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Earning Volume and Share Price Volatility: Impact of The Nigerian Stock Exchange (1996 – 2025)

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Abstract- The study investigated on earnings volume and share price volatility. The stock exchange market serves as the backbone for most contemporary economies, serving a critical need of raising funds for companies at a reasonable cost. The major objectives of the study are to determine how earnings volume affects share price volatility in the Nigerian Stock Exchange, to ascertain the effect of dividends on share price volatility and to determine the effect of price-earnings ratio on share price volatility. To achieve the objectives of the study, ordinary least square (OLS) research design was adopted. The researcher adopted secondary data in getting the required information; The First Bank of Nigeria was selected to represent the entire banking industry with data covering period of ten years (1996-2025). In testing the hypotheses, regression analysis was used was used. The findings revealed that earnings volume has a significant effect on share price volatility. The findings further revealed that dividends has a significant effect on share price volatility, price earnings ratio has a significant effect on share price volatility. The researcher recommends that Banks should stop announcing their corporate earnings on a quarterly basis. Rather, they should adopt the method of announcing their corporate earnings on an annual basis. The researcher also recommends that there should be an adoption of a stable dividend per share policy in order to reduce share price volatility. This entails companies paying a constant (fixed) dividend per share every year. If this is adopted, it would have an impact on reducing fluctuation in share price.

I. INTRODUCTION

The financial system plays a fundamental role in the economic development of any nation by facilitating the mobilisation and efficient allocation of financial resources. Through the financial system, surplus funds from savers are channelled to deficit units for productive investment, thereby promoting economic growth and development. A key component of this system is the capital market, which provides a platform for long-term financing through the issuance and trading of securities such as equities and bonds. The stock market, as an integral segment of the capital market, contributes to capital formation, corporate expansion, and economic stability. It enables companies to raise funds for business operations while providing investors with opportunities to earn returns through dividends and capital appreciation. However, share prices in the stock market are subject to continuous fluctuations due to changes in firm-specific factors, market conditions, and macroeconomic developments. These fluctuations give rise to share price volatility, which represents the degree of variation in share prices over time.

The capital market plays a critical role in the economic development of both developed and emerging economies by facilitating the mobilisation and allocation of long-term financial resources. Through the issuance and trading of securities, firms are able to access capital for expansion and operational activities, while investors obtain opportunities to earn returns on invested funds. In Nigeria, this intermediation function is performed by the Nigerian Exchange Group (NGX), which provides a structured and regulated environment for equity trading across diverse sectors including banking, industrial goods, oil and gas, telecommunications, consumer services, agriculture, and manufacturing.

The performance and stability of the capital market are largely reflected in the behaviour of share prices. Share prices fluctuate in response to information available to market participants, macroeconomic conditions, and firm-specific fundamentals. Among firm-specific determinants, financial performance indicators such as earnings per share, dividend per share, and price-earnings ratio have consistently

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attracted attention in empirical finance literature. These indicators serve as signals regarding a firm's profitability, growth potential, and financial health, thereby influencing investor expectations and market valuation.

However, the Nigerian capital market has experienced considerable structural and macroeconomic shifts in recent years. The period from 2016 to 2025 encompasses significant economic events, including post-recession recovery, exchange rate volatility, inflationary pressures, the COVID-19 pandemic shock, and subsequent economic restructuring. These developments may have altered the traditional relationships between corporate financial indicators and share price behaviour. Market reforms introduced by regulatory authorities and technological advancements in trading platforms may also influence how quickly and efficiently information is reflected in stock prices.

Despite the growing body of literature, many existing studies in Nigeria remain sector-specific, with particular emphasis on the banking industry, thereby limiting the generalisability of findings across the broader market. Furthermore, several studies cover earlier time periods, leaving limited updated empirical evidence that captures recent market dynamics. There is therefore a need for a comprehensive cross-sectoral investigation examining how financial performance indicators influence share price volatility across companies listed on the NGX during the 2016–2025 period.

This study seeks to bridge this gap by providing updated empirical evidence on the relationship between selected financial performance indicators and share price volatility among NGX-listed firms. By extending the scope beyond a single sector and incorporating recent data, the study contributes to a deeper understanding of capital market behaviour in Nigeria's evolving economic environment.

