CHAPTER 1

Introduction

1.1 Background of the Study

The financial markets are important part of every country's economy; stability in their performance is an indicator of better economic health of the country. The stock market has a significant role in financial markets; it plays a vital role in industrial growth of a country by providing an optimal channelization of funds between the users and suppliers of funds. The development and stable performance of the stock market attracts investments from both domestic and foreign investors and has a strong effect on the country's overall economic competitiveness (Levine and Zervos, 1998). Non-financial or manufacturing sector energizes the economy of any country. If there will be increase in economic growth then the quality of life will also be improved. Many studies stressed upon the fact that investment plays an important role in enhancing the economic growth. Financial sectors play a vital role in channelizing the resources from supplier of the resources (funds) to demander of the resources (funds). (Ali, M.I., Das, S., Roy, N., 2016)

In this modern era, investment in stocks has become one of the very attractive options for the local as well as the foreign investors. The investment in stocks carries attraction to the investors for the reasons that it is supported by the clear regulations; there is high level of security in this investment; finally due to the ease of access to stock markets. So due to all these mentioned reasons, stock investment is not only in demand by the high class investor but it has captured the attention of small investors like that of workers, students and even of the housewives as well. There are many motives that drive a business entity or a person for putting their funds in stocks such as utilization of idle money, expectation of receiving high rate of return, or acquisition of a company. Usually, investors attract more towards investing those stocks that belong to a blue chip group. Blue chip stock is a category in actual, and companies with blue chip stock have diligent dividends, strong foundations and huge market capitalization.

This stock group is mostly dominated by the utilities, banking, telecommunication and consumer goods (Sinaga, 2010).

Financial statements provide significant information to the financial analyst and investors about the performance of a firm in a specific time period. Basically, analysis of financial statements and its interpretation is a most important and fundamental requirement for the assessment of a firm's future performance. From the EMH (Efficient Market Hypothesis) viewpoint, share prices reflect all the information about the firm and it changes accordingly with the changes in corporation, like changes in its policies, its assets and vice versa. So, returns should be proportionate to the assumed risk which investor is willing to take on, in an efficient market. Thus some researchers of finance and accounting have found that, asset growth, and returns on assets are strong determinants and predictors of stock returns in future. Moreover, investors can take advantage with the power of such predictors or by analyzing these variables carefully for making a risk free profit (Georgios et al, 2017).

Fluctuation in stock prices occurs on daily basis and in every minute. Small fluctuation in stock prices is caused by the demand and supply changes of the stock, whereas large fluctuation in stock prices is usually caused by the new information regarding the firm or regarding the market. As demand and supply continuously seek equilibrium point thus cause such small fluctuations and fluctuation in stock prices due to new information confirms that entire firm specific information is fully integrated in the stock prices (Swaminathan and Lee, 2000). This theory that fluctuation in stock prices due to new information confirms that entire firm specific information is fully integrated in the stock prices is referred to as efficient market theory (Keane, 1983).

According to O'Neil, 2003 (who is a founder of Investor's Business Daily), when we look at the list of champions of stocks, a relationship between the stock and earnings is always seen. Initial and foremost information about earnings, leads the analysts of markets and investors towards finding out more about how much the return on investment will this organization produce and how efficiently this organization will utilizes its assets for generating earnings.

A major function of the capital markets is to efficiently valuing the investments. A lot of evidences have been found that there is a significant bias between asset investment & divestment

and market capitalization of the corporation. Findings of such relationship analysis suggested that when corporate expands its assets e.g. acquisitions etc. then tendency of abnormal low stock returns, and stock prices increases while as events of asset contraction occur e.g. spin off, share repurchases etc. then the tendency of abnormal higher stock returns increase. Moreover these evidences documented a negative relation between growth and stock returns. Total asset growth can be included in the list of those firm specific determinants that has great and strong influence on the stock returns (Cooper et al., 2008). Asset growth is referred to as change in the total assets. When asset growth is compared with the other determinants of stock returns/stock prices e.g. firm capitalization, and book to market ratio etc. then it has been found that annual asset growth of the firm is the significant predictor of the stock returns/stock prices and also found that it has a negative correlation with the stock returns/stock prices (Cooper et al., 2008 & Titman et al., 2004). Asset growth has established a significant place among the finance researchers and so it is being considered in this study too.

It is a widely acceptable fact that the main objective of all of the commercial firms, is to create wealth. Organizations do not have similar policies for the wealth distribution rather it vary from one organization to the other. If an organization fails to create wealth then it becomes difficult for them to raise fund for supporting their activities. Thus value creation is not only important for the investors but for the ones who manage the organization as well. For those firms who are not publically listed, do not have readily available share prices (Pirie and Smith, 2008). It is necessary to understand vibrant relationship among stock market and investment behavior for both the policy makers and investors as well. So it is said that stock market behavior reflects the investor's behavior (Laopodis, 2008).

Financial ratios are considered to be very practical and traditional planning tool. These financial ratios e.g. return on assets etc. are used for making economic decisions such as performance evaluating and investment decisions. Financial ratios are considered as a significant indicator of share price movement (Kabajeh, 2012). Profitability ratios measure the ability of companies to generate profit and it is difficult for a company to survive without profit. Return on asset is a profitability ratio that depicts the ability of a company to generate profit from its assets (Purnamawati, 2016). That is why in this study one of the key ratios "ROA" has been taken to explore its effect in explaining the share prices.

Actually shares are securities and thus they are considered as the proofs of ownership of institutions or individuals issued by company. Stock price is value in country's specified currency. If an investor invests in shares of a company then it should pay attention towards those factors which can affect the prices of its shares as those shares which can provide high return there would also be high risk associated with it. If there would be good financial conditions of a company, then the market will give positive response to it with appreciation of the stock price of the company (Apriada, 2013). When a company issues a share to an investor, it allocates it a monetary value which is called share price. The market value of the shares is determined by the supply and demand conditions of the other relevant share in a stock market (Anoraga and Pakarti, 2003). In this study average of high and low share prices have been taken of the listed companies.

Growth of an economy is highly depends on the continual growth and progress of the money markets and capital markets especially of money market because money market provides funds to the firms for short term and thus supports day to day activities. Those investors, who want to gain profits, try to get maximum return on assets. This has made a great proportion of financial researches oriented towards predicting the stock prices in various stock markets. One of the very important insights about information which is relevant to a firm and investor as well is the basic financial statement of the company e.g. balance sheet, income statements and retained earnings statements (Ala, 2005).

While selecting stocks for the investments, investors usually expects to get a refund in the form of increment in the value of the share and dividends and obviously this is possible when there will be great values of the company and via enhanced income. It is quite difficult to estimate the value of the shares in the short term, due to the general nature of the stock market. While in long term, the stock price' value moves in line along with the performance of the company. The reason is that, financial investments can assess the company's recent performance but the perception of the company's performance can be developed in the future/long term. If a company will show great performance each year then investors will be attracted towards investing in this company and thus this will cause the stock prices to go high. Stock prices are highly influenced by the demand and supply law because when demand of stocks increases, the stock prices also increases and vice versa (Purnamasari, 2015).

There are three stock exchanges that are operating in Pakistan and which are Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange (Economic Survey of Pakistan 2008-09). The Karachi Stock Exchange is the largest stock exchange of Pakistan and also one of the oldest stock exchanges in the South Asia by its market capitalization, with many of the Pakistani consortium as well as overseas enterprises, listings was formed in 1947. Considering its performance the business week and USE today acknowledged the KSE as the best functioning Stock Market of the World. Its performance can be gauged by this fact that on 27th May, 2013, 584 companies were listed in KSE and the market capitalization was estimated Rs. 4836.362 billion (Hunjra & Chani et al, 2014). Stock Exchange faced a major recession in 2008. Pakistan Stock Market is highly volatile and the reason is that, Pakistan Stock Exchange is highly reactive and sensitive to unexpected news and shocks and within no time it affects the activities of the market. But stock market of Pakistan recovers soon after shocks (Ghufran & Khakwani et al, 2016). On 11 January 2016, Pakistan Stock Exchange has been established with the merger of individual stock exchanges of Karachi, Islamabad and Lahore (Wikpedia).

From the Modigilani and Miller theory, a firm's share prices are irrespective to the firm's dividend policy and share prices based upon the earnings of the firms. According to the John & William study, the statement of MM that, "share prices of firm are irrelevant to the dividend policy of the firm and the share prices are based upon the firm's earnings" will prove to be true if the market is efficient and managers of the firm will pass whole information, including both negative and positive information, to the stakeholders of the firm. While this is not happens in actual and mangers only disclose the positive information and keep the negative information confidential until any regulation forces them to do so (Ramzan & Naveed, 2013).

Different researchers have different views about the relationship of these variables e.g. Shiller and Porter considered that stock prices which were uneven too much of the extent to be consistent with arrangements in future dividends, under the assumptions of the stock prices. In the study of the Conroy et al. it has been found that announcement of the dividend is not the factor which can explain behavior of the market towards its announcements. While Nishat & Irfan concluded that dividend yield and the dividend payout ratio have a significant impact on the share prices (Khan, 2014).

Gordon exposed in its study that, share prices influenced by the dividend payments. It is found by him that, a firm who pays high dividend amounts faces less risk w.r.t. its share prices. Jenson found that there will be increase in cash flow and decrease in cost of funds with dividend payments and the reason is that when cash dividend is paid to the shareholders then there will be less unused funds firms have and managers will not invest this less unused funds to those projects who have less or negative present value (Ramzan & Naveed, 2013).

Dividend policy always remained a widely researched topic in the field of finance. Dividend policy is not only important for the investor but also for the lenders, managers and other stakeholders. It carries its significance for the investors as dividend is a source of their income along with a source of assessing a company from the investment viewpoint. Investors assess that either the company where he is going to invest is cash generative, or not. It is also important for the company to select an appropriate dividend policy for its company for investing in their future projects as when companies pay more dividend then they have less amount remains for investing in the upcoming projects. Lenders show their interest in dividend amount declared by companies for the reason that when much amount is given in form of dividends, then, fewer amount will be available for fulfilling the obligations or claims (Kanwal, 2012).

Dividend is the shareholder's profit in actual and it is presented in form of business's profit distribution to its owners and thus dividends are significant for investors (Khan et al., 2011). Dividend is considered as a source of income for investors and it measures the performance of the company for the investors as well. Dividend yields indicate that how much a company is paying in form of dividend to its shareholders relative to the share prices in each respective year. Dividend is paid in form of stocks, cash and other assets. It is found that Pakistani firms do not payout as much dividend as they ought to be for the reason that 'cost of funds' is so high in Pakistani markets. That is why managers usually rely on internal financing and for doing so Pakistani firms reinvest their earnings and offer capital gains to investors. So in Pakistan there are only 35% of the firms who pay dividends but not on regular basis (Cheema et al., 2003).

Lot of work has been done on this topic, but almost all the researchers have taken just dividend policy as an independent variable to find how it affects the share prices, but the study

on relationship of different variables such as size, asset growth, and return on asset is not so much taken into consideration. So, this study aims to find out the relationship among the size, asset growth, dividend yield, return on asset and share prices. This paper aims to find out the impact of the mentioned variables on the whole non-financial firms of Pakistan by including sector wise analysis of the nonfinancial firms. In previous studies much of work has been done on the banking sector of the Pakistan and the non-financial firms of the Pakistan were not analyzed with this combination of variables while these variables are the firm's specific variables.

1.2 Objective of the Study:

The purpose of this research is

- To analyze the impact of size, return on asset, asset growth and dividend yield, on share price in the non-financial firms of the Pakistan on the basis of past behavior of all the variables with each other.

1.3 Problem statement:

In this modern era, investment in stocks has become one of the very attractive options for the local as well as the foreign investors. The investment in stocks carries attraction to the investors for the reasons that it is supported by the clear regulations; there is high level of security in this investment; finally due to the ease of access to stock markets. So due to all these mentioned reasons, stock investment is not only in demand by the high class investor but it has captured the attention of small investors like that of workers, students and even of the housewives as well. There are many motives that drive a business entity or a person for putting their funds in stocks such as utilization of idle money, expectation of receiving high rate of return, or acquisition of a company (Sinaga, 2010). These motives create need to assess the reasons of stock price movements.

Financial statements provide significant information to the financial analyst and investors about the performance of a firm in a specific time period. Basically, analysis of financial statements and its interpretation is a most important and fundamental requirement for the assessment of a firm's future performance. From the EMH (Efficient Market Hypothesis)

viewpoint, share prices reflect all the information about the firm and it changes accordingly with the changes in corporation, like changes in its policies, its assets and vice versa. So, returns should be proportionate to the assumed risk which investor is willing to take on, in an efficient market. Thus some researchers of finance and accounting have found that, asset growth, and returns on assets are strong determinants and predictors of stock returns in future. Moreover, investors can take advantage with the power of such predictors or by analyzing these variables carefully for making a risk free profit (Georgios et al, 2017).

Fluctuation in stock prices occurs on daily basis and in every minute. Small fluctuation in stock prices is caused by the demand and supply changes of the stock, whereas large fluctuation in stock prices is usually caused by the new information regarding the firm or regarding the market. As demand and supply continuously seek equilibrium point thus cause such small fluctuations and fluctuation in stock prices due to new information confirms that entire firm specific information is fully integrated in the stock prices (Swaminathan and Lee, 2000). This theory that fluctuation in stock prices due to new information confirms that entire firm specific information is fully integrated in the stock prices is referred to as efficient market theory (Keane, 1983). To identify key determinants of stock price movements in all non-financial firms the study has been conducted. In previous studies, the firm specific variables (size, dividend yield, return on asset, and asset growth) have contributed well in explaining share price movement in banking sector of Pakistan. So, this study is being conducted to examine which variable has more contribution in explaining share price movement in all non-financial firms listed on Pakistan Stock Exchange.

1.4 Significance of Study:

After having a lot of studies and researches, there is still a gap about the relationship of determinants with share price. The results of this study will help the investors while making the investment decision to which security they should invest or not in the non-financial firms of Pakistan. The present study will also tell the investors which determinants more affect the stock prices of non-financial firms of Pakistan and due to this the procedure of analyzing the securities will become easier.

1.5 Research Gap:

Iqbal and Raza et al., (2016), conducted a study with the purpose to investigate the impact of numerous measures of leverage on the share prices of the firms listed from Pakistan Stock Exchange in the Cement Sector. Sajid and Hassan *et al.*, (2014) have conducted a research to find the relationship between political events and stock market returns in Pakistani stock markets. The impact of dividend policy on the stock prices was examined by the Sharif and Ali et al., (2015) where only those nonfinancial firms were taken who paid dividend and earned profits throughout the time span of 12 years from 2001-2012. Kanwal, (2012) has conducted a study to see the impact of dividend announcements on the stock prices in the pharmaceutical and chemical sector of Pakistan by taking the sample of 19 nonfinancial firms listed from Karachi Stock Exchange from the period 2001-2010. In addition to previous studies the contribution of present study is to analyze the determinants of share prices by considering non-financial firms of Pakistan for the tenure of 9 years from 2008 to 2016. Further, this study includes collective as well as sector wise analysis of the nonfinancial firms.

CHAPTER 2

Literature Review

2.1 Overview

This chapter discusses the studies done in past and that provided the strong base for this study. Hypotheses are also developed in this chapter on the basis of previous studies.

2.2 Efficient Market Hypothesis

Efficient market hypothesis depicts the behavior of stocks or sensitivity of stocks w.r.t the information, internal and external. An efficient market is an ideal market where there is information symmetry and stock prices reflect all the new and old information. In such market, all investors have same level of information. While in inefficient market, there is information asymmetry and stock prices do not depict all new and old information. In such market all the investors have different level of information. (Fama, 1970)

(Fama, 1965) states that, efficient market was first introduced in the securities markets. The definition of efficient market was a market where there are large numbers of rational, profit-maximizers actively competing, with each trying to predict future market values of individual securities, and where important current information is almost freely available to all participants. Besides, Fama pointed out the efficiency indicated that in an efficient market, on the average, competition will cause the full effects of the information on intrinsic values to be reflected "instantaneously" in actual prices.

Substantial researches on the determinant of stock prices have been done in a literature relevant to the "economics and finance." In these literatures of finance the major attention has been delivered to understand the determinants of the stock market or to understand the factors which are major in influencing the stock prices.

2.3 Review of Empirical Studies

Al-Malkawi, (2018), studied the impact of the fundamentals of company on the stock prices in the Middle East & North Africa region. Sample size of the data was 277 firms enlisted on Middle East & North Africa region. Data was collected for the tenure of 16 years from 2000 to 2015. Results of the study showed that return on equity, earnings per share, dividend per share, book value per share, and firm size has positive significant relation with the share prices while, dividend yield has negative relationship with the share prices. Author concluded that the results of the study will help the investors in making rational decisions.

Nutiyal, (2018), analyzed the effect of organizational variables on the stock market performance of the firm. For sake of identifying the impact of the companies' financial variables on the NIFTY 50 index, author took the sample of those 30 companies that were trading actively in the stock market. The sample size was taken for 20 years from 1995 to 2014. After analyzing the data it has been found that there is not existence of any significant relationship between share prices and increase in debt in the firm's capital structure. Moreover, this study also revealed that no relationship found between share prices and earnings per share. A positive relationship found between Economic value added (EVA) and stock prices during current and previous year but dividend per share (D.P.S) and dividend payout (DP) showed a significant and a moderate negative relationship with stock prices. This study concluded that the performance of the fundamental ratios of the firms is essential and assists the analysts and investors for the assessment of the stocks of numerous industries.

Avdalovic and Milenkovic, (2017), conducted a study with the purpose to identify the major determinant of stock price in the Belgrade Stock Exchange. The data was collected for the 5 years' time period from 2010 to 2014 and the sample included 42 companies of the Belgrade Stock Exchange. The paper aimed to see the impact of firm specific variables e.g. return on equity, book value, price to book ratio, earnings per share, size, return on assets and leverage on

the stock prices of the firms' of the BelexLine Index. After applying the regression analysis, results revealed that independent variables e.g. return on assets, earnings per share, size, price to book ratio, book value, and leverage have a significant impact on the dependent variable stock price.

Atchyuthan. N, (2017), arranged a study to investigate the determinants of Share Prices of 25 manufacturing companies enlisted in Colombo Stock Exchange. Data was collected for the tenure of five years from 2012 to 2016. Data was analyzed using the regression analysis. Findings of the study revealed that there was positive and significant impact of dividend per share and earnings per share on the share prices, while return on asset had positive but insignificant impact on the share prices. Further, study found negative and insignificant impact of return on equity on the share prices. Findings of the study concluded that only dividend per share and earnings per share are strong determinants of share prices so investors should view the dividend per share and earnings per share of companies before making any investing decision.

