2012), Iqbal et al. (2014) and Mohammed (2013) revealed similar significant positive relationship between dividend and market value. Budagaga (2017) obtained similar result in Poland, which is also consistent with the report of Yustisiana (2017) in Indonesian context. Thirumagal and Vasantha (2016) found similar result, using Indian pharmaceutical industry. Ngo and Dang (2016) also reported significant positive relationship in Vietnam. M'rabet and Boujjat (2016) in their study of Listed Companies in Morocco also reported same result

likewise DeAngelo and DeAngelo (2006) in United States; but in the case of Nairobi, Geoffrey, Mbithi and Musiega (2017) discovered an insignificant positive effect of dividend on market value of firms.

Agrawal and Narayana (2014) discovered that dividend payout ratio and dividend yield have significant negative effect on the market price per share. On the contrary, Anand (2004) reported dividend payout ratio positively and significantly influence market value of companies in India. Similar result was obtained from the study of Nazir, Abdullah and Nawaz (2012) in their study conducted on Pakistani listed companies. Ramadan (2015) reported similar result in Jordan context. In the same vein, the study of Foong et al. (2007) and Zuriawati et al. (2012) in Malaysia showed significant positive relationship between dividend payment and value of firms' listed on the board of Bursa Malaysia. Likewise, Hejazi and Moshtaghin (2014) in their study, using companies listed on the Tehran Stock Exchange. Ajanthan (2013) concluded that dividend payout ratio positively affected the well-being of listed firms in Sri Lanka while Okafor and Mgbame (2011) reported mixed results. Taimi (2014) opined that the higher the value of dividend payouts, the higher the market value of the firm.

Egbeonu et al. (2016) showed earnings has significant positive effect on value of Nigerian listed firms. Similarly, Emeni and Ogbulu (2015) reported strong significant relationship between earnings and firm value. Also, Al-Hassan et al. (2013), Asghar et al. (2011), Nazir et al. (2012) reported significant positive relationship between earnings and market price per share. This contradicts the reports of Ozuomba and Ezeabsali (2017) which obtained positive but insignificant relationship, while Inyiama and Ugah (2015) reported an insignificant negative effect of earnings on firm value. In Vietnam context, Ngo and Dang (2016) found significant positive relationship between earnings and market capitalization, which is consistent with the findings of Mohammed (2013) in Pakistan, while the report of Yustisiana (2017) in Indonesian context and Thirumagal and Vasantha (2016) in India showed a positive but insignificant effect of earnings on market price.

The result of the study conducted by Adenugba, Ige and Keshinro (2016) revealed that financial leverage significantly and positively affects market capitalization of Nigerian listed firms as obtained by Adeyemi and Oboh (2011), Collins et al. (2012) in the same context. Similar findings were reported by Black (2001), Cheng and Tzeng (2010), Damouri et al. (2013), Gompers et al. (2003), Gill et al. (2011). Johannes and Dhanraj (2007) and Sharma (2006) reported same result, using Indian manufacturing firms. Ming-Chang and Zuwei-Ching (2011) in their study using 645 companies listed in the Taiwan as well as Trevor (2014) using firms listed on Zimbabwe Stock Exchange. Likewise, Antwi et al. (2012) and Yartey (2006) discovered that leverage has significant positive effect on the value of firms listed on the Ghana Stock Exchange (GSE). On the contrary, Geoffrey et al. (2017) obtained a negative but insignificant relationship between leverage and market value of financial firms' listed on the Nairobi Securities Exchange; likewise Ngo and Dang (2016) in case of Vietnam. On the other hand, the studies of Pachori and Totala (2012) and Rajni (2012) revealed significant negative relationship between leverage and firm value.

According to the study of Thirumagal and Vasantha (2016), carried out using Indian pharmaceutical industry, it was found that firm size and growth positively and significantly influence firm value (market capitalization). Iqbal et al. (2014) in Pakistan obtained similar result, revealing that firm size and growth have significant positive impact on market prices of listed firms, which is consistent with the reports of Geoffrey et al. (2017) using Nairobi listed firms. Yustisiana (2017) reported similar result in relation to growth and market price of mining companies in Indonesia.