II. CONCEPTUAL REVIEW

An Overview of the Nigerian Stock Exchange

The Nigerian Stock Exchange came into existence on September 15, 1960 with the establishment of Lagos Stock Exchange which became operational in June 5,1961. In December 5, 1977 following the recommendation of the government financial system review committee on 1976, the Lagos Stock Exchange was renamed and reconstituted into the Nigerian Stock Exchange. The exchange has since then been the hub of the Nigerian capital market and has been operating through stock brokers or dealers who intermediate borrowed funds between lenders and borrowers(Nemedia,1982).

The Nigerian Stock Exchange which started with only nineteen (19) securities traded on its floor in 1961 now has over two hundred and seventy-seven (277) securities made up of government stocks, industrial loans, bonds and equities(including SSM). The SSM is the acronym for the Second- tier Securities Market which was established in 1985. With it, the Stock Exchange relaxed the cost and listing requirement for the small and medium firms in order to assist small and medium sized indigenous companies in having access to the resources of the capital market.

Deregulation of the Nigerian economy and the financial system in 1986 coupled with the privatization of the public sector enterprises in 1988 necessitated a lot of changes in the capital market. In view of the development, the Lagos Stock Exchange has since June 2, 1987, linked up with the Reuters Electronic Contributor System for online global dissemination of stock information like trading statistics, all share index, company investment ratios, and company news. In 1996, the exchange launched its internet system (CAPNET) as one of the infrastructure support for meeting the challenges of internationalization and achieving an enhanced service delivery. The growth of government stock started decreasing while industrial, equities and bonds as well as Second-tier Securities Market continued to increase yearly(The Nigerian Stock Exchange,2004). The internationalisation of the market in 1995 accentuated the interest of the private sector investment in the stock market. Conspicuously, as government stock traded in millions during 1995 to the recent day, industrial equities accelerated to billions(The Nigerian Stock Exchange,2007).

Over the years, the total market capitalisation has been increasing from ₦20.10m in 1970 to ₦4464.20m in 1980, from where it increased further to ₦16348.40m in 1990 and ₦466058.70m in 2000. In 2006, the figure further rose to ₦5.12 trillion. In spite of the progressive increase in the total market capitalisation, its share of the gross domestic product has been small. The proportion of market capitalization to Gross Domestic Product fluctuation was between about 6.1% in 1970 and 18.20% in 2006. There was however continued decline in its share of GDP from 1977 to 1999 and this decline could be associated with the widespread distress in the banking system within this period. In 1978 alone, a total of 26 banks including listed ones were put to liquidation(Okpara,2006).

This crash has led to opening of a can of worm and black boxes. Margin loans of over ₦1 trillion in Nigerian banks have been discovered. Banks have been making alarming provisions for non-performing loans of over ₦2.1 billion (Omoh and Egwuatu, 2009; Imoyo 2009). The negative complexity of the global economic downturn, the intrinsic factors of the capital market and its attendant effects on banks and other market players would be minimized if there will be discipline, ethical practices and diversification of the market.

In 2007, the market capitalization escalated from ₦5.12 trillion in 2006 to ₦13.294 trillion. New issues also rose to ₦2400 billion. Nevertheless, the phenomenal growth of the market capitalisation represents only 28% of the GDP compared with 167.1% South Africa, 50.7% Zimbabwe and 130% for Malaysia. This indicates that the potentials for growth in the Nigerian market are still very enormous (Ukeje, et.al 2007).

The Nigerian capital market responded negatively to the economic meltdown in global economy with a crash. The global financial crisis began in the United States of America and the United Kingdom when the global credit market came to a standstill in July 2007. The crisis which led to a fall in the world Stock market and numerous financial institution, started to show its effect in Nigeria in the middle of 2008. Then the Nigerian government just like the governments of even the wealthiest nations came up with rescue packages to bail out their financial system (Adamu,2008).Several anti-market initiatives by the regulatory authorities such as the 1% minimum fix on downward movement of share prices, helped deplete investor's confidence in the capital market and accentuate the fall. However, with so much selling pressure on the market and little or no demand from any source, it was not surprising that the Nigerian stock market plunged 67% in 2008 to become one of the worst performing markets in the world with capitalisation of ₦ 9.563 trillion.

In the words of Osai-Brown (2009),
Sadly, I cannot disagree with the contrasting description of what happened globally and locally which resulted in the Nigerian capital market earning the unenviable accolade as one of the world's worst performing stock market in 2008, after losing₦5.2 trillion in market capitalisation and 54% in All-Share Index, just a year after it had emerged as the world's best performing stock market in 2007 with a return of 74.9%.