Saeed et al., (2017), has analyzed the impact of sales revenue growth, asset growth and fixed asset growth on the stock returns. The key objective of this study was to investigate that either growth of the firm has any impact on the stock returns in the Stock Exchange of the Egypt. They took the sample of 77 firms containing non-financial firms of the Stock Exchange of the Egypt and the sample was taken for the period of 2010 to 2014. All the required data was gathered from the financial statements of the firms and stock returns are calculated by "dividing the appreciation in stock prices with the actual stock prices in each period". After applying analysis it had been found that there was no relation between stock returns and total asset growth, there was positive relation between stock returns and sales growth, and finally there was negative relationship between stock returns and the fixed asset growth.

Setiadharma and Machali, (2017), conducted a study with the purpose to analyze the direct and indirect impact of firm size and asset structure on the firm value. The sample for this research was 34 real estate and property firms registered from the Stock Exchange of Indonesia, taken for the period of five years, from 2010 to 2014. The results revealed that, 1) there was not found any indirect impact of asset structure on the firm value, 2) there was not found any direct impact on the firm value, 3) there was not found any direct impact of the firm size on firm value,

finally, 4) there was not found any indirect impact of firm size on the firm value with the capital structure which was used as an mediator variable. Thus this study concluded that capital structure as a mediating variable cannot explain the relationship among the firm size and asset structure on the firm value. Authors further explained the reason of why there was no existence of any relationship between capital structure and firm size on the firm value. Setiadharma and Machali found the reason behind no presence of any effect of capital structure and firm size on the firm value. They found that Indonesian investors do not consider any accounting information, and do not take firm size and capital structure as a base before making any investment decision.

Nwamaka and Ezeabasili, (2017), conducted a study to examine the effects of dividend policy on the firm value. Data was collected for the tenure of twenty years from 1995 to 2015 from the quoted 10 companies. Results of multiple regression analysis indicated that dividend policy affects the firm value significantly and positively. Those firms, who are having big assets and having loans as their source of financing, do not share their firm's profit with their stockholders and firms do so for sake of retaining their profit to them as capital (this is related to their firm's dividend policy). Those firms, which do not share their profit in form of dividend, rather they retain their profit to them, affect the firm value and the firm's share prices consequently. So the dividend policy of the firm is a great factor which influences the firm's value/firm's share prices.

Memon et al., (2017), conducted a study with the intention to examine the impact of dividend policy on the market price of the stocks of the selected nonfinancial sector of Pakistan. The data was collected during the period of 2006-2015, from 67 nonfinancial companies listed from Karachi Stock Exchange (PSX). Panel data was analyzed using Fixed Effect Regression Model. Results revealed that there was a positive and significant impact of dividend payout on the firm's stock price while there is a negative and significant impact of dividend yield on the stock prices. Further results explained that there was positive and significant impact of asset growth, sales growth, size, and earnings growth on the stock prices whereas leverage, profit after tax, and liquidity have a positive and insignificant impact on the share prices. Thus research indicated that dividend policy has a significant impact on the market share prices.

Avdalović et al., (2017), conducted a study for analyzing the effect of earnings per share, book value, return on equity, and return on asset, price earnings ratio and leverage on the stock market prices of the firms. The data was analyzed by applying regression analysis. After analyzing the data it has been found that independent variables (e.g. size, price to earnings ratio, return on asset, leverage and earnings per share) has strong and significant influence on the dependent variable , 'stock price'.

Gautam, (2017), conducted a study to investigate the influence of the firm specific variables on the stock price volatility and the stock return of the commercial banks of Nepal. Basic objective of this study was to investigate the influence of the firm specific variables on the stock price volatility and stock returns of the commercial banks of Nepal during the time period of 2008 to 2016. The research design of this study was causal comparative research design. The study investigated that how the firm specific variables (in the context of commercial banks) such as asset growth, dividend yield, leverage ratio, book to market ration and market capitalization affect the stock return and stock price volatility. After analyzing the data, the results of the study showed that there exists a positive relationship among market capitalization, dividend yield, and leverage and dividend payout with the stock return. This result indicated that if the leverage, dividend yield, market capitalization, and dividend payout will be increased the stock return will also be increased. Further, the results of the study revealed a negative relationship among asset growth, earnings price ratio, and book to market ratio with the stock return. Thus these results indicated that with the increase of asset growth, earnings price ratio, and book to market ratio the stock return will be decreased. Likewise results showed that dividend yield, dividend payout, and leverage, have positive relationship with the stock price volatility and this mean that as the dividend yield, dividend payout, and leverage will increase the stock price volatility will also be increased. Further, the results indicated a negative relationship between book to market ratio, earnings price ratio, asset growth, market capitalization and stock price volatility and it shows that as the book to market ratio, earnings price ratio, asset growth, market capitalization will increase, stock price volatility will decrease.

Aveh and Vitor, (2017), conducted a study with the intention to examine the impact of firm specific variables on the stock prices, of the firms listed from Ghana Stock Exchange. The data was taken for the six years period from 2008 to 2014. This study applied panel regression

analysis for analyzing the data taken from listed firms of Ghana Stock Exchange. Analysis revealed that accounting information and especially return on equity, market capitalization, earnings per share and book value are significantly associated with the stock prices. It is also found in the study that there is negative significant relation between dividend yield and stock prices.

Velankar et al., (2017), arranged a study with the purpose to examine the influence of firm specific factors dividend per share (DPS) and earnings per share (EPS) on the stock prices. This study took the sample of 9 years period from 2006 to 2015. The data was taken from the 12 selected banks of public sector of India. The study design was cause and effect relationship. The data was analyzed by applying regression model utilizing the EViews7 software. Time series data was taken for avoiding any miscellaneous results. Further, Augmented Dickey fuller test was utilized, for the unit root testing. Results of the study revealed that there was a strong and significant influence of earnings per share (EPS) and dividend per share (DPS) on the stock prices.

Kararali, (2017), conducted a study to investigate the effect of asset growth on the stock returns of the firms of United States that appeared in the Greek Stock Market. The sample was taken for the time period of 21 years from 1998, to 2008. The data was analyzed by using the cross sectional regressions and portfolio level tests. The results indicated that, asset growth was negatively and significantly related to the stock returns of the US firms of Greek stock market. This relation remained strong in the study even after controlling the other strong determinants e.g. book to market ratio and market capitalization. Saldanli et al., (2017), arranged a study to identify the determinants of stock prices in the banking sector of Turkey. Data was collected from 10 deposit banks for the tenure of ten years from 2007 to 2016. Panel causality test was applied on the data. According to results, industrial production index was not a significant determinant of stock prices.

John Kraft and Arthur Kraft, (2016), have conducted a research in which they have investigated the relationship between stock prices and corporate interest rate, measure of risk, money supply and change in money supply. They applied regression analysis on the variables. In the result they found that no causal relationship existed among the stock prices, money supply,

change in money supply and interest rate. Ali, M.I *et al,* (2016) in their study, examined the relationship between return, leverage effect and stock market volatility for the automobile sector of India for fiscal year 2005-2006 to 2013-2014. Their study also examines the impact of volatility and size of firm on the returns. This study exhibited that all the automobile firms include consistent returns in daily returns.

Purnamawati, (2016), arranged a study with the intention to determine: (i) the collective impact of profitability and capital structure on the stock price; (ii) the impact of profitability on the stock prices; (iii) the effect of capital structure on the stock prices; (iv) the effect of capital structure on the profitability. A quantitative and causal study was utilized in this research. Author took the sample for the time span of 4 years from 2010 to 2013. The data was taken from the annual financial reports. Purposive sampling technique was used in this study. Data was analyzed using path analysis technique where this technique is used to determine the magnitude of impact of the selected independent variables on the dependent variables. Secondary data was acquired via a website www.idx.com. After analyzing the data, the results revealed that: (i) the profitability and the capital structure have 4.4% impact on the share prices; (ii) the profitability of the firms has positive and 16.5% impact on the stock prices (iii) the capital structure of the firms has also positive and 12.4% impact on the stock prices (iv) the firms' capital structure have positive and 11% impact on the stock prices.

Enow and Brijlal, (2016), arranged a study with the purpose to investigate the determinants of share prices. Data was collected from the 14 companies listed from Johannesburg Stock Exchange. The data was taken for the time span of 5 years from 2009 to 2013. Multiple regression analysis was used to analyze the data. After applying analysis, the results exposed that dependent variables earnings per share (EPS), price to earnings ratio, and dividend per share (DPS) have 57.8% of impact on the share prices. Results also disclosed that, price to earnings ratio and earnings per share are (EPS) positively and significantly related with share prices while dividend per share (DPS) is not. The findings of the study concluded that shareholder wealth can be maximized by increasing the earnings per share, price to earnings ratio, and dividend per share.

Iqbal and Raza et al., (2016), conducted a study with the purpose to investigate the impact of numerous measures of leverage on the share prices of the firms listed from Pakistan Stock Exchange in the Cement Sector. The data was collected for the time span of 11 years from 2005 to 2015. Panel data was analyzed by applying random effect, and fixed effect. In this study, "share price" was taken as dependent variable and size, degree of financial leverage and debt ratio was taken as independent variables. Results disclosed that, degree of financial leverage and debt ratio was negative related with the share prices whereas, size had a positive and very significant relationship with the dependent variable "share price". Results also revealed that debt-to-equity ratio had quite insignificant impact on the share prices.

Tamuntuan , (2015), arranged a study to examine the impact of financial ratios such as return on assets, return on equity, and earnings per share on the share prices of foods &beverage firms enlisted on the Indonesian Stock Exchange. Data was collected from 12 companies and for the tenure of five years 2010-2014. Purposive sampling method was adopted in this study. Results of the study indicated that only earnings per share has significant impact on the share prices but return on equity and return on assets have insignificant impact on the share prices. Also studies showed a positive relationship between return on assets, earnings per share, and share prices while a negative relationship between return on equity and share prices.

Sharif, Purohit and Pillai, (2015), investigated in their study the determinants of stock prices and for this they took sample of 41 companies which were listed on the Bahrain Stock Exchange. The empirical findings revealed that there is a significant, and positive relationship as well between book value per stock, return on equity, number of stock outstanding, ratio dividend paid and, stock price while the earnings per stock and market capitalization, suggested that these factors acted as active and strong determinants of the stock prices. But interestingly, a negative and significant relationship was found between the stock prices and dividend yield. This suggested that dividend decisions are made for sake of attracting the different clients. Results have been found to be consistent with the previous studies. Thus, there is a group, which expects regular and short term return, would show a positive relationship with the market price of share whereas there is another group too which is unaffected by the dividends and considers the dividends to be irrelevant would express an inverse relationship with the market price of shares. Another factor which is leverage, showed an insignificant and inverse relationship with the

market share price. The reason behind this can be that, investors show an overall aversion behavior towards those companies which are heavily indebted and at the same time they do not consider the presence of debt in the firms' capital structure as determinant of market price of share.

Wang et al., (2015), analyzed the relation between cross sectional stock returns and asset growth of Chinese stock market. The data of Chinese stock market was used to discuss that whether there is investment effect or not and which are the factors that lead to its; either behavioral factors or risk factors. The analysis showed that investment has significant and strong impact on the Chinese stock market. They also found that as the investment of a firm increased, its cross section stock returns went down. Then they concluded that, behavioral finance proved to be the best one in explaining the effect of investment on the stock returns as compare to the risk factors. They explained the behavioral basis as, when investors are having restricted cognitive processing, and they encounter with complex environment and complex information, they become unable to make good decision about investment and thus their behavior took towards systematic asset mispricing. In this way the overreaction of the investors towards positive information leads towards lower returns. Thus they concluded the negative relationship between investment and stock market return.

The impact of dividend policy on the stock prices was examined by the Sharif and Ali et al., (2015). The purpose of this study was to determine that either there exist any relationship between share prices and dividend policy. Data was taken from the firms listed on KSE-100 index. In this study, only those nonfinancial firms were taken who paid dividend and earned profits throughout the time span of 12 years from 2001-2012. In this study, convenience sampling technique was used. Due to having panel data, random effect, pooled regression and fixed effect regression analysis was applied to determine the relationship between the dependent and independent variables. Results of the regression analysis exposed that there was an insignificant relationship among independent variables retention ratio, dividend per share and dependent variable stock market prices. Results also indicated that there was positive and significant relationship between stock market prices and dividend payout ratio which is supported by one of dividend relevance theory which is 'Bird in hand theory' which says that investors give more preference to the dividends over the capital gain. In this study, earnings per

share, return on equity, and profit after tax were taken as the control variables. Further the results indicated that earnings per share had significant and positive while profit after tax found to be insignificantly associated with the stock prices. Finally results disclosed that there was significant and negative relationship among stock prices and return on equity. This study also recommended that firms should pay dividend on regular basis so that they may able to increase stock price and thus they may able to satisfy their shareholders because retention of profit decreases the stock prices.

Abdul-Rauf, (2015), arranged a study to determine those factors which have a very strong influence on the stock prices. The data was taken from the banks listed on Colombo Stock Exchange during the tenure of 11 years from 2005 to 2014. This study included correlational, descriptive and multiple regression model to analyze the data to see the combined effect of the variables a well as individual impact of the independent variables, on dependent variable. Results revealed that, there existed a positive correlation between earnings per share, price to earnings ratio, dividend per share, book value per share and share prices. Further, results revealed an inverse relation between firm size and stock prices. Finally, the results revealed an insignificant relationship between dividend payout and stock prices.

Adebisi and Lawal, (2015), conducted a survey to examine the strong microeconomic determinants of share prices. They identified that size, dividend payout, dividend per share, book value per share, and earnings per share are the strong determinants of the stock prices. Challa & Chalam, (2015) conducted a study to examine the influence of dividend per share, firm size, earnings per share, book value, dividend yield, price earnings ratio, dividend payout ratio, and return on net worth, on the stock prices in the steel companies of the India, listed from Bombay Stock Exchange (BSE). To analyze the data, multiple regression analysis was employed on the data. Results indicated that, return on net worth, and book value has positive and significant impact on the share prices. While the results showed negative and significant association of dividend yield with the share prices.

Idawati and Wahyudi, (2015), arranged a study to investigate the impact and relation of return on asset (ROA) and earnings per share (EPS) on the share prices. Panel data technique was used in this study. Also opportunity sampling is used by making comparison between the

regression models such as Random effect, ordinary least square (common effect), and fixed effect. From comparing all three regression models, fixed effect model found to be the best model. Results of the study showed that return on asset (ROA) and earnings per share (EPS) were positively and significantly related to stock prices and both variables had strong impact on the stock prices. Abdullah et al., (2015), conducted a study to analyze the impact of leverage and firm size on the stock returns in the manufacturing sector of the Bangladesh. Results indicate that size and leverage were positively and significantly related to stock return.

Sulaiman and Migiro, (2015), arranged a study to examine the impact of dividend decisions on the stock prices of the Nigerian firms. This study included 9 sectors and 15 companies from the economy of the Nigeria. Data was collected for the tenure of 10 years from 2003 to 2012 and panel data technique was applied in this study. Results showed that, there exist a relationship between dividend decisions and changes in the stock prices of the firms. According to the results, firm size builds an insignificantly and negative relationship with the stock prices of the firms. According to the author, size is not a factor that can explain the stock price effect properly. The study also revealed a positive and significant relationship of dividend payout and stock prices and supported the hypothesis of dividend relevance while suggesting that firms can enhance stock prices by increasing the dividend payout.

Abdul-Rauf, (2015), arranged a study for identifying the determinants of stock prices. Data was collected from the banking sector of Sri Lanka. Sample was taken for the tenure of nine years from 2005 to 2014. The study includes linear regression model to analyze the data and to see the impact of the variable on the dependent variables. Results of the study revealed that there exists a positive relationship between firm size, earnings per share, price to earnings ratio, dividend per share, book value per share and stock market price. Results also revealed that dividend per share (DPS) and dividend payout has an insignificant relationship with the stock prices.

Gregoriou and Gupta, (2015), arranged a study with the purpose to examine the determinants of stock prices in the telecommunication sector. In this study firms of both developed and undeveloped countries were taken from throughout the world. Panel data technique was applied on the data collected from 45 companies, and 160 countries. Moreover,

data was collected for the tenure of 12 years from 2000 to 2011. Financial and nonfinancial factors of the companies were analyzed to measure the most significant determinant of the stock prices in the telecommunication sector. Results of the study indicated that debt level, dividends and book value significantly influenced the stock prices. Total number of mobile internet subscribers and earnings did not contribute in explaining the stock price variations in the telecommunication sector.

Islam, (2015), conducted a study to investigate the impact of the retained earnings, and dividends on the stock prices. Data was collected from 29 banks, listed from the Chittagong Stock Exchange and in post-crash period. Secondary sources were used to arrange and collect the cross sectional data. Data was analyzed using linear multiple regression model. Results of the study revealed that retained earnings and dividends had strong impact but with moderate level of explanatory power on the stock prices of the banks. According to the author, plays an important role in the overall development of the economies by acting as an intermediary between manufactures and savers by raising the funds, from investors, to the firms. While the procedure of transferring funds from supplier of the funds to demanders of the funds was broken down due to crashing stock market from 2010 to 2011. Thus, by studying the reasons behind the crisis of 2010-2011, the study suggested some suggestions that are: (1) to regulate dividend policies; (2) to govern the price manipulation properly; (3) to employ the technical experts (by ensuring appropriate settlement for the transactions) (4) ensure adequate knowledge among the investors (5) finally, to prevent stock market crisis against the assumptions or speculation.

Purnamasari, (2015), arranged a study to examine the influence of return on assets, economic value added, and return on equity on the firms' stock prices and then its influence on the earnings per share (EPS). After analyzing the data, results of the study revealed that there was a positive relationship between return on equity, economic value added, return on assets and stock prices which showed that with the increase in return on equity, economic value added, and return on assets, stock prices will also be increased.

Geetha and Swaaminathan, (2015), conducted a study to investigate the impact of earnings per share, price to earnings ratio, and book value on the stock prices of the selected 4 IT industries and automobile industries listed from Bombay stock exchange for the tenure of 5

years. The purpose of conducting this study was to examine the factors which influence the movement of stock prices either in upward or in downward direction. The results of the study indicated that no relationship existed between dividend per share, neither positive nor negative. Further, study revealed that earnings per share had significant positive impact on the share prices.