MATERIALS AND METHODS

This study is a causal-effect research, examining the nature of influence that shareholders' return has on the market capitalization of listed manufacturing firms in Nigeria. Secondary data derived from audited financial statements of selected thirty-six firms for a period of twenty years (1997-2016) was used for the analysis.

Model specification

The study investigated the causal-effect relationship between shareholders' return and value of listed manufacturing firms in Nigeria. The specified model for this study is:

$$LMC_{it} = \gamma_0 + \gamma_1 LLD_{it} + \gamma_2 EPS_{it} + \gamma_3 AC_{it} + \gamma_4 DER_{it} + \gamma_5 \Delta OCF_{it} + \gamma_6 SIZE_{it} + \gamma_7 SG_{it} + \varepsilon_{it}$$

Where: LMC = Natural logarithm of Market Capitalization; LLD = Natural logarithm of preceding year dividend; EPS = Earnings per Share; AC = Agency Cost; DER = Debt to Equity Ratio; OCF = Operating Cash flow; SIZE = Natural logarithm of Total Assets; and SG = Sales Growth.

This model is adapted from the study of M'rabet and Boujjat (2016) as $MC_{it} = \beta_0 DIVP_{it} + \beta_1 TA_{it} + \varepsilon_{it}$. MC = Market capitalization as dependent variable while DIVP = Actual dividends paid as proxy for Dividend Policy and TA =Total Asset (introduced as a control variable). The adapted model is modified with the inclusion of Earnings, Agency cost, leverage, cash flow and growth as against total asset used in the study of M'rabet and Boujjat (2016). This is because shareholders' return is an appropriation to earnings and subject to management efficiency and availability of excess cash flow. The basis of the selection of the variables aligned with the underpinning theories of this study.

Model estimation technique

Three stages were involved in estimating the study's model. The nature of association among the explanatory variables are tested using Pearson Moment Correlation Matrix and Variance Inflation Factor (VIF). The main estimation is conducted using the regression analysis, while Hausman's test is carried out to determine the most

appropriate regression effect among the pooled Ordinary Least Square, Fixed effect and Random effect. The third stage involved the diagnostic test. The diagnostic tests conducted are the Heteroskedasticity test, cross sectional dependence test and Serial Correlation test. These tests were carried out using Modified Wald test, Pesaran CD test and Wooldridge test. These tests are carried out to determine whether the residuals of the model are constant over the period, if there are issues of dependence across the residuals of the model and multi-colinearity problem among the model residuals.

T-statistics was employed to judge the significant level of the predictive power of individual explanatory variable while the F-statistics was used to explain the combined effect of the explanatory variables on the dependent variable. The confidence level chosen for test of significance is 95%.

RESULTS AND DISCUSSION

Preliminary Analysis

To test for the appropriateness of the series in the distribution, the nature of association among the variables is examined using Person Moment correlation matrix and Variance Inflation Factor (VIF); and the results are presented in Table 1.

Interpretation

The result of the correlation matrix as presented in Table 1, revealed that sales growth, lagged dividend and operating cash-flow are positively correlated; firm size is directly associated with past dividend, earnings and operating cash-flow but inversely related to agency cost and debt-equity ratio. Debt-equity ratio has negative association with past dividend, earnings and agency cost. Earnings has direct association with all the other explanatory variables except debt-equity ratio. The maximum coefficients of correlation among the variables are 0.56, which is less than the threshold of 0.8 (Baltagi, 2015). This implies that there was healthy association among the variables and thus no indication of multicolinearity problem. This is justified by the result of the Variance Inflation Factor (VIF) with the highest value of 1.79, which is below the threshold of 10 (Baltagi, 2015).