As a result of this and the flight of foreign portfolio investors, the value of the Nigerian Stock Market capitalization fell by over ₦3.5 trillion by the end of 2008.At the end of January for example, the NSE's All-Share-Index dropped by over 30%, a situation which made the Renaissance Capital in January end report to consider it as the world's worst-performing equity gauge in dollar terms so far in 2008(Ighomwenghian, 2009). This cocktail of crisis was further compounded by the sudden steep fall in crude oil prices from a high price of about $145 per barrel to $35 per barrel. The repercussion effect of this in a monoculture oil dominated economy was that the liquidity position of the economy as a whole was compounded. In view of this, most of the banks were forced to further cut down their activities with the capital market in a bid to boost their liquidity position and remain in business. The dwindling fortunes in the market continued into early part of 2009, the market rebounded strongly coinciding with the restoration of a level of confidence in the global financial system which saw a resurgence in crude oil prices in the international markets from an average of between $35 and $40 to about $69 before slipping into its current average $60 (Okpara, 2010).

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The Nigerian stock market made a strong 38.3% gain in May, owing probably to the fact that the crude oil prices rose to $70 in the international markets. This suggests a strong relationship between crude oil prices and the performance of the Nigerian stock market(Okpara,2010).

Study clearly shows that the level of economic development of a country reflects on its capital market. However, there is a fine line between financial development and economic growth. This difference is quite difficult to determine. Some authors argue that financial development facilitates efficient mobilization and allocation of resources, allowing the country to grow faster, while other authors argue that economic growth responses almost automatically to changing demands from the real sector and hence financial development follows subsequently after economic growth(sule,2009).

Shares and Stocks

According to Ballard, (1981), shares of common stock, represent ownership in a company. Each share represents a unit of measurement of the capital and creates proportionate ownership in the capital of the company to the extent of the value (Subramanyam, 2005). Rose (2003), emphasized that irrespective of where it is bought or sold, each share of stock represents a certificate of ownership in a corporate enterprise, entitling the holder to receive dividends out of the current earnings.

Share is an instrument entitling the holder to a proportionate right over the profits and assets of a particular company. There are two main types of share which are common and preference shares. Common Shares are shares that carry voting rights which can be expressed in corporate decisions. Preferences shares are shares that do not carry voting rights but it is legally entitled to receive a certain level of dividend payment before any dividend can be issued to other shareholders. Shares are bought and sold in the Securities and Exchange Market(SEM), or over the counter for unquoted companies(Subramanyam, 2005). Explanation of the concept is from the point of view of its value of weight. He opines that one way of looking at the value of an equating share is to consider the future earnings potential of the company. An equating share represents a right to receive a future stream of cash flow by a way of dividends which are net determinable by the present proportionate ownership of a company. Another way to consider an equating share is the worth which it represents in the value of the company at present.

Though share and stock are interchangeably used but there is a slight difference Share refers to ownership certificate in a particular company while stock refers to the ownership certificate of any company in general. As written by Pandian(2001), the share capital of a company is divided into a number of small units of equal value called shares. The essence of converting shares into stocks is to enhance administrative convenience as it reduces rigorous clerical work (Illoboya, 2008).

Volatility

Volatility simply means change or fluctuation or irregular movement, which may be rapid or slow. In terms of stock exchange, volatility can be defined as the measure of variation of price of financial instrument overtime. Basically, stock exchange market serves as a channel through which surplus funds are moved from lender-savers to borrower-spenders who have shortage of funds (Mishkin, 2000). Based on this premise, volatility in stock prices can significantly affect the performance of the financial sector as well as the entire economy.

Benita and Lauterbach(2004), upheld that exchange rate volatility have real economic costs that affect price stability, firm profitability and the general economic stability. Exchange rate volatility has implications on the financial system of a country especially the stock market.

If the price of securities moves slowly or remains constant, it reflects a low volatility and low risk on investment. If the price of securities on the other hand moves up rapidly over a short period of time, it means that high risk is attached to it. Volatility serves as indicator for measuring the degree of risk associated with a portfolio.

Arratibel, Furceri, Martin and Zdzienichika(2009), discovered that lower exchange rate volatility is associated with higher growth, higher stock, higher current account deficit and higher excess credit. Volatility of share price affects the investors' buy-hold-sell decision. Volatility may be favourable or adverse.