Sajid and Hassan *et al.*, (2014) have conducted a research to find the relationship between political events and stock market returns in Pakistani stock markets. They used mean adjusted return model in their methodology to check the relationship among uncertain political events of Pakistan and their impact on the stock market return. The results of this research indicated that the political event have an important impact on the stock market (Karachi Stock Exchange) returns. Anita & Pavitra, (2014) have conducted research to investigate the relationship among earning share price, book value per share, dividend yield and share price of the Tata Motors Ltd. They have applied correlation and regression analysis to see the relations and found that share price has positive correlation with all variables except the dividend yield.

Nyberg and Pöyry (2014) collected data from the American Stock Exchange, NASDAQ firms and New York Stock Exchange for the periods of 42 years from 1964 to 2006. They took some market indicators e.g. book to market ratio, return volatility, asset growth and market value of the equity. Stocks were divided in to 10 different groups according to their asset growth rates in past. Findings revealed that there was large momentum in stocks of those firms which had contracted or expanded their assets. Also it was observed that, high momentum in stock prices was seen for the firms where there were highly expanded assets while low momentum was seen for the firms who had low expanded or contracted assets but it is observed that in low expanded firms group, momentum was still significant.

Mahmood and Waheed, (2014), have conducted a study to investigate the influence of price earnings ratio, total assets, and dividend yield (DY) on the stock prices of the firm. In this study, they took the sample of 111 nonfinancial firms of Pakistan listed from Karachi Stock Exchange (KSE) for the period of 12 years from 1998 to 2009. Data was examined by using panel data methodology to determine the relationship between mentioned independent variables and the stock prices of the firm. Fixed Effect Model was used to explain the relationship. Results

depicted a positive and significant impact of size and price earnings ratio on the stock prices while dividend yield has negative and significant impact on the stock prices of the firm. Findings suggest that investors can view the size and price earnings ratio of the firms before investing in a firm to earn a healthy return on investment.

Arslan and Zaman, (2014), conducted a study to examine the influence of price earnings ratio and dividend yield on the stock prices of the selected 111nonfinancial firms listed from Karachi Stock Exchange (KSE). Data was gathered throughout the tenure of 12 years from 1998 to 2009. To examine the relationship between mentioned variables, fixed effect regression model was used. Results of the study showed that price earnings ratio, and size had significant and positive influence on the stock prices. This study also revealed that there was negative and significant impact of the dividend yield (DY) on the stock prices.

Lashgari and Ahmadi, (2014), conducted a study to investigate the influence of dividend policy on the stock price volatility of 470 companies listed from Tehran Stock Exchange. Multi variable regression model was applied to analyze the data. The results indicated that payout ratio had negative and significant impact on the stock price volatility while asset growth (AG) had positive and significant impact on the stock price volatility. Further, results revealed that company size, leverage and earnings volatility had an insignificant impact on the stock price volatility.

Almumani, (2014), conducted a study to investigate the determinants of the share prices. The purpose of this study was to examine the impact of dividend per share, dividend payout, earnings per share, price earnings ratio, book value and size on the share price of the listed banks from Amman Stock Exchange. Data was taken for the tenure of 6 years from 2005 to 2011. Variables were measure by using multiple regression analysis and correlation matrix. Results of the study revealed a positive relationship of independent variables with the dependent variables. In addition to this, results also indicated that earnings per share, price to earnings ratio, size and book value had significant relationship with the share prices while dividend payout, and dividend per share had no significant relationship with the share prices.

Islam and Adnan et al., (2014), conducted a study to examine the impact of earnings per share on the share price and then it impact on the value of the firm. Results of the study showed

that earnings per share have positive relationship with the share prices. According to results, share prices will be increased with the increase in earnings per share but not so much. Author argued that, earnings per share is not the only determinant of share prices rather there exist many other determinants that are having strong influence on the share prices such as, firms' microeconomic factors, macroeconomic factors, role of director, and many other factors. According to author, an investor must carefully analyze the above mentioned factors including 'earnings per share' before investing in a firm.

Garba, (2014), conducted a study to investigate the effect of dividend per share (DPS) on stock returns in the firms of manufacturing sector listed from Nigerian Stock Exchange. To measure the relationship between independent variable and dependent variable, person moment correlation and multiple regression analysis was used. Results of the study showed that there was a significant effect of dividend per share on the stock return of the manufacturing sector of Nigeria.

Menike and Prabath, (2014), conducted a study to investigate that either there exist any positive and significant relationship of accounting variables (dividend per share, earnings per share, book value per share) on the stock prices of the listed 100 firms of Colombo Stock Exchange. Data was taken for the tenure of 5 years, from 2008 to 2012. Data was analyzed by using multiple regression analysis to measure the relationship direction, between independent and dependent variables. Results of the study showed that earnings per share, book value per share, dividend per share were having positive and significant impact on the share prices of the firms.

Onchiri and Onsomu, (2014), arranged a study to examine the impact of dividend policy on the share price volatility. In addition to this, other objective of the study was to examine the potential determinants of the share price volatility of the selected 30 firms listed on Nairobi Securities Exchange in Kenya. Data was collected for the tenure of 5 years from 2008 to 2012. Data was collected from those firms who were listed and who paid dividends during the selected 5 years period. This study included descriptive research design to explain the relationship between the dividend policy (which is measured by dividend payout ratio & dividend yield), and the share price volatility. In this study, the firm size, asset growth, and long term debt were taken

as controlled variables. Linear multiple regression model was applied on the selected variables. Results of the study showed that, there was no significant relationship between dividend policy and the stock price volatility. Also none of the controlled variable had strong significant relationship with the share price volatility.

Acheampong et al., (2014), conducted a study to investigate the influence of financial leverage, and size of the firm on the stock returns. Sample of the study covered 5 listed manufacturing companies of Ghana Stock Exchange including, Aluworks, Pioneer Kitchen, Unilever, Camelot and PZ Cussons. Stock prices were taken as average of monthly stock prices of the companies. Data was collected for the period of 5 years from 2006 to 2010. Data was analyzed by applying OLS (ordinary least square) techniques to see the impact of independent variables on the dependent variables. Results of the study revealed that size had significant and positive effect on the stock returns and financial leverage had an insignificant effect on the stock returns of the Unilever Company. Financial leverage had significant and negative relationship with the stock returns while size had significant and positive relationship with the stock returns of the PZ Cussons Company. Then, in Aluworks, financial leverage had an insignificant and negative effect on the stock returns and size had significant and positive effect on the stock returns. Financial leverage had an insignificant and negative relationship while size had significant and positive effect on the stock returns of the Camelot Company. Finally, financial leverage had an insignificant and positive effect and size had significant and negative effect on the stock returns of the Pioneer Kitchen Company.

Barakat, (2014), arranged a study to investigate the effect of 'financial leverage' on the stock prices of the industrial firms of Kingdom Saudi Arabia. Data was collected for the time period of 4 years from 2009 to 2012. Debt ratio was used as proxy of the financial leverage in this study. Results revealed that debt ratio had negative, weak, and an insignificant relationship with the stock prices of the industrial firms of Saudi Arabia. In addition to this, he argued that, long term liabilities to the total assets are having significant impact on the stock prices of the industrial companies.

Khalid Mustafa, (2013) conducted a study to investigate relationship among interest rate, money supply and stock prices. They have used co-integration, granger causality test and

correction model to see the relation among the variables. The findings of the study suggest that money supply is not strong determinant of the share price and money supply and stock prices are negatively related in short-run, and thus no long-run relationship exist while, the interest rate affects the stock prices. Also in this study data has been taken from 1992 to 2009.

Profilet and Bacon, (2013) in their research, investigated that which factors affect the volatility of stock prices? Or what are the financial factors which causing changes in stock prices? For this purpose they have selected 500 publically traded firms and applied OLS regression analysis to investigate the relationship among variables. The results show that dividend yield has positive relation with share price volatility and size of firm has negative relation with stock prices. Menaje, P. M. (2012) in his research investigated the impact of earnings per share and return on assets on the stock prices. This study was conducted for a single period of 2009 for the 50 listed firms of the Philippines. Correlation analysis showed that there is positive correlation between stock prices and EPS and there is negative correlation between stock prices and ROA. It used the multiple regression analysis and result showed that stock prices changes 73% because of the selected variables.

Uddin et al., (2013) the impact of earnings per stock, price earnings ratio, net asset value and profit after tax of 72 companies of financial sectors of Bangladesh. Data was taken for the period from 2005 to 2010 by using regression analysis and descriptive statistics. The results revealed that net asset value and earnings per stock are strong determinants of stock prices throughout the period of 2005 to 2010 and these independent variables showed a positive and significant relationship with the stock prices. The study showed that there is a positive but insignificant relationship among price earning ration, net income and stock prices.

Gupta et al., (2013) has tried to explain that growth oriented firms have a great contribution in the overall economy. According to his study, growth of a firm can be defined in terms of "a resource based perspective which focuses on the resources of the firms, e.g. educated staff, expansions activities of business, and financial resources etc." Growth of a firm shows that how a firm behaves once it enters in the market, its level of efficiency and its market opportunities (Carrizosa, 2007). There are many definition of firm growth and usually it is defined as, "in terms of value addition, in terms of revenue generation, and expansion/growth in

terms of the business volume" (Regasa, 2015). From the Kruger, (2004) point of view, growth of a firm can be measured in terms of total asset, volume of the business, turnover, net worth, increase in total number of employees' and net assets. Growth of a firm is necessary for the expansion of the firm. If a firm utilizes its human resources and financial resources and various other resources effectively then it grows more as compare to the other firms.

Ngobe et al., (2013), conducted a study to investigate the relation between dividend policy and stock price volatility at National Stock Exchange of India. Data was collected for the tenure of nine years from 1999 to 2008. Multiple regression analysis was applied on data to identify the relationship between variables. Results showed that there is a positive relation between dividend yield and stock price volatility whereas there is negative relationship between relation between dividend payout ratio and stock price volatility. These results were opposite to the results found in the study of Ngunjiri, (2010).

Wen, (2013) conducted a study in which he used the measure of asset growth which was total asset growth. He decomposed the total asset growth in to some main components from both investment side and financing side of balance sheet. The author found the asset growth to be the great predictor of the cross sectional stock returns. He found in this study that the higher the aggregate asset growth, the lower the stock market returns and thus consequently the higher the earnings disappointments. He found that asset growth was negatively but significantly related with the stock market returns.

Watanabe et al., (2013) analyzed the relation between stock returns and asset growth. For this, they took the sample of 53 countries of Australia, Europe, Asia, Africa and United States of America. The authors found that there exists a negative relation between stock returns and asset growth because they found that as the asset growth increase, stock market returns decreases likewise. They found the huge variations in the impact of asset growth. They found that there exists a negative relationship in the markets that are developed and contains efficiently priced stocks. They concluded that there did not seem any significant impact of the country characteristics e.g. investor protection, accounting quality, and limits to arbitrage between the stock market return and asset growth relationship.

Hestinoviana et al., (2013) investigated the impact of profitability, sales growth, solvability, asset growth on the firm value. The purpose of the study was to determine that which factors can affect the value of the firm in the mining companies, as the main objective of a firm is to maximize the firm value. In this study, independent variables were Solvability, Sales growth, Profitability and Asset growth while firm value was taken as a dependent variable in this study. The results indicated that Solvability, Sales growth, Profitability and Asset growth affected the firm value simultaneously. The asset growth was having a significant negative impact on the firm value while sales growth and profitability did not have any significant impact on the firm value. Hestinoviana et al., (2013) defined the term 'asset growth' in its research as, "a proxy with the sales growth and asset growth". Growth is actually the overall change (increase or decrease) in total sales or total asset of the companies within '1' year.

Hestinoviana et al (2013), has defined growth in his research as, it is proxy with asset growth and sales growth. Growth is the change in total asset or sales either increase or decrease experienced by companies within one year. Growth ratio is a ratio that aims to measure the ability of companies to maintain its position in the growth of the economy and in the industry. Growth ratios should be calculated according to Tambunan (2008:155) is Net Income Growth Ratio, Total asset Growth Ratio, Net Sales Growth Ratio, and Total Equity Growth Ratio. How to calculate the growth rate is the value in the second year minus the value in first year and then divided by the value in the first year. Asset growth is the changes (increase or decrease) of total asset which owned by company. Asset growth measured as percentage of the changes of total asset in a given year to the previous year. Based on that definition, can be explained that aseet growth is the changes of total asset either increase or decrease which faced by company in a given time. Sales growth also has same explanation, namely the changes of total sales, either increase or decrease, from the year before which faced by company. (Kusumajaya, 2011)

Watanabe et al., (2013) found that effect of asset growth was stronger in those countries where there was lower bank loan while higher capital market and it shows that asset growth would be a strong determinant of stock returns in the efficient stock markets. These findings did not show any support for the mispricing hypothesis in the less efficient markets. They concluded this by analyzing the forty countries from the period of 1982 to 2006. Objective of conducting this study was to see that whether effect of asset growth is a result of mispricing or not and if the

role of mispricing is significant behind the asset growth then it may be more evident and strong in the countries where there is less efficiently priced stocks. Different results have been found from different studies which investigated the impact of asset growth on the stock returns. In United States' market, corporate governance significantly affects the effect of asset growth (Titman et al., 2004; Lam and Wei, 2010; and Lipson et al., 2011). In U.S., there are also find numerous evidences in support of mispricing hypothesis while there are not found any explanation regarding impact of differences in cross country characteristics on the asset growth.

Another study conducted by the Ady et al., (2013) revealed that an investor of Indonesia shows too much irrational behavior while investing in capital market. They further added that Indonesian investor sells out its highly priced stocks carelessly and with thoughtlessness while holds the low priced stock for the long time and this type of investor behaviors shows that they do not process & interpret the information appropriately. On the contrary, rational investor will always analyze the market situation, deeply analyze the determinants along with as a whole business performance, and carefully process and interpret the available market information before taking any investment decision.

Malhotra and Tandon, (2013), conducted a study examine the impact of earnings per share, price earnings ratio, dividend yield, and book value on the stock prices of the 95 selected companies of New York Stock Exchange (NYSE). Data was collected for the tenure of 6 year from 2007 to 2012. Regression analysis was applied to analyze the data. Result indicated that earning per share, price earnings ratio, and book value had positive and significant impact on the stock prices. Further, results revealed a reverse relationship of dividend yield and stock price. Adebisi and Lawal, (2015), has conducted the study to examine the potential determinants of share prices. Results of the study found that book value per share, price earnings ratio, firm size, dividend per share (DPS), dividend payout and earnings per share (EPS) had strong and significant impact on the share prices.

Das and Pattnayak, (2013), conducted a study to examine the influence of basic determinants such as return on investment, stock valuation factor, factor of growth, factor of risk, and earnings power factor on the Stock Exchange of India. Multiple regression analysis was applied on the data to examine the impact. Results of the study showed that earnings power,

stock valuation factor, return on investment, and factor of growth had significant impact on the stock prices of the Nifty and Sensex whereas factor of risk, and volatility had negative influence on the stock price of Nifty and Sensex.

Silviana and Rocky, (2013) conducted a study to see the impact of earnings per share (EPS) and return on assets (ROA) on the share prices of the banking firms listed in Indonesian Stock Exchange. Linear multiple regression analysis was applied on the data to measure the impact. Results indicated that, earnings per share were strong and significant determinant of share prices. Influence contribution of earnings per share was 56.2% while the influence contribution of the return on asset was only -45% (-0.45%). Malhotra & Tondon, (2013), conducted a study to investigate the determinants of the share prices of the listed firms in National Stock Exchange (NSE). Linear regression model was used to identify the relationship between independent and dependent variables. Results of the study revealed that there was positive and significant relationship between earnings per share, price earnings ratio, and book value, had positive and significant impact on the share prices. Results showed a negative impact of dividend yield on the firm's stock prices.

Asaduzzman et al., (2013), conducted a study to investigate the impact of dividend policy on the share price of the firms of Bangladesh. In this study, dividend per share (DPS) and retained earnings were taken as independent variables while share prices were taken as dependent variables. Data was collected from secondary source and analyzed by using multiple regression analysis. Correlation and descriptive statistics was also applied on the data. Results of the study suggested that retained earnings and dividends per share had positive and significant impact on the share prices of the industries. In addition to this, author argued that if industries will pay higher dividend, share prices of the industries will be increased and vice versa.

Limento and Djuaeriah, (2013) examined the relationship among macroeconomic indicators, ratio analysis and stock price of listed transport firms of Indonesia. Data was collected for the period of seven years from 2005 to 2011. Ratio indicators were comprised of Return on equity, Debt to equity ratio, Price book value, Total asset turnover, Return on assets, Current ratio, Earnings per share, and Net profit margin while macroeconomic factors included Gross domestic product (GDP), Risk free rate, and inflation. Findings of multiple regression analysis

revealed that Net profit margin, Return on equity, Debt to equity ratio, Price book value, Return on assets, Current ratio, inflation, GDP, and risk free rate have insignificant relationship with share prices. Further, results indicated a significant relationship of earnings per share and total asset turnover with share prices.

Gatua, (2013), conducted a study to assess the impact of macroeconomic factors (such as interest rate, foreign exchange rate, and equity turnover) on the share prices in the seven selected firms listed from Nairobi Securities Exchange. Data was collected for the tenure of 5 years from 2008 to 2012. Regression analysis was applied to identify the impact of independent variables on the dependent variables. Findings of the data revealed that none of the model exists here to predict the share prices of the listed firms of Nairobi Securities Exchange. Results of the study were evident of the previous studies that also showed little impact of the selected independent variables on the dependent variables.

Buigut et al., (2013) conducted a study to investigate the effect of capital structure on the stock prices of the Korean energy sector. Multiple regression analysis was used to analyze the impact. Findings revealed that debt and gearing ratio had positive & significant impact on the share prices while; equity had negative and significant impact on the share prices. Results of this study showed that debt captivates more to the investors of Kenya. Elangkumaran and Nimalathasan, (2013) found insignificant impact of financial leverage on the share prices.

Menaje, P. M. (2012) in his research investigated the impact of earnings per share and return on assets on the stock prices. This study was conducted for a single period of 2009 for the 50 listed firms of the Philippines. Correlation analysis showed that there is positive correlation between stock prices and EPS and there is negative correlation between stock prices and ROA. It used the multiple regression analysis and result showed that stock prices changes 73% because of the selected variables.