Estimation results

The result of the Hausman test showed that fixed effect estimation would be the most appropriate techniques while the diagnostic tests results showed that there are presence of cross-sectional dependence problem, heteroskedasticity and serial correlation problem in the model. In order to correct the identified econometric errors, multivariate regression (fixed effect with Driscoll-Kraay standard error) was used to predict the relationship between the explanatory variables (past dividend,

earnings per share and agency cost) and dependent variable (market capitalization) as presented in Table 2.

Model

$LMC = -1.595 + 0.02LLD_{i,t} - 0.001EPS_{i,t} + 0.16AC_{i,t} + 0.001DER_{i,t} + 0.004\Delta OCF_{i,t} + 1.180SIZE_{i,t} - 0.001SG_{i,t} + \varepsilon_{i,t}$

Interpretation

The results of the regression analysis as depicted in Table 2, revealed that LLD, with t_{cal} (2.21)> t_{tab}(1.96); AC, with t_{cal} (4.65)> t_{tab}(1.96); FR, with t_{cal} (5.60)> t_{tab}(1.96) and SIZE, with t_{cal} (17.04)> t_{tab}(1.96) significantly influence LMC. While, EPS, with t_{cal} (0.76)<t_{tab}(1.96); ΔOCF, with t_{cal} (1.02)<t_{tab}(1.96) and GRWTH, with t_{cal} (0.04)< t_{tab}(1.96) implies that EPS, ΔOCF and GRWTH do not exert significant influence on LMC.

The coefficient of the regression result measures the magnitude and the direction of the relationship between the explained and the explanatory variables. LLD with a coefficient of 0.02 implies that a positive change in LLD would yield 2% increase in LMC; EPS has a negative but immaterial effects on LMC, with approximately -0.001 coefficient, a kobo increase in EPS would result to almost 0.1% decrease in LMC. AC has coefficient of 0.16, which means that a unit increase in Asset Utilization Ratio would lead to 16% increase in LMC. The FR with coefficient of 0.001 implies that a unit increase in FR would result to 0.1% increase in LMC; ΔOCF with a coefficient of 0.004 is an indication that a positive unit change in ΔOCF would lead to 0.4% increase in LMC. SIZE with coefficient of 1.180 implies that as SIZE of the listed manufacturing firms increases by a unit, the LMC also increases by 118% while GRWTH having coefficient of -0.001 means that as the firms grow in turnover (GRWTH) by a unit, there is approximately 0.01% reduction in LMC. The result of the coefficient of determination of 0.662, indicates that 66.2% change in the LMC is caused by the combined influence of the explanatory variables (LLD, EPS, AC, DER, ΔOCF, SIZE and GRWTH) while the remaining 33.8% is caused by other factors which are outside the scope of this study. This is an indication that the combination of the explanatory variables strongly influences the value as measured by LMC. Also, the result of the F-statistics with *p-value* of 0.000 (0%), implies that all the explanatory variables (LLD, EPS, AC, FR, ΔOCF, SIZE and GRWTH) jointly and significantly influence the dependent variable (LMC).

The result of the regression analysis revealed that past dividend positively and significantly influence value of Nigerian listed manufacturing firms; the finding corroborated the reports of previous studies conducted in

Table 1. Multicolinearity tests' results.

Variables	Pearson correlation matrix tests							VIF
	LLD	EPS	AC	DER	ΔOCF	SIZE	SG	
SG	0.01	0.11	0.18	0.03	0.08	0	1	1.06
SIZE	**0.56**	0.43	**-0.14**	-0.02	0.05	1		1.79
ΔOCF	0.05	0.03	0.05	0	1			1.01
DER	-0.06	-0.01	-0.02	1				1.01
AC	0.24	0.09	1					1.26
EPS	0.41	1						1.33
LLD	1							1.79

Source: Researcher's Computation (2018).

Table 2. Regression result.