According to Temple(2011), volatility can be expressed mathematically as the annualized standard deviation of returns(i.e. the standard deviation of the continuously compounded rate of returns on the share over a specific period). It is a probability-weighted measure of the dispersion of returns around its mean. In formulae, it is expressed as:

SPV = δ

$$\delta^2 = \frac{H_p - L_p}{\frac{H_p + L_P}{2}}$$

$$\delta = \sqrt{\frac{H_P - L_P}{1/2(H_{P} + L_P)}} = \text{SPV}$$

Where SPV = Share Price Volatility
S^2 = Variance
S = Standard deviation
H_P =High Price
L_P = low Price

The best way of measuring volatility is to observe a wide range between the high and low prices each day of that commodity, market or in this context security.

The Internal and External
According to Mishkin (1997), not everyone in a financial market must be well informed about a security or have rational expectations for its price to be driven to the point at which the efficient market condition holds. All an efficient market requires is that a few people have the information. When a few participants have the information, prices will move as if as everyone in the entire market were well informed. Stiglitz(1993), emphasized that all it takes is a few people knowledgeable enough to recognise a bargain, and prices will quickly be bid up or down to levels that reflect complete information even uninformed buyers, purchasing at current prices, will reap the benefits.

The efficient market hypothesis assumes that all available public information is fully reflected in a security's market price. It also assumes that no individual can have higher expected trading profits than others because of monopolistic access to information (Finnerty, 1976). There is however, a possible exception to the idea that it is impossible to systematically beat the market. The exception comes in the form of insider trading.

According to Investopedia, (2011), Insider trading refers to the sale of corporation stock by individuals with potential access to non-public information about the company. The insider are company officials who have first-hand knowledge of what the company is doing and better information concerning what the future might hold. They have information unavailable to the public. In the Nigerian Stock Exchange, insiders include stock brokers, registrars and the Stock Exchange market.

According to Haddock(2006), the current crash in price of share is traced to the manipulation of share price by the insiders. This is as a result of international hoarding of shares to cause artificial scarcity. When shares become scares, the price goes up after some time, they start to release shares gradually until the market becomes saturated and the price of shares plummeted following the law of demand and supply.

The outsiders include the stock market analysts, academics, financial journalist, economists etc. They assess the market with objective and constructive criticism parlance.

Demand and Supply
The most basic factor that influence price of equity share are demand and supply(Gompers, et.al, 2003). These are forces which act as drivers, moving the price of shares upwards and downwards. They have direct impact on share price volatility. If people start buying, prices go up and if people start selling, prices go down. The forces of demand and supply are influenced by the performance of the company, industry and other players in the industry.

Supply of share is the number of shares a company is willing and able to sell at a particular price over a given period of time while the demand for share is the number of shares investors that are willing to buy at a given price over a period of time. The price of a

security thus swivels until the attainment an equilibrium point, where supply of these stocks is equal to the demand for same stock at a fixed price, and at a given period (Investopedia, 2011).
So where potential buyers exceed sellers of that security, its price appreciates, this action either attracts more sellers of the stock to the market, due to the attractiveness of the returns there from or discourages some buyers, eventually achieving equilibrium in the market. Consequently, where supply of stocks exceeds the demand for them, prices of such stock decline. This pushes sellers away from the market thereby attaining equilibrium. Equilibrium thus is achieved at that point in the market where investors using the buy-hold strategy to take an action.

From the foregoing, it is appropriate to say that at any given time period, the value of a share is a function of all investors. Buyers and sellers voting with their monies. Osaze(2007), succinctly adds that the price of a share of common stock is already a function of the forces of demand and supply of that share, which in turn are functions of the attractiveness of the share in terms of returns of each investors and the risk associated with security are by extension, a function of the entity's capital structure, informational efficiency, nature and location of the business, competitiveness, amongst others.

Theories of share price volatility have been postulated to explain explicitly, the intricacies at play in daily fluctuations. These theories pin-point various drivers that instigate the behaviour of share prices, through demand and supply for stock in the capital market.

2.3 EMPIRICAL REVIEW

A key strand of contemporary research examines how EPS and DPS influence share price movements among listed firms. For example, in an empirical study of consumer goods manufacturing companies listed on the Nigerian Exchange Group, Adeniyi (2023) found that earnings per share has a significant and positive effect on share price movement, whereas dividend per share showed a positive but statistically non-significant impact on market price per share. This study suggests that investors place stronger emphasis on profitability signals than on dividend distributions when pricing stocks in the consumer goods sector.