Li et al., (2012) analyzed that total asset growth is having the great predictive power for the stock returns by using the international equity markets. Asset growth is proved to be the strong predictor for the most of the industries, countries, regions, for large and small cap corporations and for the different periods of sample. After applying analysis on the data sampled from international equity markets, it has been found that there is negative effect of asset growth

on the stock returns yet the asset growth is having highest predictive power. Baker and Powell, (2012) has conducted a survey to investigate (from the mangers of Indonesia) the factors that influence on dividend policy. Survey results revealed that earnings' stability and expected and current earnings proved to be most significant determinants of dividends policy. Further this study states that dividend policy affects the value of the firm in terms of its share prices. If compare these results then some scholars such as John and Williams (1985), Ambarish et al., (1987), and Liaonly, (2009) found the positive impact of dividends on the stock prices, Baskin, (1989) found negative relation among stock market and dividends which showed that with the increase in dividend yields stock prices decrease, while Black and Scholes, (1974) failed to find any relationship between stock prices and dividends.

Corporate sector of Pakistan is facing intense competition throughout the world due to the economic recession and thus all the companies are trying to survive in this extreme competition as well as in ambiguous economic environment. Kanwal, (2012) has conducted a study to see the impact of dividend announcements on the stock prices in the pharmaceutical and chemical sector of Pakistan. He took sample of 29 firms listed from Karachi Stock Exchange from the period 2001-2010. Fixed and Random Effect Model was applied on the collected Panel data for sake of explaining the relation between stock prices and dividends. Earnings per share, Return on equity and Retention Ration were taken as controlled variables. The results of this study revealed that dividend, return on equity, and retention ration has significant positive relationship with the stock prices and these variables significantly explain the changes in the stock market prices in the pharmaceutical and chemical sector of Pakistan whereas, stock dividends and earnings per share have negative and insignificant relationship with the stock prices. Finally, this study showed that Dividend Irrelevance Theory is not applicable here in the Pharmaceutical and chemical sector of Pakistan.

Mehr-ul-Nisa & Nishat, (2012) examined the effect of basic financial and macro-economic determinants of share price. Results of the study indicated that historical share prices, historical earnings per share, and size of the company have significant effect on the stock prices of present year. In addition to this, results also identified a strong effect of ROI (return on investment), financial development and macro-economic factors such as real GDP growth on the

share prices. Finally results indicated an insignificant impact of share turnover ratio, rate of inflation, and market to book value on the share prices.

Hashemijoo et al., (2012) have conducted a study to assess the effect of dividend policy on stock price volatility. Data was collected for the tenure of 6 years from 2005 to 2010 from 142 consumer products firms which were listed on Malaysian Stock Exchange. Multiple regression model was used to analyze the data. Results of the study showed negative relationship between the major measures of dividend policy (e.g. dividend payout and dividend yield) and stock price volatility. Further the results of the study indicated the negative effect of company size on the stock price volatility. It is also identified in the study that size and dividend yield are most significant determinants of the stock price volatility.

Zafar, Chaubey, and Khalid (2012) has examined the impact of dividend policy on shareholder's wealth and market price of shares and found that out of many factors affecting the market price of share dividend is only one factor. They also observed that various factors affecting dividend policy affects the shareholder's wealth in different manner. Srinivasan (2012) investigated the factor affecting equity share price in India. He observed that DPS has a significant negative impact on share price whereas book value per share has positive impact on share price. Further he revealed that EPS, Price Earnings ratio and size are the strong indicator of share prices.

Bhatt and Sumangala, (2012), have investigated the impact of EPS on market value of equity share. By applying correlation coefficient they found the positive relationship between EPS and market value of equity share and by applying regression analysis they found the significant impact of EPS on the market value of equity shares. They also stated that EPS is only one of the factors affecting market value of equity shares, there are other factors also which affect the market value of equity shares such as company related factors, and industry related factors and economic factors.

Srinivasan, (2012), examined the fundamental determinants of share price in India. The study employed panel data consisting of annual time series data over the period 2006-2011 and cross-section data pertaining to 6 major sectors of the Indian economy, namely, Heavy and Manufacturing, Pharmaceutical, Energy, IT and ITES, Infrastructure, and Banking. The panel

data techniques, viz. Fixed Effects model and Random Effects model have been employed to investigate the objective. The empirical results revealed that the dividend per share has a negative and significant impact on the share price of manufacturing, pharmaceutical, energy, and infrastructure sectors. Earnings per share and price-earnings ratio are being the crucial determinants of share prices of manufacturing, pharmaceutical sector, energy, infrastructure, and commercial banking sectors. Size is found to be a significant factor in determining the share prices of all sectors under consideration. Moreover, the book value per share positively influences the share prices of pharmaceutical, energy, IT & ITES, and Infrastructure.

Uwuigbe and Olowe et al., (2012) conducted a study to investigate the potential determinants of the share prices of 30 listed companies of stock exchange market of Nigeria. This study comprise of judgmental sampling method. Data was collected from the site of Nigerian stock exchange market and annual financial reports. Data sample was collected for the tenure of five years from 2006 to 2010. The basic objective of the study was to examine the impact of dividend payout, financial leverage, and financial performance on the share price of Nigerian listed firms. Data was analyzed using regression analysis method. Findings of the study revealed a positive relation between financial performance of firms and the share prices of the listed Nigerian firms. In addition to this, study revealed that dividend payout, financial leverage, and the financial performance of the firms are potential and significant determinants of share prices of the Nigerian firms.

Khan and Amanullah, (2012), conducted a study to examine the determinants of stock prices. The main objective of the study was to assess the impact of five quantitative factors such as Price earnings ratio, Gross domestic product (GDP), Dividends, interest rate and Book to market ratio on the stock prices of KSE 100 (Karachi Stock Exchange) index of Pakistan. This study included 34 firms (from 34 sectors) listed on the Karachi Stock Exchange. Data was collected for the tenure of 10 years from 2000 to 2009. Data was analyzed using multiple linear regression model. Findings of the study showed a significant and positive relationship between Price earnings ratio, Gross domestic product (GDP), Dividends, and stock prices while Book to market ratio, and interest rate have negative and insignificant relationship with the stock prices. Results concluded that increase in GDP, dividends, and price earnings ratio will also increase the stock prices.

Kabajeh et al., (2012) conducted a study to identify the relation between Return on equity, Return on assets, Return on investment and share prices in the Insurance companies of Jordan. Data was taken for the period of six years from 2002 to 2007 and analyzed by using regression model. Findings of the study indicated a positive relationship between Return on equity, Return on assets, Return on investment and share prices in Insurance companies of the Jordan. Also results showed less significant relationship of Return on asset and return investment with the share prices of the insurance companies of the Jordan. But findings of the study showed an insignificant relationship of return on equity with the share prices of Insurance Companies. Author stated that Return on asset has highest significant value comparative to the Return on investment.

A study was arranged by Habib et al., (2012) to investigate the impact of the dividend policy with the share price volatility in the stock market of Pakistan. Cross sectional regression analysis was used to assess the relation between payout ratio, dividend yield, and share prices of Pakistani stock market. Findings of the study indicated a negative relationship between share prices and dividend payout while, a positive relationship between dividend yield and stock price volatility. Findings also showed the relevance of signaling effect with the share price volatility in the Pakistani stock market.

Aurangzeb, (2012), conducted a study to investigate the determinants of the stock prices. The main objective of the author was to investigate the impact of exchange rate, interest rate, and foreign direct investment on the stock price of the Asian countries including India, Sri Lanka, and Pakistan. Data was collected for the period of fourteen years from 1997 to 2010 and the impact of the variables was analyzed using multiple regression analysis. Results showed that foreign direct investment (FDI) and exchange rate had negative and significant relationship with the stock prices. According to author, there should be establishment of proper macroeconomic policies for increasing the stock prices and to get benefit of stock markets. Hashemijoo et al., (2012) have conducted a study to assess the effect of dividend policy on stock price volatility. Data was collected for the tenure of 6 years from 2005 to 2010 from 142 consumer products firms which were listed on Malaysian Stock Exchange. Multiple regression model was used to analyze the data. Results of the study showed negative relationship between the major measures of dividend policy (e.g. dividend payout and dividend yield) and stock price volatility. Further

the results of the study indicated the negative effect of company size on the stock price volatility. It is also identified in the study that size and dividend yield are most significant determinants of the stock price volatility.

Zakaria et al., (2012), arranged a study to investigate the effect of dividend policy on the share prices of the material and construction firms of Malaysia. Objective of the study was to analyze the impact of leverage, company size, earnings, debt and investment growth on the stock prices. Data was analyzed using least square regression model. Data was collected for the tenure of six years from 2005 to 2010. Results of the study found that share prices influenced by dividend payout ratio, dividend yield, firm size, financial leverage and investment growth to 43.43%. This study observed the stock prices 94.41 during 2005-2010. Further, study disclosed the significant impact of dividend payout on the share prices. According to the author if there would large size of the firm, there would be more strong and significant influence on the share prices. In addition to this, investment growth, and dividend yield have an insignificant impact on the share prices of the firms. Finally, financial leverage influenced negatively on the share prices of the material and construction listed firms of Malaysia.

Another study conducted by Farooq et al., (2012), for not only analyzing the impact of dividend policy on the share prices but they also analyzed the impact of different factors on the diverse condition of market. Specially, they analyzed the impacts of dividend policy on the stock price volatility, during the stability period of market and during the time of market growth. Results of the study revealed less significant influence of dividend policy during the economic growth period. Quoted reason behind less significant impact of dividend policy in economic growth period was that, during the favorable period of economy, investors become less concerned about the dividends and become more concerned about capital gain on the stock prices. Results of the study showed that dividend policy effect differs along with economic cycle of market and size of market. This gave a wide and clear idea that before analyzing the impact of dividend policy on share prices, an analyst must keep in mind the current size of the economy and the economic cycle stage.

Srinivasan, (2012) conducted a study to identify the factor affecting share price. Main objective of the study was to identify the impact of earnings per share, size, price earnings ratio,

book value, and dividend per share on the stock prices of the six main sectors such as, Pharmaceuticals, Energy, and Information Technology (IT) & ITER, Infrastructure, Heavy and Manufacturing, and Banking. Panel data was analyzed using random and fixed effects regression analysis. Results revealed the significant impact of earnings per share, size, price earnings ratio, book value, and dividend per share on the stock prices of all mentioned six sectors. Uwuigbe et al., (2012), arranged a study to identify the potential determinants of the share prices of thirty listed companies of stock market of Nigeria, during the time span of 5 year from 2006 to 2010. Results of the study showed that financial leverage and dividend payout have a significant impact on the share prices. Jecheche, (2012), in its study, found a significant and strong impact of dividend decisions on the share price and found impact of signaling effect on the share price in Zimbabwe.

Saiedi & Okhli, (2012), conducted a study with the intention to examine the influence of asset return rate on the share prices of the firms listed from Tehran stock exchange. Asset return rate was independent variable in this study, while, the dependent variables of the underlying study were age of company, beta coefficient, and firm size. Data was collected for the time span of ten years from 2001 to 2010. Correlational research method was applied in this study and multiple regression analysis was applied on the variables to test the impact of independent variables on dependent variable and to test the hypothesis. Findings of the study showed significant impact of independent variables on the dependent variable. All hypotheses were accepted in this study.

Another study conducted by Jadhav and Badade, (2012), to explore the impact of some basic factors on the share prices of the selected ten sectors. Results of the study showed that earnings per share, price earnings ratio, dividend yield, and dividend per share have positive significant impact on the share prices of the Healthcare sectors. In addition to this, dividend per share, price earnings ratio, dividend yield and book value have strong & significant impact on the share prices of IT sector. Contrary to above study, Malhotra & Tandon, (2013) found negative impact of dividend yield on the share prices and the impact of price earnings ratio and earnings per share found to be dynamic.

Khan et al., (2011), analyzed 55 companies which were listed on the Karachi Stock Exchange (KSE), in the period from 2001 to 2010 years. After applying analysis, results indicated that the earnings per stock, dividend, net profit, and return on equity positively correlated with the stock prices, while the retention ratio had a negative effect on stock prices, and, it significantly explained the variation of stock prices on the stock exchange. Another positive determinant which has significant relationship with stock prices was book value of the stocks and this was found in the studies of Zahir and Khanna (1982), and Sharma (2011). Such studies indicated that if analyzed, then it would be found that firm specific and internal factors have more significant impact on the stock prices.

Inoguchi, (2011) conducted a study to determine the influence of foreign stock market fluctuations on the stock prices of the domestic banks of Singapore, Malaysia, Thailand and Korea. According to some scholars, global financial crisis of 2007 to 2009 had not affected the Asian national banks adversely but there is less availability of the evidences in the support of this argument. Thus in this study, author utilized the multinomial logit model to determine that, how Japanese stock markets and United States' stock markets affected the domestic/national banks of these countries. This effect was measured in the banking sector of the mentioned countries as before the financial crisis of the Asia in 1997, and then during, and before the recent global financial crisis. Results of the study revealed that overall variations in the foreign stock directories put a huge influence on the stock prices of the banking sector of the East Asia during 2000s as compare to during the 1990s. The results of the study also indicated that, the increasing and decreasing in the foreign stock prices also impacted the domestic banks of the other respective countries throughout the crisis. Finally, this study concluded that the increase in foreign assets and foreign liabilities also impacted the domestic/national banking sector of East Asia throughout the 2000s.

Yao et al., (2011) investigated the effect of asset growth on the stock returns by using 9 equity markets of Asia, including Malaysia, Japan, Hong Kong, Indonesia, Korea, Singapore, Thailand, China and Taiwan. They took sample for the period of 1981to 2007. After applying regression analysis they found that there is negative relationship among stock returns and asset growth in the Asian markets. It has been found that this relation was weak in the countries where the growth rate of the firms were persistent and similar and in those markets where the

corporations rely more on bank financing for the sake of growth. Finally, it is found that the investor protection, legal origin and corporate governance do not had any influence on the asset growth effect's magnitude in the Asian markets.

Gray et al., (2011) analyzed that there is a negative relation between stock returns and total asset growth in the stock market of Australia. The sample of equally weighted low growth big stocks and high growth big stocks was taken for the period of 1983 to 2007 and found that there was high stock returns for the low growth big stocks as compare to the portfolio of high growth big stocks. At individual level, it was found there was negative influence of the asset growth for the big stocks. It is also found in this study that, the impact of asset growth was due to mispricing.

Asghar et al., (2011) investigated the relation between stock prices and dividend policy by taking the sample of 5 sectors for the period 2005 to 2009. The study found that there is a positive relationship between stock prices and dividend yield but there is negative yet significant relationship with the stock price. The results also revealed a negative but significant impact of asset growth on stock prices. Hussainey et al., (2011) investigated the effect of dividend policy on the stock prices. Results of their study revealed that there is positive relation between stock price and dividend yield while negative relationship between stock prices and dividend payout ratio. Results of this study further explained that the earnings of the firm, size of the firm, growth rate and debt level also have a great influence on the stock prices in UK stock market.

Khan and Amir et al., (2011) conducted a study to investigate the impact of dividend payment on the stock prices and for this purpose they took the sample of 55 firms listed from Karachi Stock Exchange. Their study revealed that earnings per share, profit after tax, dividend yield and return on equity are positively and significantly related to the stock prices whereas retention ratio has negative insignificant relationship with stock prices. Nirmala, and Sanju, (2011) conducted a study to investigate the potential determinants of the share prices in selected 3 sectors (such as public sector, healthcare sector, and auto sector) of India. Data was collected for the time span of ten years from 2000 to 2009. Panel data was examined using OLS technique (Ordinary Least Square technique). Results of the study disclosed that financial leverage,

dividends and price earnings ratio were strong and significant determinants of the share prices of entirely mentioned sectors of India.

Ebrahimi & Chadegani, (2011), conducted a study to find the relationship between dividends earnings, and stock prices. Data was analyzed using the panel data, cross section, and pooled data regression methods. Results of the study exposed that dividends effects were seem to be significant and strong during the earlier/previous years while the dividends effects were found to be insignificant and weak during the later years on the stock prices. According to the results only earnings per share have significant impact on the stock prices.

Amiri et al., (2011), conducted a study to investigate the relationship between price earnings, dividends and future earnings. Sample of 100 listed firms of Tehran were taken for the time period of six years from 2005 to 2010. Regression and correlational techniques were used to analyze the relationship between variables. Results indicated a positive relationship of the independent variables with dependent variables. Hussainey et al., (2011), explored the impact of dividend policy on the share prices. Results indicated that there is significant impact of the dividend yield on the share prices whereas no significant impact was found between dividend payout ratio and stock prices of the listed companies of UK. Further results revealed that growth rate, financial leverage, size and warnings play significant role in fluctuating the share prices of the firms of UK.

Sanjeet Sharma, (2011), conducted a study to investigate the impact of dividend per share, price earnings ratio, book value per share, earnings per share, size (total sales), net worth, and dividend yield on the share prices. Data was taken for the time period of 17 years from 1993 to 2009. Findings of the study disclosed that book value per share, earnings per share, dividend yield and dividend per share, have significant effect on the share prices. In addition to this, findings revealed that earnings per share, and dividends per share have very strong influence on the share prices. Author suggested that companies should pay regular dividends to its investors to increase share prices of the firms.

Irmala and Sanju et al., (2011) arranged a study to explore the impact of dividend, financial leverage, profitability, price earnings ratio and dividends on the share prices of 3 selected sectors of Indian stock market for the tenure of 10 ten years from 2000 to 2009. Results

of the study disclosed significant impact of price earnings ratio, financial leverage, and dividends on the share prices of the selected sectors of India. Finally, profitability showed its impact on the share prices only in automobile sector.

Faris Al- Shubiri, (2011), conducted a study to examine the determinants of dividend policy of the companies listed on Amman Stock Exchange (ASE) and the other objective of the study was to describe the dividend payment behavior. Data was collected for the period of five years from 2005 to 2009. This study utilized Logit and Tobit regression analysis on the selected data. Findings of the study exposed that Institutional ownership, business risk, firm size, financial leverage, profitability, asset structure and growth opportunities have significant impact on the dividend payouts.