Variable	Coeff	Std.Err	T-stat	Prob
LLD	0.020	0.01	2.21*	0.040*
EPS	-0.001	0.00	-0.76	0.455
AC	0.160	0.03	4.65*	0.000*
DER	0.001	0.00	5.60*	0.000*
ΔOCF	0.004	0.00	1.02	0.321
SIZE	1.180	0.07	17.04*	0.000*
SG	-0.001	0.00	-0.04	0.967
Constant	-1.595	0.42	-3.77	0.001

R-squared = 0.66, $F_{(7, 19)}$ = 335.67, Prob > F = 0.00*

Hausman Test: $Chi^2_{(6)}$ = 16.7, Prob> chi^2 = 0.010**

Test Parameters (testparm): $F_{(35, 658)}$ = 24.5, Prob> F = 0.00*

Rho Test: $F_{(35, 677)}$ = 21.3, Prob> F = 0.00*

Pesaran CD Test (Cross Sectional Dependence Test): Chi^2 = 15.42, Prob = 0.00*

Modified Wald Test (Heteroskedasticity Test) : $Chi^2_{(36)}$ = 1090.5, Prob> chi^2 = 0.00*

Wooldridge Test (Serial Correlation Test): $F_{(1, 35)}$ = 169.01, Prob> F = 0.00*

Dependent Variable: LMC, Significance @ *5%
Source: Researcher's Computation (2018).

Nigerian context by Adefila et al. (2014) and Ojeme et al. (2015). This is also the position of studies carried out in other countries as Indian by Thirumagal and Vasantha (2016). In Pakistan Gul et al. (2012), Iqbal et al. (2014) and Mohammed (2013) conducted such study. in Poland by Budagaga (2017); in Indonesia by Yustisiana (2017), in Vietnam by Ngo and Dang (2016), in Morocco by M'rabet and Boujjat (2016) and United States by DeAngelo and DeAngelo (2006); while, Geoffrey et al. (2017) also discovered a positive but insignificant relationship. Contrariwise, Egbeonu et al. (2016) reported a significant negative effect; while, Emeni and Ogbulu (2015) and Ozuomba and Ezeabsali (2017) who obtained negative but an insignificant relationship. Theoretically, the finding of this study align with the signaling hypothesis propounded by Lintner (1956), which postulated that dividend is seen as a vehicle to communicate information to the financial market about a

firm's future earnings and growth. In addition, that outside investors perceive dividend announcements and increase in dividend payout as reflections of management efficiency and good future profitability and therefore affecting the share price positively; thus resulting to increase in the firm value.

It is discovered that Earnings per Share negatively but insignificantly affect value of Nigerian listed manufacturing firms. This implies that an increase in earnings do not transform into value maximization of manufacturing firms. This result is consistent with the report of Okpara (2010) but negates the findings of Inyiama and Ugah, (2015), Egbeonu et al. (2016), Emeni and Ogbulu (2015) as well as Ozuomba and Ezeabsali (2017) in Nigeria. It also contradicts the report from other countries as reported by Ngo and Dang (2016) in Vietnam, Mohammed (2013) in Pakistan, Yustisiana (2017) in Indonesia and Thirumagal and Vasantha (2016)

in India. The study also found that agency cost measured as asset utilization ratio has significant positive influence of firm value. The finding supported the report of Jose et al. (2010), Al-Nimer and Alslihat (2016), Mohammed (2013). The report of this study corroborated the assertion of Ang et al. (2000), and Singh and Wallace (2003), who posited that a high asset turnover is identified with efficient asset management practices and hence shareholders value creation. Firms with high asset utilization ratio is an indication of management efficiency and therefore subjected to lower asymmetric information and agency problems thereby enhancing value creation.

This paper discovered that ratio of total non-current debt to shareholders fund of listed manufacturing firm in Nigeria exert significant positive effect on its value; this result is consistent with the findings of previous studies conducted in Nigerian context by Adenugba et al. (2016), Adeyemi and Oboh (2011), Collins et al. (2012). Similar results were obtained in other countries as in Indian by Black (2001), Gill et al. (2011), Gompers et al. (2003), and Sharma (2007); likewise in Taiwan by Ming-Chang and Zuwei-Ching (2011), in Zimbabwe by Trevor (2014). In addition, Antwi et al. (2012) and Yartey (2006) reported significant positive relationship between debt-equity ratio and market capitalization. Contrarily, the finding of this study negates the reports of Geoffrey et al. (2017) in the case of Nairobi, and Ngo and Dang (2016) in Vietnam which reported a negative but insignificant relationship between leverage and firm value. The finding of this study aligned with Agency cost of free debt cash flow propounded by Jensen and Meckling (1976) as a rebranded work of Fama and Miller (1971), supported by Jensen and Ruback (1983).