In the same vein, Owualah, Ogbebor, and Moseri (2024) analysed the effects of corporate earnings and dividend payments on stock price behaviour of listed manufacturing firms using Generalised Method of Moments (sys-GMM) and Granger causality tests. Their research indicates that dividend per share emerges as a significant positive predictor of share price behaviour, while earnings per share and dividend yield did not show statistical significance in certain contexts, underscoring that the predictive power of financial indicators may vary across sectors and time.

Other studies reinforce the importance of earnings information beyond simple profit measures. Ogujiofor (2023) investigated earnings quality and share prices in the Nigerian banking sector, revealing that earnings surprises and predictability have positive effects on share price movement, with implications for how volatility responds to unexpected financial information. This aligns with theories that emphasise the informational content of earnings and its effect on investor expectations.

Dividend policy continues to attract empirical attention due to its signalling and stabilising effects on share prices. Usunobun and Omehe (2024) examine dividend policy and share price volatility for firms listed on the Nigerian Exchange Limited using panel regression and GMM analysis. They find a negative relationship between dividend yield and share price volatility, suggesting that consistent dividend distribution may dampen price fluctuations by providing stable income cues to investors.

Similarly, Oladimeji and Sontan (2023) explore Nigeria's dividend policy and stock price volatility with cross-sectional data across several firms, identifying that payout ratios positively influence stock prices while earnings per share also exert significant effects on price behaviour. Their findings highlight that both dividend policy and profitability signals play crucial roles in shaping market valuation and stability.

III. GAP IN THE LITERATURE

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Based on the studies carried out by previous researcher, they failed to identify the Information efficiency on efficient capital market; Information efficiency is a feature of an efficient capital market in the developed economy. This research helps bring to light how information influencing the market is almost impossible to determine such that few scholars have attempted to qualify the paper impact of the event on the price of securities. As distasteful as volatility may be to some investors, others find it useful and as an opportunity to reap higher abnormal returns.

This study has contributed to the existing literatures in confirming or rising new issues with respect to the factors influencing share price volatility. Interested researchers identified and examined the non-economic factors that have accounted for the high price fluctuations which may not be unconnected with the current meltdown in the Nigerian Stock Exchange.

The forces of demand and supply have direct effect on the stock price while other industrial and economic factors influence the demand and supply factors. The effects (positive or negative) of other factors apart from demand and supply on stock prices are not static, rather they are dynamic.

IV. THEORITICAL FRAMEWORK

Random Walk Theory

The theoretical framework for this study is the random walk theory. According to Investopedia (2011), the Random walk theory emphasizes that the current market prices reflect all the information contained in the records of past stock prices. This definition portrays that there is no regularity of patterns in security prices that repeat themselves over time as to predict future stock price from past prices. Consequently, investors cannot usurp any privileged information so as to beat the market and make abnormal profit. This theory implies that stock price changes have the same distribution and are independent of each other, so the past movement or trends of a stock price or market cannot be used to predict its future movement.

The first author to point out that security prices and prices of other speculative commodities follow a random walk was Bacheller(1900). Since then the weak form hypothesis has been tested in hundreds of studies. Jennergren(1975) lend support to the Random Walk assertion. Few studies have been done on the efficiency of the Nigerian Stock Market. The results using weekly data for a sample of 21 quoted companies over the period of 1978-1979 concluded that the Nigerian Stock market exhibits Random Walk(Olowe, 1999).

Ayadi(1984),Olowe(1999) and Kukah et al (2007), using Nigerian data as well as different parametric and non-parametric tests joined others in the developed world including Samuel and Yacourt of Nigeria to support the Random Walk assertion. But their result of non-parametric test contradicts random walk hypothesis.

V. METHODOLOGY

The method/technique of data analysis to be used shall be the ordinary least square (OLS) method of estimation. The justification for choosing the OLS method as the estimation technique was due to the desirable properties its estimate possess called the BLUE properties. These properties ensure good inference making and efficient as well as non misleading conclusion and recommendations. The choice to use the OLS was also based on the fact that the OLS is among the best estimation method for the linear econometric model.

The OLS estimation of the specified model shall be done using Econometric Views (EViews). The estimated model is evaluated using diagnostic and summary statistic, such as t-statistics, coefficient of multiple determinations (R2) adjusted R2, f-statistic, Durbin Watson (d) statistics etc. These set of statistics help us to ascertain the reliability and healthiness of the estimated model.