Khaled, and Chijoke et al., (2011) conducted a study to find the impact of dividend policy on the stock price volatility in the stock market of United Kingdom. Data was analyzed using the multiple regression analysis. Findings of the study revealed a positive impact of dividend yield on the stock price volatility. Results of the study also indicated a strong relationship of firm size, earnings, and debt level on the stock price volatility. Likewise, Allen & Rachim, (1996) analyzed the impact of dividend policy on the stock price volatility. Results of their study showed a positive relationship of dividend yield on the stock price volatility. Whereas opposite to the results of the Baskin (1989) conducted a study to see the impact of dividend yield and dividend payout ratio on the stock price volatility in the firms of United States. Data was collected for the tenure of 20 years from 1967 to 1986. Results of the study disclosed a negative impact of dividend payout & dividend yield on the stock price volatility. The results of the Baskin (1989) were quite similar to the study of Nazir et al., (2010) who conducted their study in the context of Pakistan during the period of 2003 to 2008.

Nirmala, and Sanju, (2011) conducted a study to investigate the potential determinants of the share prices in selected 3 sectors (such as public sector, healthcare sector, and auto sector) of India. Data was collected for the time span of ten years from 2000 to 2009. Panel data was examined using OLS technique (Ordinary Least Square technique). Results of the study disclosed that financial leverage, dividends and price earnings ratio were strong and significant determinants of the share prices of entirely mentioned sectors of India. Authors suggested that,

those firms who want to maximize the share prices and shareholders' wealth should increase their dividends.

Okafor & Mgbame, (2011), arranged a study to examine the impact dividend payout and dividend yield on the share prices of the selected 10 firms of stock markets of Nigeria. Data was analyzed using Multivariate regression model. Data was collected for the tenure of 8 years from 1998 to 2005. Findings of the study exposed varying and somewhat inconsistent relationships between the selected independent and dependent variables. In the studies of Sharma (2011), Balkrishnan (1984), Zahir (1982), the most significant determinant of the share prices was "book value per share (BVPS)". Studies of these authors found that higher the book value per share, higher would be the firm's financial performance and consequently higher would be share prices. From many studies, it has been found that, internal factors (firm's specific factors) have a very strong and significant influence on the share prices of the firms. Such arguments and evidences show that authors are continuously working to find strong determinants of the share prices and investors are continuously examining the company performance for the sake of making effective decisions for the investment. On the contrary to above arguments and studies, Somoye et al., (2009) arranged a survey to investigate the influence of numerous macro-economic factors on the share prices of the selected 130 firms listed from the stock exchange of Nigeria. Data was collect for the period of 8 years from 2001 to 2007. Data was analyzed using Ordinary Least Square method (OLS). Results disclosed that all the independent variables (such as oil prices, gross domestic product, dividends per share, earnings and per share) found to have positive impact on the share prices but interest rate, and foreign exchange rate have negative impact on the share prices.

Habibullah & Baharumshah, (2011), examined the impact of macro-economic factors including output level and money supply on the share prices of the Malaysian firms. In this study, monthly data for output level, money supply and stock prices were collected. For calculating the money supply, M1 & M2 were used, and output was measured by using real GDP (Gross Domestic Product). Results of the study disclosed that, Malaysian stock market is very efficient when it comes to information about output and money supply. Sprinkle, (1964), was the one who took initiative in finding out the relation between money supply and stock prices in the

stock market of the Unite States, and he found strong and significant impact of the money supply on the stock prices.

Hussainey and Mgbame et al., (2011), investigated the impact of dividend policy on the stock price volatility in the companies of the most developed country, England. The main objective of the study was to identify the impact of financial leverage and size on the stock price volatility. Data was analyzed by applying the regression analysis on it to identify the relationship among variables. In this study, size, dividend yield, payout ratio, and leverage were taken as independent variables while share prices were taken as dependent variable. Results of the study indicated a negative and significant relationship between dividend yield, payout ratio, and stock price volatility. Moreover, results indicated a negative relation between size and stock price volatility. Finally, findings revealed a positive relationship between financial leverage and stock price volatility. Findings suggested that, with the increase in company's size (in terms of assets) the volatility of the stock prices decreases. Also it was suggested that, with the increase in financial leverage (debt), volatility of the stock prices increases and vice versa.

Kheradyar & Ibrahim, (2011), conducted a study to investigate the impact of earnings yield, dividend yield, and book to market ratio on the stock return. Panel data was analyzed using generalized least square method to see the impact of independent variables on the dependent variables. Findings indicated significant impact of all the independent variables on the dependent variable while book to market ratio was having more impact comparative to the others. Thiong'o, (2011), conducted a study to examine the relation between dividend policy and stock prices. Data was collected from the listed firm of National Stock Exchange of India. Source of data was secondary. Data was collected for the time period of 5 years from 2006 to 2010. Data was analyzed using linear regression method. Results of the study revealed the existence of weak positive relation of dividend payout with the stock prices.

Mohammad Bayezid Ali, (2011), arranged a study to investigate the relation between microeconomic factors such as average (monthly avg.) of market capitalization, average (monthly avg.) volume of trade, dividends yield and share price of the firms listed from Dhaka Stock Exchange. Findings indicated a strong relationship among average of market capitalization, average volume of trade, and share price of the firms listed from Dhaka. Results

did not show any significant relationship between dividends yield and stock prices. Sanjeet Sharma, (2011), conducted a study to investigate the impact of dividend per share, price earnings ratio, book value per share, earnings per share, size (total sales), net worth, and dividend yield on the share prices. Data was taken for the time period of 17 years from 1993 to 2009. Findings of the study disclosed that book value per share, earnings per share, dividend yield and dividend per share, have significant effect on the share prices. In addition to this, findings revealed that earnings per share, and dividends per share have very strong influence on the share prices. Author suggested that companies should pay regular dividends to its investors to increase share prices of the firms.

Mian & Musarrat, (2010) conducted their research to study the impact of dividend policy of the company on share price volatility. For this purpose, they have taken a sample of 73 firms and collected data from 2003 to 2008. They applied random effect and fixed effect regression analysis on the selected variables. Results show that there is a strong relation among dividend policy and share price. Mafizur & Salahuddin, (2010), reveals that there is significantly a positive relation among economic development and stock market growth. The results show that there is a positive relationship among economic growth and stock market while there is negative relation between inflation, financial instability and stock market.

Al Shubiri, (2010) has studied the influence of institutional and macro-economic determinants of stock market in the developing countries. For this purpose, the author used panel data analysis of 14 banks, for the period of 2005-2008. Secondary data was collected and regression analysis was applied on the data collected from Amman Stock Exchange of Jordan. After applying analysis, the study showed that there is a positive and significant relationship between stock market prices and dividend yield, net asset value per stock and gross domestic product whereas a negative relationship found among inflation and market prices of stock and interest rates on loan and stock prices.

Titman et al., (2010) analyzed a negative relation between stock returns and asset growth of the non-financial firm. Moreover they explained the cross country differences in the asset growth effect and they found that asset growth effect was strong among developed countries but a very weak to no effect of asset growth was found among undeveloped countries. They also

found that the effect of asset growth was more significant in the countries where there is greater access to the capital countries. Finally, they concluded that the variations in the effect of asset growth from one country to another can be due to the overall differences in cultural environments, or access to equity markets. Also they found that the effect of the asset growth is huge and somewhat permanent in the developed markets which did not found in the undeveloped/developing countries.

Akbar and Baig, (2010) conducted a study to investigate the impact of dividend announcements on the stock prices and for this they collected the data for 4 years period from 2004 to 2007 and they took the sample of 79 firms listed from Karachi Stock Exchange (KSE). Results of the study revealed that dividend announcements (either stock dividends or cash dividends) have positive impact on the stock prices. Nazir et al., (2010) investigated the impact of dividend policy on the stock prices. This study revealed that dividend yield and dividend payout is having negative but significant impact on the stock prices whereas leverage and asset growth has negative insignificant, size has negative significant, and earnings has positive significant impact on the stock prices.

Chowdhury et al., (2010) also arranged a study to determine the determinants of the share prices. Data was taken for the time span of 4 years from 1999 to 2003. Sample size was 77 nonfinancial listed companies from Bangladesh Stock Exchange. Time series regression model was applied on the data. Results revealed that independent variable debt to total asset had insignificant yet positive impact on the share prices of the firms.

Ngunjiri, (2010) conducted a study to investigate the relation between dividend policies and stock price volatility. Source of data was secondary. Data was collected for the time span of five years from 2004 to 2008, from the selected 40 firms of National Stock Exchange of India. Data was analyzed by applying the regression analysis on it. Results revealed an insignificant effect of dividend policy on the stock price volatility.

Mwallet et al., (2010) arranged a study to explore the relation between firm size, price to earnings ratio and dividend yield. In this study, causality was also investigated among the variables of 24 Jordanian companies listed from Amman Stock Exchange (ASE). Data was collected for the time span of 26 years from 1980 to 2006. They implemented the methodology

of “vector error correction model”. Findings of the study exposed that JSM (Jordan Stock Market) was facing lack of informational efficiencies and that is why investors started to invest in the companies by using size and price to earnings ratio anomalies for sake of earning abnormal returns. Nazir et al., (2010), arranged a study to examine the effect of dividend policy on the share prices of the 73 listed firm of Karachi Stock Exchange (KSE). Data was collected for the time span of six years from 2003 to 2008. Panel data was analyzed by applying Random effect and fixed effect regression analysis on the data. Findings of the study exposed a significant effect of the dividend payout ratio and dividend yield on the share price of the listed firms. In addition to this, results of the study indicated negative effect of size and leverage on the share prices. Findings of the study concluded that, dividend policy plays a very significant and key role in the stock prices of the listed Pakistani firms.

The dividend payout vary from one country to another as in New Zealand 95% companies are paying dividend and there are only 20% companies who are paying dividend each year (Chen and Dhiensiri, 2009). It is found that Pakistani firms do not payout as much dividend as they ought to be for the reason that ‘cost of funds’ is so high in Pakistani markets. That is why managers usually rely on internal financing and for doing so Pakistani firms reinvest their earnings and offer capital gains to investors. So in Pakistan there are only 35% of the firms who pay dividends but not on regular basis (Cheema et al., 2003). Dividend is the shareholder’s profit in actual and it is presented in form of business’s profit distribution to its owners and thus dividends are significant for investors (Khan et al., 2011). Dividend is considered as a source of income for investors and it measures the performance of the company for the investors as well. Dividend yields indicate that how much a company is paying in form of dividend to its shareholders relative to the share prices in each respective year. Dividend is paid in form of stocks, cash and other assets.

According to the study of Avramov et al., (2009) found the peak of momentum in the firms where there was low credit rate. For sake of identifying the factors behind the movement of stock prices, Lakonishok et al., (1994) showed evidences that investors overly react to the past growth rates. According to the study of Feltham and Ohlson, (1995) profitability, and the growth in net operating assets affected the share prices significantly.

Hussaney and Ngoc, (2009), conducted a study to identify the influence of macroeconomic factors on the share prices of the listed firms of Vietnamese. Objective of the study was to examine the influence of industrial production and interest rates on the share of Vietnamese, United States. Time series data was collected for the time span of eight years from 2001 to 2008. Data was analyzed using the 'consumption based model' which was familiarized by the Nasseh & Strauss, (2000) to identify the influence of independent variables (macro-economic factors) on the dependent variable (share prices). Findings revealed that there was significant impact of the money markets and domestic production sector on the share prices of Vietnamese. Further, findings of the study showed that interest rate (basic macro-economic factor) was significantly related to the share prices of Vietnam.

Das and Pattanayak, (2009), conducted a study to investigate the determinants of share prices. Data was comprised of '30' shares of 'Bombay Stock Exchange Sensitivity Index'. Results of the study disclosed that growth possibility, return on investment (ROI), positive valuation, and higher earnings have positive impact on the stock prices. Further studies showed a negative impact of higher risk on the share prices. Based on the same results, Nirmala et al., (2011) also conducted a study to identify the impact of dividend, leverage, and price earnings ratio on the share prices of the three selected sectors of India. Results of the study showed significant impact of dividend, leverage, and price earnings ratio on the share prices in all sector.

Maina, (2009), conducted a study to identify the impact of dividend payout on the share value of 43 firms listed on Nairobi Securities Exchange (NSE). Data source was secondary and it is gathered for the period of nine years from 1998 to 2007. Earnings per share (EPS), capital expenditure, total assets (TA), book value (BV), long-term debts, market value of shares (MV) were taken as independent variables while 'share value' was taken as dependent variable. This study adopted the methodology of regression analysis and correlation to identify the impact of independent variables on the dependent variables. Results revealed a positive and significant impact of dividend payout ratio on the share value. In another study, Abuzayed et al., (2009) conducted a study to examine the impact of accounting information on the stock prices of the 15 commercial banks listed on the Jordan stock exchange. Regression analysis was applied on the data to examine the impact. Results revealed that earnings and operational efficiency measures of the banks were significant in describing the stock prices throughout the period.

Uddin, (2009), conducted a study to analyze the impact of microeconomic factors on the share prices. In this study, earnings per share, and dividend percentage were taken as independent variables while share price was taken as dependent variable. Multiple regression analysis was applied on the data. Results revealed significant relationship between mentioned independent variables and dependent variables in insurance and banking firms. Fisher, (2009), arranged a study to identify the relationship between some financial variables such as firm size, dividends, undistributed profits and stock prices of the firms listed from London Stock Exchange, Britain. Data was collected for the period of 9 years from 1949 to 1957. Results of the study revealed strong impact of firm size, dividends, undistributed profits and stock prices of Britain firms.

Rashid & Rahman, (2009), investigated the relationship between dividend policy and share prices volatility of the firms of Bangladesh. Results of the study revealed significant relationship of asset growth, debt level, firm size, earnings, and payout ratio on the share prices, while, results revealed weak relationship of dividend yield with the share prices of the firms.

Khan and Irfan (2009) conducted a study to examine the impact of financial ratios on the stock returns of on 30 Pakistani firms listed on Karachi Stock Exchange (KSE). Data was collected for the tenure of six years from 2001 to 2006. These thirty companies were chosen on the basis of the company's size. Multiple regression and correlation analysis were applied on the data to examine the impact among variables. Findings of the study indicated that there is a very weak relationship of independent variables (book to market ratio & price earnings ratio) on the dependent variable (stock return). R-square has quite low value which showed small percentage of change caused by the independent variables in the stock returns.

Worldwide instability of share prices has captured the attention of the researchers to understand the determinants behind this instability. Shamsher and Annuar, (2009) conducted a study to examine the impact of asset growth, payout ratio, firm size, dividend yield, debt to asset ratio and return on equity on the share prices for the period 1975 to 1990. The purpose of the study was the evaluation of share valuation model of Gordon in the Kuala Lumpur Stock Exchange (KLSE) and then to see the impact of mentioned factor individually as well as jointly on the share prices in the Kuala Lumpur Stock Exchange (KLSE). Results revealed that five

variables jointly explained the impact 23% on the KLSE and two of these variables were significant at 5% level of significance. It has been found in the results that asset growth and firm size are positive and significantly related with the share prices while dividend yield is negative and significantly related to the share prices. Here, the share price was taken as low & high share price each year. In this study, according to the theory of Gordon, (1962) dividend yield was negatively and significantly related to the share prices. Asset growth suggested that the higher the asset growth, the higher would be the changes in the share prices. According to the dividend valuation theory of Gordon, growth is an important variable of dividend growth because 'growth' is associated with the firm's assets growth in long term and thus it sustains the growth in long term.

Larger companies are more diversified and thus they face less risk and their earnings remain stable so in this way it becomes clear that size of the company has a strong impact on the stock price and thus it is an important factor for the company (Atiase 1985). Firm's theory suggested that the main objective of a firm is to maximize the value of the firm via positive net present value (NPV) and for the listed companies; such opportunities must be reflected in share prices. The changes in the stock price have a direct influence on the financial plans of the firm. In an efficient market because there is transparency of information so excess and uncertain returns means that stocks have mispriced as current prices does not fully reflect the actual information and future growth.

Pani, (2008) investigated the relationship between stock prices and dividend policy and for this he collected the data from 6 sectors including 500 companies listed from Bombay Stock Exchange. Results of the study indicated that size of the firm, and dividend retention is having positive relationship with the stock prices while debt to equity ratio is having negative relationship with the stock prices in case of as an individual sector. Clark *et al.,* (2008) in their research, identified the impact of political events on Pakistan stock market from 1947 to 2001. They used primary data through questionnaires and found that political events have an influence on stock market. Also the risk premium increased due to political risks which are 11.725 to 16.725.

Cooper et al., (2008) have investigated the effects of firm asset investment level on stock return and the author did so by examining the relationship among cross-sectional stock returns and asset growth. This study showed that the asset growth of a firm has capability to predict the cross-section of stock return because it has ability to capture the effects of return across the total investment or financing activities. Findings of the study suggested that asset growth forms strong relation with the firm size, and stock returns. They also found that asset growth is a very strong determinant of the stock returns as compare to the other measures of growth. They have also shown that there is strong negative relationship between asset growth and stock returns of the firms. While comparing the effect of asset growth and other determinants of the stock returns, it has been found that asset growth has stronger impact on the stock returns as compare to the others. While examining the impact of earnings announcements on stock returns, it was found that there is a positive abnormal relation of earnings announcements and stock returns in case of low growth firms whereas, a negative abnormal relation of earnings announcements and stock returns was found in case of high growth firms. Asset growth is used as a measure of firm's growth, for the reason that it detects the aggregate, firms' growth and in case of occurring any change in assets investment or asset disinvestment, a change will also be depicted in total assets. Chen et al., (2008) has defined the asset growth of the firm as, "yearly percentage change in the total assets of the firm"

According to Anand, (2008), dividends play key role in the success of a company and it has a great influence on the share prices. Capstaff et al., (2004), investigated the impact of signaling effect of dividend announcement on the stock prices of the firms listed on OSE (Oslo Stock Exchange). Results indicated that dividends have positive relationship with the stock prices. Moreover, researches of Dong et al., (2005), and Myers & Bacon, (2004), have also confirmed in their researches that, dividend has a strong association with the share prices. In the study of Pani, (2008), he also found a strong association between share prices and dividend policies of 500 firms listed on BSE (Bombay Stock Exchange). He concluded that dividend retention has direct relation with share prices.

Nawazish Mirza, (2008), found book to market ratio to be main factor of stock price. According to him, value and the premium which is given to an investor, encourage the investor to invest more in the firm's shares and consequently, the share prices increases. Further, author

also concluded that firm's size is also play a key part in the stock prices. Beside these determinants, there are many economic and environmental elements that have great impact on the share prices.