The finding of this study revealed that positive but insignificant relationship between operating cash flow and value of listed manufacturing firms in Nigeria. This is also the position of Khanji and Siam (2015) in the context of Jordan, while Al-Zararee and Al-Azzawi (2014), Girish and Desai (2017); Lyndon and Paymaster (2016), as well as Wanjiru and Oluoch (2016) reported significant positive impact. On the other hand, the studies of Kadioglu et al. (2017); Brush et al. (2000); Park and Jang (2013); Heydari et al. (2014); and Wang (2010) reported significant negative effect of free cash flow on firm value (Tobin's Q) but Khraywesh, (2001) concluded that no significant relationship exist between the net cash flows and stock's market value. The study observed that firm size exert a significant positive influence on market value of Nigerian listed manufacturing firms. The report of this study corroborated the findings of Thirumagal and Vasantha (2016) in India, in Pakistan by Iqbal et al. (2014), and Nairobi by Geoffrey et al. (2017). This contradicts the reports of Kadioglu et al. (2017), Xiong (2016) and Amidu (2007). The finding of this study supported the assertion of Setiadharma and Machali (2017) which stated that the investors perceived that good health of a firm is a function of its size and would prefer investing in such firms, therefore leading to an increase in value.

It is evident that sales growth has a negative but insignificant effect on market value of Nigerian listed manufacturing firms, which is consistent with the report of Abdolreza (2016), Ramezani et al. (2002), Paminto et al. (2016); while Bezawada and Tati (2017) reported a significant negative relationship. The findings of this study negates the reports of the studies of Amidu (2007), Rizqia and Sumiati (2013), Chowdhury and Chowdhury (2010) and Rehman (2016) who obtained a positive relationship between sales growth and market capitalization. The significant result of the F-statistics implies that all the factors are jointly significant and need to be critically considered in taking dividend decision by the management towards the achievement of value maximization objective.

CONCLUSION AND RECOMMENDATIONS

This study investigated the influence of shareholders' return on value of Nigerian listed manufacturing firms. The results of the study revealed that measures of shareholders' return compositely influence value of listed manufacturing firms in Nigeria. Past dividend, agency cost, debt-equity ratio and size are found to have significant positive effect on market capitalization of listed manufacturing firms in Nigeria; while earnings per share and sales growth have insignificant negative influence on value of a firm though the magnitude is immaterial.

The results of the relationship of earnings and sales growth to value contradict the prior empirical findings and theoretical propositions but are consistent with the finding of Okpara (2010). Okpara (2010) carried out his study during the hike in the crisis of global stock market in 2007 which Nigeria capital market was not left out. Efficient performance of firms in term of productivity and profitability do not significantly encourage investors due to distrust in the capital market. Majority of investors lost all their investment in the last capital market meltdown, which occurred a decade ago (2007). In addition, it is evident that value of a firm is not driven by internal factors alone but also by environmental factors especially, the current insecurity issue in Nigeria also seemed to pose a threat to investors. Therefore, for an entity to attain optimality and value maximization:

(i) Managers should look beyond the signaling effect of dividend but place the interests of the key stakeholders (shareholders, management, employees, loan holders) as well as the growth and expansion of the business at the centre of their decision making on the proportion of earnings to be paid as returns and the nature of return policy to be adopted;
(ii) Managers should improve on efficient management of the firm asset as to further enhance the value;

(iii) Government should mandate e-payment system of dividend and ensure that manufacturing firms update their database to capture all the information of the investors; government should make loan capital available to the manufacturing firms at a low and affordable lending rate in order to have adequate funding of their operations, thereby enhance their values.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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