In an attempt to justify the earnings volume and share price volatility of the impact of Nigeria stock exchange, important maro-economic variables such as share price, earnings volume, dividends and price-earnings ratio will be considered in the model, also a multiple linear regression model shall be used, the

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model shows the relationship among the economic variables. The model is expressed as follows:

SP = f (EV, DPS, PER) (1)

Where, SP = Share Price
EV = Earnings Volume
DPS = Dividend Per Share
PER = Price-Earnings Ratio

In standard econometrics form the model is given as;

$$SP = \beta 0 + \beta 1EV + \beta 2DPS + \beta 3PER + \mu \quad (2)$$

Where, SP = Share Price
EV = Earnings Volume
DPS = Dividend Per Share
PER = Price-Earnings Ratio
β0 = Intercept
β1, β2, β3 = Partial Slope of the linear regression
μ = Stochastic error term

Estimation of Model
The result presented in this chapter are based on all test stated in the previous chapter. All results to be analysed in this chapter are obtained from Eviews 10.0 software statistical packages. The data used for the regression and the results as obtained from Eviews are contained in the appendices.

Table 4.3 General Regression Result
Dependent Variable: SP
Method: Least Squares
Date: 05/13/26 Time: 17:26
Sample: 1996 2025
Included observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.367696	2.166377	2.939330	0.0068
EV	0.024588	0.008199	2.998892	0.3271
DPS	7.407812	1.967834	3.764450	0.0009
PER	0.323396	0.134060	2.412325	0.1306
R-squared	0.905486			
Adjusted R-squared	0.894580			
F-statistic	83.03025	Durbin-Watson stat		1.905458

The estimated model has a positive intercept. The result shows that a unit increase in Earning Volume 'EV' on the average will result in a 0.008190 increase in Share Price rate holding other independent variables constant.

A unit increase in Dividend Per Share 'DPS' on the average will lead to a 7.407812 increase in Share Price rate holding other variables constant.

Also, a unit increase in Price Earnings Ratio 'PER' on the average will lead to a 0.323396 increase in Share Price rate holding other variables constant.

The coefficient of determination (R2) and the adjusted R2 also reveal that the explanatory variables are significant in explaining the dependent variable. The R2 of 0.905486 means that 91% of the total change in Share Price rate in Nigeria was accounted for by the explanatory variables of the models. The adjusted R2 of 0.894580 also shows the goodness of fit at 90%, indicating that the explanatory variables are good enough to explain Share Price in Nigeria.

T tab = 2.12
T cal = 2.998892, 3.764450 and 2.412325
Hence T cal > T tab for all parameters in the model.
F tab = 5.21
F cal = 83.03025
Hence F cal > F tab

Based on the hypothesis of the study, the result shows that Earnings Volume, Dividend per Share and Price Earnings Ratio are statistically significant, it follows that population have significant impact on Share Price in the Nigerian economy over the period investigated.

Discussion on Findings
Presently, share price volatility is gaining ground as one of the time series studies around the corporate earnings in finance. The forces of demand and supply have direct effect on the stock price while other industrial and economic factors influence the demand and supply factors. The effect (positive and negative) the other factors apart from the demand and supply leave on stock price are not static rather changes.

The study has contributed to existing literatures in confirming or raising new issues with respect to other factors influencing stock prices. Research have been carried out based on some factors that influence share price such as dividend, earning volume and price-earnings ratio using already developed stock markets that gave result statistically proving positive and significant relationship. Very few results are in line with the results obtained from this research work.

The reason for this difference can be attributed to the fact that earnings in the banking industry are very low and also fluctuate. This is as a result of the expense of huge exceptional item incurred. The expense of huge exceptional item was not prorated as a result of the banking policy to write off expense totally in the year in which it was incurred, thereby reducing its earnings volume drastically. Therefore, since dividend is also paid from earnings, the dividend per share would reduce drastically. The reduction in earnings also negatively affected market price per share and hence the price earnings ratio. Since the earnings volume, dividend and price earnings ratio are already low, their influence on share price cannot be much. Their contributions to share price volatility are minimal in the Nigerian stock exchange market compared to the western developed stock market.