In the research of Jin Dehuan and Zhenhu Jin, (2008), examine the impact of earnings per share, return on assets, total asset turnover, change in sales and return on equity on the share prices. In this study only those stocks were selected which were enlisted on the Shanghai Stock Exchange and which were top performers. Study showed significant relationship of all the independent variables with the dependent variables before the time period of crisis. But, no explanatory power found of the independent variables towards share prices during the time period of crisis.

Fan-fah et al., (2008), conducted a study to examine the effect of firm size on the share prices during the announcement period of earnings. Sample was collected for the tenure of 10 years from 1988 to 1997. Data was collected from those firms which were enlisted on Kuala Lumpur Stock Exchange. Multiple regression model was applied on the data. Findings of the study disclosed that there is negative effect of the firm size and earnings on share prices.

Rashid & Rahman, (2009), investigated the relationship between dividend policy and share price volatility of the firms of Bangladesh. Data was collected from 104 non-financial firms enlisted on the Dhaka Stock Exchange. Data was collected for the tenure of 8 years from 1999 to 2006. Results of the study revealed significant relationship of asset growth, debt level, firm size, earnings, and payout ratio with the share prices, while, results revealed positive and insignificant relationship of dividend yield with the share prices of the firms. According to the authors, reaction of share prices towards the announcement of earnings is quite different comparative to other countries. Bangladesh does not have efficient market and that is why the impact of dividends on share price is uncertain and ambiguous.

Chousa & Krishna et al., (2008) analyzed that if stock markets really play an important role in the business or they are a competent source to attract foreign direct investment via mergers and acquisitions. Pooled regression method was applied on the data and data was collected from 9 emerging economies for the tenure of 20 years from 1987 to 2006. Findings

exposed a positive and significant influence of stock markets on capturing investors from the foreign countries for mergers and acquisitions.

Tripathi, (2008), conducted a study to examine the relationship among 4 firms' specific variables such as book to market value, debt to equity ratio, market capitalization and price to earnings ratio. Author adopted the methodology used by Fama & French (2000). Sample was collected for the tenure of 11 years from 1997 to 2007 and sample was comprised of 455 firms of S&P in India. Results of the study showed that there is no specific relationship among these 4 factors.

Ismawati & Haryono, (2007), arranged a study to identify the impact of return on assets, solvability market size, liquidity and market ratio on the stock buying decisions. Results revealed that there is significant impact of return on assets (ROA) on the buying decisions of stocks. Further, results concluded that the biggest reason behind the nonappearance of any impact on the significant impact of firm size and capital structure is firm's dividend policy. Amidu, (2007), arranged a research to examine the impact of dividend policy on the performance of firms listed on Ghana Stock Exchange (GSE). Data was collected for eight years period. OLS model was used to identify the impact. This study utilized coding to operationalize the dividend policy by allocating "1" to the companies who paid dividends and "0" to those who did not paid dividend. Findings of the study exposed direct relationship among return on assets, sales growth, and dividend policy, while he found an indirect relationship among return on assets, leverage and dividend payout ratio.

Al-Tamimi, (2007), arranged a study to investigate the impact GDP (gross domestic product), interest rate, inflation rate and exchange rate on the share prices. Multi correlation model was applied on the data and it showed that strong correlation between the GDP (gross domestic product), interest rate, inflation rate and exchange rate and the crude oil prices. All of these selected variables showed a positive correlation with the stock prices except foreign exchange, and interest rate which showed negative relation with the share prices. Chen and Zhao, (2007), conducted a study to identify the determinants of stock prices. Findings of the study disclosed that cash flows id the significant and very strong determinant of stock prices as it has strong impact on the stock prices.

The economy of UAE (United Arab Emirates) was studied in 2006. This economy was studied in order to examine the potential determinants of stock prices in the underlying market. Data was collected for the tenure of 11 years from 1995 to 2005. Ordinary least square (OLS) regression was utilized to identify the impact and the results disclosed that earnings per share (EPS) has significant and strong impact on the share prices and so the earnings per share is the strong determinant of stock prices in the economy of UAE. This study suggested that, investor rely more on 'earnings per share' for estimating the credibility & efficiency of the firms, so the firms are recommended to use the ways and procedures by which earnings per share would increase. Zhang, (2006), concluded in its study that, information uncertainty is a big reason behind stock price momentum. Daniel and Titman, (2006), explained that present and past performance is presented in the financial reports of the firms which is considered as 'tangible information' whereas other information is considered as "intangible information". Main objective of the study was to examine the impact of historical information presented in the financial reports on the stock returns. Results of the study showed that there is no relation between information about past performance and stock returns.

Another study arranged by Singh et al., (2006), to examine the determinants of stock prices. Data was collected from 160 firms of India, for the tenure of five years from 2001 to 2005. In this study, price to earnings ratio, dividend per share, earnings per share, firm size and book value per share were taken as independent variable while stock price was taken as dependent variable. Results of the study found a strong impact of above mentioned independent variables on the stock prices.

Cooper et al., (2006), arranged a study to investigate the influence of assets investment on stock returns. Data was collected for the tenure of 36 years from 1968 to 2003 in the stock market of USA. For calculating the "asset growth", Cooper et al., (2006), analyzed the cross sectional impact of asset investment on the stock returns. To calculate the asset growth they used year on year percentage change in the total assets. They found that asset growth was a strong predictor of the future stock returns. From the author's point of view, asset growth is having ability of forecasting on large caps stock while other predictors do not have such capability to predict. As the previously documented determinants of stock returns (e.g. firm capitalization, book to market ratio, and other growth measures) were compared with the asset growth, author

found that annual asset growth was the most significant and strong determinant for predicting the stock returns in U.S stock market. Moreover, for analyzing the collected the panel data for the period of 1968 to 2003 and then they documented a negative relationship between firm's stock returns and asset growth.

Baker et al., (2006) conducted a study to explain the behavior of the managers of the Norway and for this they used the survey technique for collecting the data on dividend policy designing. Survey results indicated that earning's stability, future and current earnings, liquidity and current financial leverage proved to be the major determinants of designing of dividend policies by the managers. Their results also discussed the effects of dividend policy on the firm's value.

Lee, (2006), conducted a study to see the investor's reaction towards fundamental and non-fundamental information while purchasing stocks. For this purpose, two forms of data was collected out of which one was fiscal S&P (Standard & Poor's) 400 industrial index data from 1946 and 1999, while the second form was (DJIA) Dow Jones industrial average index from 1920 to 1999. Here the fundamental information is book value, earnings and dividend. According to the results of the study, investors overly reacted to the non-fundamental information and ignore the fundamental information.

Docking and Koch, (2005), arranged a study to analyze the reaction of investors towards increase or decrease in dividend. Findings of the study showed that changings in dividends put a great impact on the stock prices. In case of increasing dividends, a tendency of high stock prices was found while in case of decreasing dividends; a tendency of lower stock prices was found.

Durre & Giot, (2005), arranged a study to investigate the relationship between price earnings, government bond and stock prices. Price earnings and government bond were taken as independent variables while, stock price was taken as dependent variable. Sample was collected for the tenure of 30 years from 1973 to 2003. Co- integration methodology was applied on the data. Findings of the study revealed that there is significant relationship among price earnings, government bonds and stock prices in long run.

Another study conducted by Nathan Taulbee, (2005), to examine the impact macro-economic factors on the stock prices in Standard & Poor's 500. Findings of the study indicated

that Gross Domestic Product has significant and strong relation with the stock prices, and inflation rate and unemployment has no any significant relation with the share prices.

Adeflia et al., (2004), investigated the factors which affect the dividend policy of the Nigerian companies. Their results showed that regular dividend payouts are given more preference and importance in Nigeria firms. Further their results concluded that there exists no relation among net earnings, dividend payments and market prices of stock. In Nigeria stockholders are given dividends irrespective to the profits level of the firms just to satisfy the stockholders.

Hartono, (2004), arranged a study to identify the impact of information regarding earnings and dividend announcements (positive or negative) on the share price. In this study, sample was gathered from CRSP (Center for Research in Security Prices) in US, for the tenure of 14 years from 1979 to 1993. According to belief adjustment theory, when earnings and dividend would have differing signs, then announcements have huge impact on the stock prices. Findings of the study showed that, positive information about earnings announcements has significant relationship with the stock prices while it pursues negative information about dividends and negative information about earnings announcements has significant relationship with stock prices while it pursues positive information about dividends. Conversely, positive information about dividend has significant influence on stock prices while it pursues negative earnings information and vice versa.

Chaudhuri and Smiles, (2004), conducted a study to investigate the relation between changing in real macro-economic activity and share prices. Data was taken from the firms listed on Australian Stock market for the tenure of 39 years from 1960 to 1998. Real macro-economic activities comprise of real money, real GDP, real prices and private consumption. Findings of the study exposed that relation between real macro-economic activity and stock price is significant in long run. Findings also revealed that foreign stock market e.g. New Zealand & United states of America have great influence on the stock prices of Australia.

Pradhan, (2003) investigated the impact of retained earnings and dividend payments on the stock prices for the companies of Nepal. This study revealed that there exists a strong relationship between stock prices and dividend payment but a quite weak relationship between stock prices and retained earnings. He further explained that the shareholders of Nepal are more

conscious about dividend income and they give more importance and preference to dividend income as compare to the capital gain. Kumar and Sehgal, (2004), arranged a study to investigate the relation between the characteristics of companies such as value effect, effect of stocks classification, effect of size and stock returns. Results of the study found that stock classification has negative influence while effect of size has strong influence on the stock returns.

Irfan and Nishat, (2003) conducted a study to see the impact of payout ratio, and dividend yield on the stock price volatility. For this, they collected the data of 160 firms listed from Karachi Stock Exchange for the period of 20 years, from 1981 to 2000. After applying regression analysis, it was found that payout ratio and dividend yield was positively related with the stock price volatility. Sen and Ray, (2003) have investigated the major determinants of stock prices in India. Sample was taken for the 13 years period from 1988 to 2000, comprising stocks of Bombay stock exchange. The study revealed that dividend payout was a strong and significant determinant of stock prices while earnings per share had a very weak impact on the share prices. Thus the study suggested that dividend payout ratio is the crucial determinant for the Indian stock price.

Abu Hashish, (2003) arranged a study to examine the impact of published accounting information on stock prices. This research employed data of total 50 firms of Jordan, listed on Amman Stock Exchange (ASE) for the year of 2003. Results revealed a significant and positive relationship between stock prices and dividend-net profit, net profit-equity, and net profit-total assets. Findings of the study also showed that there is negative relation between stock prices, the creditors' total- total cash resources, wages ratio-total expenses ratio, and fixed assets-total assets ratios.

Dimitrios Tsoukalas, (2003), conducted a study to examine the relation between macro-economic indicators and stock prices in the Cyprus Stock Exchange. Data was collected for the tenure of 24 years from 1975 to 1998. This study utilized VAR (Vector Auto-regressive Model) to analyze the data. Macro-economic factors that included in this study were industrial production, consumer prices, exchange rate and money supply. Findings of the study revealed that there is strong relation between the mentioned macro-economic indicators and stock prices. From the author's point of view, the positive relation between exchange rate and stock prices is not surprising because the economy of Cypriot is highly depends upon its services e.g. offshore

banking and tourism. Further, the author stated that, relation between industrial productions, consumer price effect, money supply, and stock prices is reflection of macro-economic rules that are employed by the fiscal & monetary authorities of Cypriot.

Ibrahim, (2003), conducted a study to analyze the impact of macroeconomic variables (such as money supply, real output, exchange rate, and aggregate price level) on the stock price index in Equity market of Malaysia and other major stock markets of Japan and USA. This study utilized Vector Auto-regressive Model and co-integration model to analyze the relation. Findings of the research revealed that stock prices are negatively related to exchange rates while stock prices are positively related industrial production, money supply, and consumer price index.

AL-Thaher, (2003), analyzed the effect of dividend policy on the stock prices. Sample was collected for the duration of five years from 1996 to 2000. Data was collected from 7 commercial banks of Jordan enlisted on Amman Security Exchange. Findings of the study showed a significant impact of dividends on the share prices but the result was varying between different banks. Corwin, (2003), arranged a study to identify the impact of asymmetric information and uncertainty on the stock price of the firms. Findings revealed that there is significant impact of the asymmetric information as well as uncertainty on the stock prices.

Irfan & Nishat, (2002) investigated the influence of payment ratio, asset growth, dividends, leverage, and size of company on the market price of stock at Karachi Stock Exchange of Pakistan (KSE) in the period from 1981 to 2000. Annual data from financial statements was taken and panel data regression analysis was applied on the data for analysis. Results indicated that the company size, dividend yield, and payment ratio were found to be significant in influencing the stock prices.

A study conducted by Ho, (2002), in which he used a panel data approach along with the fixed effect regression model. Results of the study revealed that there is a positive relation among the size of the firms of Australia, liquidity of the firms of Japan and dividend policy while negative relationship between risk and dividend policy only in case of the Japanese firms. But overall industrial impact of Japan and Australia was found to be significant. Baker et al., (2002), conducted a study to investigate how managers take decisions about dividend policies? And for this the authors conducted a survey of managers of the NASDAQ firms (those firms which were consistently paying dividends), was arranged. Results of the survey disclosed that historical

patterns of the earnings as well as dividends are known by the managers and thus the dividend policies are designed accordingly.

Raymond, (2002), arranged a study to identify the influence of price to earnings ratio and dividend yields on the share prices real estates. Sample employed 4 main real estates of the Hong Kong and Data was collected during the period 1991 to 2000. Multiple regression method was used to analyze the panel data. Results exposed that price to earnings ratio and dividends yield affects the stock market.

Al-Qenae et al., (2002), arranged a study to see the influence of earnings and macroeconomic variables (such as interest rate, inflation and gross national product) on the share prices of the Kuwait stock exchange. Sample was collected for the period for the tenure of 17 years from 1981 to 1997. Findings of the study revealed a positive relation of gross national product and earnings on the share prices whereas results found a negative but significant influence of interest rates on the share prices in the Kuwait and the reason of such influences is that the stock market of Kuwait is highly responsive to the contributions of external events and the public views. This study was an important contribution in the Gulf Cooperation Council of Arabian states.

AL-Khalayleh, (2001), arranged a study to see the impact of accounting information factors (such as return on equity and return on assets) on the share prices of selected 40 companies of Jordan, enlisted on ASE (Amman Stock Exchange). Sample was collected for the duration of 13 years from 1984 to 1996. Findings of the study showed that return on equity and return on assets have positive and significant impact on the share prices.

Another study of Ralph and Eriki, (2001), who arranged a study to examine the impact of macroeconomic factors such as inflation, interest rate, gross domestic product, and financial deregulations on the share prices of the firms enlisted on the NSM (Nigerian Stock Market). Findings of the study showed that there is significant and negative impact of inflation on the stock prices. Further studies also showed a negative impact of interest rates, financial deregulations, gross domestic product, and money stock, on the share prices.

Maysami and Koh, (2000), arranged a study to see the impact of macro-economic variables on the share prices of the firms enlisted on Singapore Stock Exchange. In this study, inflation, money supply, industrial production, change in long term interest rates, change in short term interest rates, domestic exports, and exchange rate were taken as independent variables while share prices is taken as dependent variable. Data was collected for the tenure of eight years from 1988 to 1995. Findings of the study showed that money supply, change short term interest rate, change long term interest rate, change in exchange rates, and inflation rate have a strong impact on the share prices of the Singaporean firm. In addition to this, findings also revealed that there is strong bonding of Singaporean stock exchange, American stock exchange and Japan stock exchange.

Zhao, (1999), arranged a study to investigate the relation between industrial output, inflation rate and stock prices in the economy of the China. Sample was collected for the tenure of six years from 1993 to 1998. Findings showed that there is a negative relation between industrial output, inflation, and stock prices. Dhatt and Kim, (1999), arranged a study to investigate the impact of book –market ratio, debt equity ratio, sales price, and book to market, on the stock returns of the firms enlisted in the Korean Stock Exchange. Findings showed a great impact of the mentioned independent variables on the stock return.

Mukherjee and Naka, (1995), arranged a study to investigate the impact of macroeconomic indicators on the share prices of Tokyo. Sample was collected for the tenure of 20 years from 1971 to 1990. This study employed total 240 observations. Data was analyzed using VECM (vector error correction model). Findings of the study indicated that there is positive association between money supply, industrial production, and exchange rate with the share prices of Tokyo. Further the study showed a mixed association between interest rate, inflation and stock prices of Tokyo.

Barclay and Smith, (1995) found that companies with high growth, usually have low debt ratio and having low dividends payout as compare to the companies with low growth which have high debt ratios and high dividend payouts. Thus, an investor will prefer high dividend payout while considering it to be less risky as compare to the capital gain. Allen and Rachim, (1996) in which they collected the data of 173 firms listed from Australian Stock Exchange, and they found that there is no relationship among the stock prices and the dividend yield. But they found

a positive relationship between leverage, size, earnings and stock prices while negative relationship between dividend payout ratio and stock prices which were opposite to the results of the Baskin (1989) who found a significant and negative relationship between stock prices and dividend yield while collecting data from 1967-1986 and examining 2344 stocks of United States. While the dividend policy is being discussing here, the work and contributions of Linter (1956) cannot be ignored here. He raised a question that what are the managers' choices which can affect the timing of dividends and size? After Linter's contribution, Modigliani and Miller, (1961) introduced the Dividend Irrelevance theory's concept where they explained that stock prices are not affected by the dividend policy. Numerous researchers (such as Black and Scholes (1974), Chowdhary and Uddin (2005), and Adesola and Okwong (2009), etc.) have proved 'Dividend irrelevance theory' in their study and supported its concept that stock prices are not affected by the dividends policy.

Contrary to the M&M theory of dividends, Gordon, (1963) gave the concept of the 'dividend relevance theory'. According to the Dividend relevance theory, dividend policy has a great impact on the stock prices and value of the firm. Gordon revealed that investors do not prefer 'capital gain' which is risky too rather they prefer current income in a form of 'dividends'. Many authors who have conducted the study including Travlos and Vafeas, (2001), Myers and Frank, (2004) and Theriou and Tsinani, (2007), found the dividend relevance theory to be true and supported the concept that stock prices are influenced by the dividend policy.

McConnell and Muscarells, (1985) found that stock prices respond favorably due to the announcement of major capital investments. Loughran and Ritter, (1995) found negative relationship between stock returns and the firms that had increases investment e.g. issuance of equity whereas in the study of Ikenberry et al., (1995) a positive stock returns experienced by the companies whose has contracted their assets or decreased their investments e.g. through stock repurchases. Daniel and Titman, (2006) stated in its study that firms present current and previous performances in their financial statements which is 'tangible' information while all other information is 'intangible'. The purpose of this study was to find the relation between information stated in financial statements as past performance measures and stock returns and the results revealed that there was insignificant relationship between them.

Nelson et al., (1982) has defined the growth as “outcome as a result of firm specific capabilities, routines and resources”. Gupta, (1968) defined the growth as “annually total percentage change in total sales, operating profits and total assets.” Author then explained that mostly finance managers think that the growth of firm is caused by the increase in size of firm and via long run activities of firm but in actual, growth is the expansion of profits, assets and sales of firms as it is significant for the survival of the firm and for increasing the wealth of stockholders’ equity.

Litzenberger and Ramaswamy, (1979) conducted a study by taking 21 year’s data in United States of America. Results of their study revealed that stock prices are affected by the information effects or dividend’s tax effects. Their study showed a positive relationship with dividends yield.

2.4. Hypotheses

On the basis of the above literature, the hypotheses for this study are as follows;

H1: There is a positive relationship between size of non-financial firms and share price.

H2: There is a positive relationship between return on asset and share price.

H3: There is a positive relationship between dividend yield and share price.

H4: There is a positive relationship between asset growth and share price.

CHAPTER 3

Methodology

3.1 Overview

This chapter discusses the methodology of the data which has been analyzed in this study. Data collection will elaborate the sources of data collection along with the sample size. Data analysis will elaborate the method of analyzing the data of the study. Finally in this study, operational definitions are mentioned along with their sources.

3.2 Data Collection

In this research, panel data has been collected for the period of 2008-2016. Sample includes non-financial firms of Pakistan listed from Pakistan Stock Exchange. In this, the source of the data is secondary as all the data has attained from the annual reports of the companies and Pakistan Stock Exchange's website. Average of annually high and low share prices has been taken for analyzing the impact. These high and low share prices have been taken from Pakistan Stock Exchange's website. Annual Share prices have been taken just because the data of all other variables have been taken as annually. Data for calculating other independent variables has been taken from the annual reports of those companies that were listed in the period of 2008-2016. Total listed and trading non-financial companies during the period of 2008-2016 were 251. Data of 14 non-financial sectors of Pakistan have taken in this study. Total number of observations is 2259. Below, there is a list showing total number of companies taken from each sector;

Sector	No. of Companies Taken
1. Textile	114
2. Chemical	29
3. Paper & Board	8
4. Sugar Data	28
5. Cement	19

6. Automobile	15
7. Technology and Communication	4
8. Transport	3
9. Refinery	4
10. Power Generation & Distribution	7
11. Synthetic & Rayon	4
12. Food and Personal Products	8
13. Glass and Ceramics	6
14. Cables and Electrical Goods	3

3.2 Data Analysis

The analysis of variables is done by using pooled regression analysis to see the impact of independent variables (Size, Return on Assets, Asset Growth, and Dividend Yield) on the dependent variable (share prices) in each selected sector. Coefficients for regression are β_1, β_2, β_3, and β_4. These coefficients show the percentage of impact or changes on dependent variable of this research causing due to independent variables.

$$SP_{it} = \alpha_i + \beta_1 SIZEit + \beta_2 DYit + \beta_3 ROAit + \beta_4 AGit + \varepsilon_{it}$$

Where;

SP = Share Prices

SIZE = Size

DY = Dividend Yield

ROA = Return on Assets

AG = Asset Growth

ε_{it} = Error Term

α_i = Constant

3.3 Variables and Measurement

Variables	Measurement	Title	Author
Stock Price	Pakistan Stock Exchange	Determinants of changes in share prices in banking sector of Pakistan, Determinants of Stock Price Volatility in Karachi Stock Exchange: The Mediating Role of Corporate Dividend Policy	Ramzan & Naveed, (2013), Nazir et al (2010)
Size	Log of total assets	Determinants of changes in share prices in banking sector of Pakistan, Dividend policy and stock price volatility in US Equity capital market.	Ramzan & Naveed, (2013), Profilet and Bacon, (2013)
Asset Growth	Change in total asset/Current asset value	Determinants of changes in share prices in banking sector of Pakistan, Determinants of Stock Price Volatility in Karachi Stock Exchange: The Mediating Role of Corporate Dividend Policy	Ramzan & Naveed, (2013), Nazir et al (2010)
Return on Asset	Net Income/Total Assets	Determinants of changes in share prices in banking sector of Pakistan, Impact of Selected Financial Variables on Share Price of Publicly Listed Firms in the Philippines	Ramzan & Naveed, (2013), Menaje, P. M. (2012)
Dividend Yield	$\frac{\text{Annual Dividend per share}}{\text{Stock price per share}}$	Determinants of changes in share prices in banking sector of Pakistan, Influence of Selected Financial Indicators on Stock Price of Tata Motors Ltd.	Ramzan & Naveed, (2013), Anita & Pavitra, (2014)

CHAPTER 4

ANALYSIS AND FINDINGS

4.1 Overview

The current chapter of the underlying study is divided into two parts. First part is regression assumptions and interpretation of results. Moreover, first part is also included; panel unit root test, descriptive statistics table, correlation matrix table and fixed effect regression results table. The second part of the current chapter is brief discussion on research findings.

4.2 Panel Unit Root Test

Unit root test is used to check/detect whether data has unit root or not. Levin, Lin and Chu method is applied to detect our variable is stationary or not. The decision criteria is if Levin, Lin and Chu corresponding probability value is less than 5% (<5%). It means the null hypothesis is rejected and an alternative hypothesis is accepted. For decision we develop two hypotheses which are as follows:

Levin, Lin and Chu (2002)

Null Hypothesis: Panel data has unit root (Non-Stationary)

Alternative Hypothesis: Panel data has not unit root (Stationary)

4.2.1 Panel Unit Root Test on Share Price (SP)

Panel Unit Root Test on SP

	Statistic	Probability
Levin, Lin and Chu	-18.6211	0.0000

According to the Share Price (SP) panel unit root test the corresponding probability of Levin, Lin and Chu method is less than 5% (<5%). It means the null hypothesis is rejected and an alternative hypothesis is accepted. In other words, our Share Price (SP) variable at level does not have unit root. It means the Share Price (SP) is stationary data at level.

4.2.2 Panel Unit Root Test on Dividend Yield (DY)

Panel Unit Root Test on DY

	Statistic	Probability
Levin, Lin and Chu	-36990.4	0.0000

According to the Dividend Yield (DY) panel unit root test the corresponding probability of Levin, Lin and Chu method is less than 5% (<5%). It means the null hypothesis is rejected and an alternative hypothesis is accepted. In other words, our Dividend Yield (DY) variable at level does not have unit root. It means the Dividend Yield (DY) is stationary data at level.

4.2.3 Panel Unit Root Test on Return on Asset (ROA)

Panel Unit Root Test on ROA

	Statistic	Probability
Levin, Lin and Chu	-47.8145	0.0000

According to the Return on Asset (ROA) panel unit root test the corresponding probability of Levin, Lin and Chu method is less than 5% (<5%). It means the null hypothesis is

rejected and an alternative hypothesis is accepted. In other words, our Return on Asset (ROA) variable at level does not have unit root. It means the Return on Asset (ROA) is stationary data at level.

4.2.4 Panel Unit Root Test on Asset Growth (AG)

Panel Unit Root Test on AG

	Statistic	Probability
Levin, Lin and Chu	-839.055	0.0000

According to the Asset Growth (AG) panel unit root test the corresponding probability of Levin, Lin and Chu method is less than 5% (<5%). It means the null hypothesis is rejected and an alternative hypothesis is accepted. In other words, our Asset Growth (AG) variable at level does not have unit root. It means the Asset Growth (AG) is stationary data at level.

4.2.5 Panel Unit Root Test on Size (SZ)

Panel Unit Root Test on SZ

	Statistic	Probability
Levin, Lin and Chu	-21.4249	0.0000

According to the Size (SZ) panel unit root test the corresponding probability of Levin, Lin and Chu method is less than 5% (<5%). It means the null hypothesis is rejected and an alternative hypothesis is accepted. In other words, our Size (SZ) variable at level does not have unit root. It means the Size (SZ) is stationary data at level.

4.3 Homoscedasticity Assumption

Table: White Test for Heteroscedasticity

R-Squared for Auxiliary Regression	0.0043
Number of Observations	2547
LM-Stat	10.952
χ^2 Critical Value (at 1%)	13.277

Homoscedasticity means at each level of the predictor variables, the variance of the residual terms should be constant is called homoscedasticity. It means the variance of the error terms should be constant. If the variance of residual terms is not constant then the data has a problem of heteroscedasticity. Heteroscedasticity means at each level of the predictor variables, the variance of the residual terms is not constant (unequal) is called heteroscedasticity.

Another important issue is to be taken care is heteroscedasticity. It also affects on the regression results. To detect heteroscedasticity several tests are available. But the most common test to detect heteroscedasticity is White Test. White Test indicates to regress squared error term over independent variables of study and then calculates LM-stat by multiplying R-squared of auxiliary regression with number of observations. The test follows chi-square distribution and critical value can be characterized by number of independent variables and significance level. The rule of thumb for White Test is if the value of LM-stat is less than chi-square critical value. So, we do not reject the null hypothesis of no heteroscedasticity and conclude that there is no heteroscedastictiy. According to White Test for Heteroscedasticity Table, the calculated LM-stat value (10.952) is smaller than the critical value (13.277). It means the data is free from the problem of heteroscedasticity.

4.4 Pooled Analysis of Pakistani Nonfinancial Sectors

The following tables contain pooled analysis of underlying nonfinancial sectors of Pakistan.

Variables	Cable & Electrical goods	Synthetic & Rayon	Refinery	Chemical	Power generation & Distribution	Sugar	Technology & communication
$CONS_{it}$	-466.51	-279.8	-1105.3	-76.316	-79.913	-98.31	103.85
	(0.047)	(0.002)	(0.059)	(0.008)	(0.001)	(0.004)	(0.011)
SZ_{it}	23.610	13.362	50.184	5.454	4.117	5.958	-4.020
	(0.028)	(0.000)	(0.037)	(0.000)	(0.000)	(0.000)	(0.021)
ROA_{it}	12.526	46.876	625.07	52.494	94.662	37.290	37.600
	(0.909)	(0.000)	(0.001)	(0.000)	(0.000)	(0.001)	(0.113)
AG_{it}	-3.825	1.762	-22.726	0.044	0.404	0.821	-0.471
	(0.634)	(0.080)	(0.004)	(0.000)	(0.342)	(0.788)	(0.053)
DY_{it}	-4427.9	1406.1	1688.4	-266.4	1188.1	949.66	1547.07
	(0.098)	(0.006)	(0.265)	(0.000)	(0.022)	(0.005)	(0.000)
R^2	0.204	0.561	0.581	0.125	0.361	0.103	0.319
Adj-R^2	0.149	0.504	0.526	0.111	0.316	0.088	0.251

Table I

Variables	Textile	Automobile	Food & Personal products	Cement	Glass & Ceramics	Paper & Board	Transport
$CONS_{it}$	-113.41	-151.22	21.589	-44.441	-362.33	-101.33	637.36
	(0.000)	(0.000)	(0.787)	(0.353)	(0.000)	(0.000)	(0.000)
SZ_{it}	6.520	8.583	3.513	2.947	17.690	6.581	-24.366
	(0.000)	(0.000)	(0.076)	(0.175)	(0.000)	(0..000)	(0.000)
ROA_{it}	8.462	12.303	19.861	28.623	79.503	117.07	0.137
	(0.000)	(0.219)	(0.321)	(0.000)	(0.000)	(0.000)	(0.693)
AG_{it}	0.036	-0.350	0.061	-0.349	12.135	0.001	3.697
	(0.000)	(0.254)	(0.000)	(0.004)	(0.017)	(0.795)	(0.000)
DY_{it}	-19.293	2276.6	-43.510	8278.4	1675.46	-20.731	-9228.3
	(0.000)	(0.000)	(0.919)	(0.003)	(0.045)	(0.172)	(0.000)
R^2	0.103	0.219	0.088	0.353	0.536	0.366	0.611
Adj-R^2	0.099	0.197	0.06	0.338	0.498	0.329	0.539

Table II

4.4.1 Interpretation of the Results

Cable & Electrical Goods

In the above table I, P-value is less than 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Cable & Electrical goods sector, the Probability (P-value) of one variable (out of four) is <0.05 or <5% which means that it is significant while three variables are insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, size (SZ), dividend yield (DY), asset growth (AG) are insignificant while return on asset (ROA) is significant.

The second thing of key importance in the above table is "R-squared". R-squared is also referred to Coefficient of Determination and it is denoted by R^2. It tells about the extent of goodness of model. The range for this coefficient is between 0 and 1.

R^2 shows the percentage of variation explained by the independent variables in dependent variables. The general rule of thumb for R-squared is that the value of R^2 lies in between 0.50 to 0.90.

According to the above regression analysis table, the value of R-squared is 0.204 or 20.4%. This value shows that 20.4% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Synthetic & Rayon

In the above table I, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Synthetic & Rayon sector, the Probability (P-value) of three variables (out of four) are <0.05 or <5% which means that these variables are significant while one variable is insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, size (SZ), dividend yield (DY), return on asset (ROA) are significant while asset growth (AG) is insignificant.

According to the above regression analysis table, the value of R-squared is 0.561 or 56.1%. This value shows that 56.1% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Refinery

In the above table I, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Refinery sector, the Probability (P-value) of three variables (out of four) are <0.05 or <5% which means that these variables are significant while one variable is insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, size (SZ), asset growth (AG), return on asset (ROA) are significant while dividend yield (DY) is insignificant.

According to the above regression analysis table, the value of R-squared is 0.581 or 58.1%. This value shows that 58.1% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Chemical

In the above table I, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Chemical sector, the Probability (P-value) of all four variables are <0.05 or <5% which means that these variables are significant. In the current study, size (SZ), asset growth (AG), return on asset (ROA), and dividend yield (DY) have significant relationship with the share price.

According to the above regression analysis table, the value of R-squared is 0.125 or 12.5%. This value shows that 12.5% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Power generation & Distribution

In the above table I, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Power generation & Distribution sector, the Probability (P-value) of three variables (out of four) are <0.05 or <5% which means that these variables are significant while one variable is insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, size (SZ), dividend yield (DY), return on asset (ROA) are significant while asset growth (AG) is insignificant.

According to the above regression analysis table, the value of R-squared is 0.361 or 36.1%. This value shows that 36.1% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Sugar

In the above table I, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Sugar sector, the Probability (P-value) of three variables (out of four) are <0.05 or <5% which means that these variables are significant while one variable is insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, size (SZ), dividend yield (DY), return on asset (ROA) are significant while asset growth (AG) is insignificant.

According to the above regression analysis table, the value of R-squared is 0.103 or 10.3%. This value shows that 10.3% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Technology & Communication

In the above table I, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Technology & Communication sector, the

Probability (P-value) of three variables (out of four) are <0.05 or <5% which means that these variables are significant while one variable is insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, size (SZ), dividend yield (DY), return on asset (ROA) are significant while return on assets (ROA) is insignificant.

According to the above regression analysis table, the value of R-squared is 0.319 or 31.9%. This value shows that 31.9% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Textile

In the above table II, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Textile sector, the Probability (P-value) of all four variables are <0.05 or <5% which means that these variables are significant. In the current study, size (SZ), asset growth (AG), return on asset (ROA), and dividend yield (DY) have significant relationship with the share price.

According to the above regression analysis table, the value of R-squared is 0.103 or 10.3%. This value shows that 10.3% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Automobile

In the above table II, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Automobile sector, the Probability (P-value) of two variables (out of four) are <0.05 or <5% which means that these variables are significant while other two variables are insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, size (SZ), and dividend yield (DY) are significant while return on asset (ROA) and asset growth (AG) are insignificant.

According to the above regression analysis table, the value of R-squared is 0.219 or 21.9%. This value shows that 21.9% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Food & Personal Products

In the above table II, P-value is less than 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Food & Personal Products sector, the Probability (P-value) of one variable (out of four) is <0.05 or <5% which means that it is significant while three variables are insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, size (SZ), dividend yield (DY), return on asset growth (ROA) are insignificant while asset growth (AG) is significant.

According to the above regression analysis table, the value of R-squared is 0.08 or 8%. This value shows that only 8% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Cement

In the above table II, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Cement sector, the Probability (P-value) of three variables (out of four) are <0.05 or <5% which means that these variables are significant while one variable is insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, return on assets (ROA), dividend yield (DY), and asset growth (AG) are significant while size (SZ) is insignificant.

According to the above regression analysis table, the value of R-squared is 0.353 or 35.3%. This value shows that 35.3% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Glass & Ceramics

In the above table II, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Glass & Ceramics sector, the Probability (P-value) of all four variables (out of four) are <0.05 or <5% which means that these variables are significant. In the current study, size (SZ), return on assets (ROA), and asset growth (AG) are and dividend yield (DY) are significant.

According to the above regression analysis table, the value of R-squared is 0.536 or 53.6%. This value shows that 53.6% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Paper & Board

In the above table, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Paper & Board sector, the Probability (P-value) of two variables (out of four) are <0.05 or <5% which means that these variables are significant while other two variables are insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, size (SZ), and return on asset (ROA), are significant while dividend yield (DY) and asset growth (AG) are insignificant.

According to the above regression analysis table, the value of R-squared is 0.219 or 21.9%. This value shows that 21.9% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

Transport

In the above table II, P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the above regression table of Transport sector, the Probability (P-value) of

three variables (out of four) are <0.05 or <5% which means that these variables are significant while one variable is insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, size (SZ), dividend yield (DY) and asset growth (AG) is significant while return on assets (ROA) is insignificant.

According to the above regression analysis table, the value of R-squared is 0.611 or 61.1%. This value shows that 61.1% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price).

The last and most important thing of this study given in the above Table is the Coefficient values and their respective P-values. It shows the magnitude/direction of relationship between independent variables and dependent variable. This is also known as Regression Coefficient. Coefficient values are showing the following results:

ROA (Return on Asset)

- The relationship between Return on Asset and Share price is positive in entire nonfinancial sectors. Hence, it accepts H2.