According to Tafiyenyika and Sanderson (2009), there are other factors that influence share price. The other factors that may influence share price include;

- The strength of the management.
- Merits and demerits of mergers and takeover.
- The news of law suit against a company.
- Availability of substitute securities such as loan stocks, unit trusts and treasury bills in the market.
- Government policy such as changes in system of taxation, government policies and privatization.
- Macroeconomic fundamentals such as inflation and interest rates.
- Exchange rate.
- Perception of the investors towards shares.
- Share price manipulations by the insiders as a result of insider trading.
- Instability in economic and political system.
- Quality of information flow.

All factors attributable to the forces of demand and supply of share may cause variation in findings. Moreover, the Nigerian capital market is still an emerging capital market compared to the developed nations' capital market.

It should also be noted that the operations of the Nigerian Stock Exchange depends very largely on the degree of the freedom permitted by the exchange in dealings with pricing of securities, maintenance of strict discipline with regards to its professional standards and many other purposeful innovations The Nigerian Stock Exchange constitutes an indispensable functional intermediary in the Nigerian financial system. There is no doubt that it is capable of giving access to substantially more funds if the appropriate measures are taken to eliminate the identified problems of the exchange. It is pertinent to accept the fact that the NSE is an open system, which accordingly interacts with the environment. This appropriately finds reliance in the opinion of Alile and Aano (1986) that the extent to which the Nigerian Stock Exchange fulfils its expected roles depend on the particular circumstances of the exchange, its specific objectives and constitutional organizations.

VI. SUMMARY OF FINDINGS

Based on the objectives of this study, data analysis, and discussion of findings and fieldwork information, the following findings were summarized that:

(i) Earnings volume has a significant effect on share price volatility.
(ii) Dividends has a significant effect on share price volatility.
(iii) Price earnings ratio has a significant effect on share price volatility.

VII. CONCLUSION

This study was carried out with the broad objective of enlighten investors about the variables that influence share price volatility, which they need to know when considering a viable investment decision. Based on the finding of this study from the test of the 3 three hypothesis earlier determine in this study, the researcher has therefore come to the following conclusion outline in respect to each hypothesis

- Earnings volume has a significant effect on a share price volatility
- Dividend per share has a significant effect on share price volatility
- Price earning has a significant effect on share price volatility

Research have been carried out based on some factors that influence share price such as dividend, earning volume and price-earnings ratio using already developed stock markets that gave result statistically proving positive and significant relationship. Very few results are in line with the results obtained from this research work. The study however, conclude that dividends, earnings volume and price-earnings ratio has significant effect on share price volatility.

VIII. RECOMMENDATIONS

Efficiency in capital market terms implies optimal deployment of scarce capital funds among investors such that equivalent rate of return and equal access to fund are achieved for comparative investment opportunities and fund flow to risk-return outlets.
Recommendation essential in this study include;

- Banks should stop announcing their corporate earnings on a quarterly basis. Rather, they should adopt the method of announcing their corporate earnings on an annual basis. When companies issue earnings information frequently on a quarterly basis through the quarterly financial statements, trading volume increases in the short run which eventually declines after a while. Short term traders take advantage of the news of corporate earnings to invest and so share price increases. After the announcement of the corporate earnings, investment reduces (i.e. demand for shares) and also share price falls again thereby, leading to an increase in share price volatility. Therefore in order to reduce share price volatility, corporations should reduce the announcement of their corporate earnings to an annual basis.
- There should be an adoption of a stable dividend per share policy in order to reduce share price volatility. This entails companies paying a constant (fixed) dividend per share every year. If this is adopted, it would have an impact on reducing fluctuation in share price.
- The payment of stock dividend should also be adopted in order to reduce share price volatility. This is the issue of additional shares of stock-free payment to already existing shareholders as dividend. Companies that adopt the payment of stock dividend usually have a steady cashflow, stable profit outlook, and lower operational risk leading to a reduction in the fluctuation share price.
- Companies should strive towards meeting the Nigerian Stock Exchange Price-Earnings Ratio justifiable standard of 17.66 in order to minimize share price volatility. A higher price earnings ratio means that investors are paying more for each of net income with the expectation that the stock price will continue to produce healthy returns. So the stock price is more expensive, thereby increasing share price volatility. If this set standard is being worked towards, share price fluctuation would reduce.
- Stability of liquid assets should be maintained in order to increase earnings.
- Price earnings ratio should be reduced in order to minimize share price volatility.
- Huge expenses incurred with regards to exceptional items should be prorated rather than being written off totally in the year in which it was incurred so as to increase and stabilize earnings volumes.

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