DY (Dividend Yield)

- The relationship between Dividend Yield and Share price is positive in all sectors excluding major nonfinancial sectors Cable & Electrical goods, chemical, textile, food & personal products, paper & boards, and transport. Hence, it rejects H3.

AG (Asset Growth)

- The relationship between Asset Growth and Share price is positive in all nonfinancial sectors excluding cable & electrical goods, refinery, technology & communication, automobile, and cement. Hence, it accepts H4.

SZ (Size of firm)

- The relationship between Size and Share price is positive in all nonfinancial sectors excluding technology & communication and transport. Hence, it accepts H1.

4.5 Hausman Test

Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	16.833606	4	0.0021

In this study the Hausman Test is applied to check which model (Fixed Effect or Random Effect) is suitable to accept. For decision we develop two hypotheses which are as follows:

Hausman Test:

Null Hypothesis: Random Effect Model is appropriate

Alternative Hypothesis: Fixed Effect Model is appropriate

If the probability value of Hausman Test is statistically significant (significant P-value). We shall use fixed effect model, otherwise random effect model. In other words, if P-value is less than 5% (<5%), we shall reject the null hypothesis and accept alternative hypothesis. According to our Hausman Test the probability value is (0.0021) which is less than 5% (<5%). It means the null hypothesis (Random Effect Model) is rejected and alternative hypothesis (Fixed Effect Model) is accepted. So, that's why Fixed Effect Model is accepted for the current research study.

4.6 Interpretation of the Results Collective Analysis of nonfinancial Firms

4.6.1 Descriptive Statistics

Table: 1

Descriptive Statistics

Variables	Observation	Mean	Std. Deviation	Minimum	Maximum
Sp	2547	38.4073	44.4810	0.30	642.5
SZ	2547	22.0618	1.8034	12.2054	28.1769
ROA	2547	0.0452	0.7674	-34.5263	3.7745
DY	2547	0.0060	0.0630	-0.0051	1.7879
AG	2547	2.7977	52.2561	-1	8.929

Note: SP_{it} = Share Price, SZ_{it} = Size of firm, ROA_{it} = Return on Assets, DY_{it} = Dividend Yield, and AG_{it} = Asset Growth.

Descriptive Statistics delivers a summary of independent variables & dependent variable. It gives full information just at one sight. This table shows total number of observations, range (maximum and minimum values) of each variable, overall central tendency of each variable (mean, and median), and finally, it shows dispersion measures (standard of deviation).

Mean value shows 'average value' of entire observations employed in each variable. Standard Deviation value indicates the extent to which the observations deviate from its mean value. Range values indicate the maximum and minimum values that belong to every observation of variable.

Above table shows descriptive details of five variables affecting the share prices of non-financial firms. Share Price ranges from 0.3 to 642.5 with its mean value of 38.4073 and standard deviation value of 44.4810. Secondly, there is 'Size' (SZ) that ranges from 12.2054 to 28.17697 with its mean value of 22.0618 and standard deviation of 1.8034. Third variable is Return on assets (ROA) that ranges from -34.5263 to 3.7745 to with its mean value of 0.0452 and standard deviation value of 0.7674. Fourth variable is Dividend Yield (DY), which ranges from -0.0051to 1.7879 with its mean value of 0.0060 and standard deviation value of 0.0630. Fifth and last variable of this study is Asset growth (AG), which ranges from -1 to 1830.929 with its mean value of 2.7977 and standard deviation value of 52.2561.

4.6.2 Correlation Matrix

Table: 2
CORRELATION MATRIX

Variables	SP_{it}	SZ_{it}	ROA_{it}	DY_{it}	AG_{it}
Sp_{it}	1.0000				
SZ_{it}	0.266299	1.0000			
ROA_{it}	0.071003	0.002151	1.0000		
DY_{it}	-0.03738	-0.03201	0.01211	1.0000	
AG_{it}	0.013353	-0.16369	0.00639	0.016336	1.0000

Word "Correlation" is actually has been divided in two segments. First segment is "CO" which means "correct and among" while the second segment is "relation" which shows "relatedness among the variables or things". Correlation Matrix illustrates the relation between independent and dependent variables. Correlation measure the relation between two or more than two variables. Correlation values can be negative or positive. Values, shown in diagonal form in the correlation matrix table express perfect relation with itself. One of the major functions of correlation matrix is to ensure the presence or absence of multicollinearity issue in the data.

Problem of 'multicollinearity' occurs when the relation between two or more independent predictors (variables) exceeds or become equals to the limit of 0.90. Multicollinearity is also referred to as Collinearity. Cut-off values for multicollinearity are less than 0.80 or 0.90. Such values are usually checked by various researchers for checking the issue of multicollinearity in the data. So the values of correlation matrix must be <0.80 or <0.90, otherwise there is a problem of multicollinearity in the data.

According to the values present in the above Correlation Matrix Table, it is clear that there is no multicollinearity or collinearity issue in the data. Data of the current study is completely free from the issue of multicollinearity. This shows that all the correlation coefficient values of correlation matrix are less than the cut-off value of multicollinearity which is <0.80.

4.6.3 Fixed Effect Model

Table: 3

Fixed Effect Model

Regression Estimates using Share Price (SP_{it}) as Dependent Variable

Variables	Coefficient	Std. Err.	t-statistic	Prob.
SZ_{it}	4.9201	0.9959	4.9401	0.0000
ROA_{it}	0.1606	0.2259	0.7111	0.4771
DY_{it}	-5.4718	1.7571	-3.1141	0.0019
AG_{it}	0.0321	0.0131	2.4436	0.0146
C	-70.2029	21.9214	-3.2024	0.0014
R^2	0.6401	F – Statistic		14.0517
Adjusted R^2	0.5945	Prob. (F – Statistic)		0.0000
		Durbin-Watson Stat		1.5286

*****P<1%, and **P<5%.**

Multivariate Regression Analysis is applied on the (251) Pakistani firms via Fixed Effect Model in the E-views7 Software. Analysis revealed following results;

Most interesting thing of the regression table is F-statistic and corresponding probability or (p-value). F-statistic tells that whether independent variables (IVs') jointly affect the dependent variables (DV) or not.

In the above table, F-Statistic value is 14.0517 and corresponding probability (P-value) is 0.0000. This means that P-value is less 0.05 and thus it is significant because if P-value is <5% or <0.05 then it means it is significant. But if P value is >5% or >0.05then it is not significant. Thus, in the regression table the Probability (P-value) of three variables (out of four) is <0.05 or <5% which means that they are significant while one variable is insignificant which means that the P-value of that variable is more than 5% (>5% or >0.05). In the current study, size (SZ), dividend yield (DY), asset growth (AG) are significant while return on asset (ROA) is insignificant. So, Independent Variables, size (SZ), dividend yield (DY), asset growth (AG) jointly can influence the Dependent Variable which is "Share Price".

The second thing of key importance in the above table is "R-squared". R-squared is also referred to Coefficient of Determination and it is denoted by R^2. It tells about the extent of goodness of model. The range for this coefficient is between 0 and 1.

R^2 shows the percentage of variation explained by the independent variables in dependent variables. The general rule of thumb for R-squared is that the value of R^2 lies in between 0.50 to 0.90. According to the above regression analysis table, the value of R-squared is 0.6401 or 64.01%. This value shows that 64.01% of variation is explained by all four independent variables (Size, Return on assets, Dividend yield, and Asset growth) in the dependent variable (Share price). In other words, independent variables are explaining the dependent variable at the value of 64.01%.

For any two observations the residual terms should be uncorrelated (or independent). This eventuality is sometimes described as a lack of autocorrelation. In other words, when the correlation between error terms is zero it is called independent of residuals. It means errors must be independent with each other. Autocorrelation also called serial correlation or independent errors. This assumption can be tested with the Durbin-Watson test, which tests for serial correlations between errors. Specifically, it tests whether adjacent residuals are correlated. The test statistic can vary between 0 and 4. The ideal value/cut-off value of Durbin-Watson is 2 or near to 2. If the value of Durbin-Watson test is near to 2, it means that the residuals are uncorrelated. There is no autocorrelation.

In the current study, the value of Durbin-Watson test is (1.5286 almost equals1.60) that is near to 2. It means that there is no autocorrelation problem in the model. According to the Shabbir et al. (2016), there is no autocorrelation problem in the model if the Durbin-Watson value is higher than 1.5 (i.e., DW>1.5).

The last and most important thing of this study given in the above Table is the Coefficient values and their respective P-values. It shows the magnitude/direction of relationship between independent variables and dependent variable. This is also known as Regression Coefficient. Coefficient values are showing the following results:

SZ (Size of firm)

- The relationship between Size and Share price is positive. Hence, it accepts H1.

- If there will be one unit increase in Size, then Share prices will also increase to 4.920119.
- The P-value of Size is 0.0000 which is less than 5% or <0.05 significant level. This shows that Size has significant contribution towards Share price.

ROA (Return on Asset)

- The relationship between Return on Asset and Share price is positive. Hence, it accepts H2.
- If there will be one unit increase in Return on Asset, then Share prices will also increase to 0.16069.
- The P-value of Return on Asset is 0.4771 which is more than 5% or >0.05 significant level. This shows that Return on Asset do not have any significant contribution towards Share prices.

DY (Dividend Yield)

- The relationship between Dividend Yield and Share price is negative. Hence, it rejects H3.
- If there will be one unit increase in Dividend Yield, then Share price will decrease to -5.4718.
- The P-value of Dividend Yield is 0.0019, which is less than 5% or <0.05 significant level. This shows that, Dividend Yield has significant contribution towards Share prices.

AG (Asset Growth)

- The relationship between Asset Growth and Share price is positive. Hence, it accepts H4.
- If there will be one unit increase in Asset Growth, then Share price will increase to 0.0321.
- The P-value of Asset Growth is 0.0146, which is which is less than 5% or <0.05 significant level. This shows that, Asset Growth has significant contribution towards Share prices.

CHAPTER 5

Conclusion/Discussion/Recommendations

5.1 Overview

This chapter contains the overall conclusion of the study. Results of the analysis will also discuss in this chapter along with the evidences found in the previous studies. Finally, this chapter contains some limitations of the study and future recommendations on the basis of the current study.

5.2 Conclusion

The purpose of the study was to identify the determinants of share prices in the non-financial firms of Pakistan enlisted on Pakistan Stock Exchange. The purpose of the study was to examine the nonfinancial firms as sector wise so that a clear picture may be drawn of the impact of each independent variable on the dependent variable. Mixed results were found for the impact of dividend yield and asset growth on the share prices in sector wise analysis of the nonfinancial of the firms; while return on assets and firm size have positive relationship with the share prices.

Results suggested that Pakistani investors need to review the impact of asset growth, dividend yield, firm size, and return on assets on the share prices, before investing in the Pakistani non-financial firms to get maximum benefit from their investment.

5.3 Discussion of Results

According to regression analysis results, there is positive relationship between size of firm and share prices of the firms of entire nonfinancial sector excluding technology & communication and transport. It means that if the firm's assets (proxy for size) will increase, the share price of the firm will also increase and if the firm's assets (proxy for size) will decrease, the share price of the firm will also decrease. According to Nishat, (1999), negative sign of size shows the condition of market imperfection. In our study, sign of size is positive so it means that there is market perfection in Pakistani economy. These results are consistent with the results of

the study done by Shamsher and Annuar, (2009), Chandra, P. (1981), Sharma S. & Singh, B. (2007), Allen & Rachim (1996), Mahmood and Waheed, (2014), and Noor et al., (2017).

According to regression analysis results, there is positive relationship between return on asset and share prices of entire nonfinancial firms. It means that if there will be high return on assets then the investors will attract more towards purchasing the shares of the firms and hence the share prices will increase. Not only that, but it is also found that return on asset has significant relationship with the share prices as well in all the nonfinancial firms excluding cable & electrical goods, technology & communication. It means that stock prices would move in the same direction of return on assets and the impact would be significant in all nonfinancial firms excluding cable & electrical goods, technology & communication. These results are consistent with the results of the study done by Tamuntuan, (2015), Idawati and Wahyudi, (2015), Salma Akter and Naznin Sultana Chaity, (2015) and Atchyuthan.N, (2017).

After applying simple regression analysis on each sector, mixed results were found. Synthetic & Rayon, Refinery, Power Generation & Distribution, Sugar, Technology & Communication, Automobile, Glass & Ceramics and Cement sector showed positive relationship with the share prices. This means that with the increase in dividend yield, the share prices will also increase in these sectors. Textile, Food & Personal Products, Paper & Board, Transport, Cable & Electrical goods, and Chemical sector have negative relationship with the share prices. This shows that with the increase in share price, dividend yield will be reduced in these sectors. The reason can be that, when a company pays more in form of dividends then a little amount of money remains to the company for investing in other projects. As the company announces dividends to attract more investors, it lost its money reserves and weakens inside and thus it lost its yielding power on per share but its stock prices started to increase because of attraction of dividends. Still, there are some sectors where firms pay a stable level of dividend or adopt such a dividend policy that prohibits establishing the negative relationship between dividend yields. In Pakistan, there are few firms who pay regular dividends because companies are not much stable and mature here and that are why dividends are center of attraction for the investors in Pakistan. Because Pakistan is an economically weak country, thus more people strive for regular income in form of dividends. Moreover, negative relation between dividend yield and share price can be that fewer firms are paying dividends because they are having other attractive and long term

investment opportunities to invest on them other than paying dividends. According to Cheema et al., (2003), there are only 35% firms who pay dividends yet not on regular basis. Also Pakistani firms do not pay dividends because of high costs of funds and so they rely on internal financing. There are more private companies in Pakistan and less government companies and these private companies rely on their own funds because of high funding costs. In case of fund raising from banks, firms has to pay more in form of interest and thus little or no remain for the dividends so this can be the reason of not paying regular dividends. These results are consistent with the results of the study done by Aveh and Vitor, 2017, Sharif, Purohit, Pillai, 2015, Mahmood and Waheed, 2014, Malhotra and Tondon, 2013, and Shamsher and Annuar, (2009).

According to the regression analysis results, there is positive relationship between asset growth and share prices in all nonfinancial sectors except five sectors e.g. Cable & Electrical goods, Refinery, Technology & Communication, Automobile and Cement sector. This means that with the increase or decrease in asset growth, share prices will also increase or decrease. As a company's assets grow each year, it guarantees a strong back of a company and so investors attract more for investing in that company as it would be a secure investment to invest in it. A negative relationship between share prices and asset growth shows that the firms of these sectors are indulge in business expansion due to which they have shortage of assets to grow comparative to those sectors or firms who are not associated in business expansion. According to Watnabe et al., (2013), impact of asset growth is found in efficient stock markets and thus results of the study are showing that Pakistani economy is efficient where there is rational flow of information. These results are consistent with the results of the study done by Noor et al., (2017), Nyberg and Pöyry (2014), Lashgari and Ahmadi, (2014), Shamsher and Annuar, (2009), and Chandra, P. (1981).

Findings suggest that, stock prices are positively related with the firm size, and return on assets while dividend yield and asset growth has mixed (positive as well as negative) effect on the share prices. So any positive and negative information about firm size, dividend yield, return on assets and asset growth will also affect the share prices in Pakistani Economy. This proves the Efficient Market Hypothesis (EMH) theory true on the grounds that share prices reflect the information either internal or external.

5.4 Recommendations

Following suggestions are being offered on the basis of analysis findings of the determinants of share prices of the Non-financial firms enlisted on Pakistan Stock Exchange:

1. Firm size is having a positive relationship with the share prices in all underlying non-financial sectors of Pakistan, so it is recommended to the firms to increase their firm's size by investing on assets to attract the investors.
2. Where there is negative relationship between share prices and dividend yield in sector wise analysis of the nonfinancial firms, is an indication of that, the Pakistani Companies do not pay regular dividend because of the possibility of that they invest in long term opportunities and thus they do not yield enough revenue each year to pay dividends to their investors on regular basis. It is suggested to the Pakistani nonfinancial firms that, they should adopt such dividend payment strategy that may increase the share prices.
3. Where there is positive and significant relationship between share prices and asset growth is an indication that as assets will grow each year, the share prices of the company will also increase. So it is recommended to the firms' to grow their assets comparative to previous year so that share prices may increase.
4. There is a positive relationship of return on assets of all the underlying nonfinancial sectors, with the share price which means as companies will increase their return on assets, the share prices of the companies will also increase. So it is recommended to the firms' to utilize their assets efficiently and effectively to increase return on assets.
5. Investors are suggested to review the main firm specific factors e.g. firm size, asset growth, dividend yield and return on assets of the companies before investing or before taking any investment decision.

5.5 Future Directions

Following suggestions are being offered on the basis of analysis findings of the determinants of share prices of the Non-financial firms enlisted on Pakistan Stock Exchange:

1. The current study can be extended to cover the current data and by adding more financial determinants such as, profitability ratios study e.g. earnings per share, return on investment or liquidity ratios e.g. current ratio, quick ratio.

2. Relationship between share prices and corporate governance practices in Pakistani context can also be determined because it has been seen in many foreign studies that corporate governance plays an important role in influencing the share prices.
3. Moreover, scholars should consider the firm size in terms of sales, and market capitalization other than total assets. Scholars should also identify the "small firm effect" in their study in the context of Pakistani firms because there are more small and medium enterprises in Pakistan. "Small firm effect" tells that small firms have lower stock prices where small firms are those who are having below $2 billion in market capitalization.
4. A comparative analysis should also be done between financial and non-financial sector with the variables of this study to identify the impact of these variables in these sectors on the share prices and its results will also show the investors that which sector is more profitable to invest in it.
5. Researchers should analyze the impact of these variables in each Pakistani manufacturing industry as individually. This study will give a clearer picture about how these selected variables are impacting the share prices in each Pakistani industry.
6. According to many studies, inflation is also a strong determinant of share prices in Pakistan. Government needs to adopt such measures that can control higher inflation conditions in Pakistan to control frequently change in share prices. Further research can be organized in different Pakistani industries, by considering macroeconomic variables e.g. exchange rate, money supply, inflation etc.

5.6 Limitations

This study is carried out with few number of variables, while there could be many other variables that are not included in this this study and that might have positive or significant influence on the dependent variable such as earnings per share, return on investment. I found difficulty in collecting that large data. It was difficult to collect the secondary data for 9 years because not all companies' websites have availability of all 9 years financial reports and thus I had to search for other websites to access required financial reports. This procedure was also difficult because of limited time to meet the academic deadline.