The Impact of Stock Characteristics on Its Market Price in Jordanian Commercial Banks

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Abstract
The study aims at identifying the impact of stock characteristics represented by (Earnings Per Share (EPS), Book Value Ratio (BVR), Dividends Per Share (DPS), Dividends Payout Ratio (DPR), Market to Book Ratio (MBR), Price Earnings Ratio (PER), and Yield Per Share (YPE)) on the market stock price in the 13 commercial banks in Jordan during the period from 2005 to 2018. Multiple Linear Regression has been used to illustrate the impact of the independent variables and the controlling variables on the dependent variable.

The study has found that there is a significant impact of stock characteristics on its market price at the Jordanian commercial banks. The study also found a statistically significant impact for each book value ratio, dividends per share, market to book ratio, price-earnings ratio, and yield per share on the market price at the Jordanian commercial banks. However, there was no statistically significant effect for each of the earnings per share and dividend’s payout ratio on the market price at the Jordanian commercial banks. The study recommends that investors, analysts, and decision-makers use the characteristics of stocks when carrying out analyses before making important investment decisions that can affect their wealth in the future through forecasting stock prices.

Keywords: stock characteristics, market price, Jordanian banks, Amman stock exchange

1. Study Background

1.1 Introduction
Financial markets provide investment channels for investment institutions and individuals and also represent an incentive for listed companies in the markets to follow changes in their stock prices and push them to improve their performance and increase their profitability, which leads to improved stock prices (Menaje, 2012). The efficiency of financial markets is a necessary condition for that (Schroeder et al., 2011). The presence of these highly efficient markets helps provide liquidity to new investments, as well as reduces the degree of financial risk, which leads to raising the economic growth rates of the country (Karami & Talaeei, 2013).

Shares are the most common among the securities for investors in the financial markets, as investors need a lot of information in order to help them in making the correct investment decision, and the most important of this information is the size of the expected supply and demand for stocks in addition to information related to cash flows and the accounting information that indicates on the performance of the company and its business results, which also help in determining the real share price. Where the investor makes profits if share prices rise, or losses if prices fall, due to fluctuation or change in stock prices (Baek, & Lee, 2017).

The capital market in Jordan is one of the developing markets characterized by limited competition, low liquidity, high rate of return and risk compared to markets in developed countries (Alawneh, 2018), where the most of the investors who lose their money in the stock markets are usually small investors because they may not be specialists in stock trading in the market stocks, or because they lack the ability to determine the correct time to buy or sell these stocks, and also perhaps they do not have the ability to determine which of the stocks is best bought or sold, so knowing the characteristics of these stocks and the factors that affect the market stocks price help them understand the nature of these stocks avoid the possibility of loss in stocks.
1.2 Study Problem

Stock price movements follow the information available to investors in the financial markets, where investor decisions are made based on information available from internal and external sources that are reflected in the outcome on stock market prices (Hagenau et al., 2013). With a few exceptions, investors and market analysts resort to analyzing financial statements when it comes to investment participation. The broad scope of financial accounting and reporting provides a number of key metrics of a company's performance for a given accounting period, including information on stock characteristics. Which in turn is used by investors in the financial markets to make investment decisions (Zraqat, 2019).

Hence, this study came to know the impact of stock characteristics on its market price in the Jordanian commercial banks listed on the Amman Stock Exchange.

1.3 Study Objectives

This study aims to test the effect of stock characteristics represented by (yield per share, earnings per share, book value ratio, dividends per share, dividend’s payout ratio, market to book ratio, and price-earnings ratio) on the market stock price in Jordanian commercial banks.

1.4 Study Importance

The importance of the study follows from the importance of Amman, which represents investment opportunities and an important attraction factor for domestic and foreign capital in Jordan, as its importance shows by clarifying the impact of the stock characteristics on its market price, so this study focuses on all banks listed on the ASE, and this study will contribute in assisting investors and decision-makers in the ASE to make sound decisions in order to increase their market returns and to develop and increase efficient competition in the ASE. The importance of this study comes in light of the lack of studies that dealt with the impact of stock characteristics on their prices in Jordan, as it was found that there are few studies in Jordan that dealt with this topic despite the existence of many studies that talk about economic factors that affect stock prices.

2. Literature Review

2.1 Theoretical Background

The information provided by companies plays a very important role in making effective trade and investment decisions. Provide financial information is based on theories of finance and accounting. Investors need this information to make informed decisions about transactions in financial markets. Although financial reports are prepared for general purposes, they provide information to help investors estimate the value of companies (Deegan, 2006).

Before the classical developments in finance and finance theory, financial markets were seen as places to gamble 'casinos'. This is because there are few investment tools to help investors evaluate financial assets, and therefore investment decisions were intuitive and speculative in nature (Africano, 2013). The first modern investment theories emerged in the mid-twentieth century, where (Markowitz Harry) was the first to try to find a relationship between return on stock or investment portfolio and risk, through a study called "Portfolio Section" in the year (1952). Then Sharpe (1964) and Linter (1965) Develop on that theory and explain that the earnings per share depend on the market risk of the stock through the capital asset pricing model (CAPM). Then Ross (1976) argued that the capital asset pricing model was illogical because the assumptions were that the return depends only on the market factor and that the market is effective, and therefore they developed an alternative model called the arbitrage pricing theory (APT). Then Fama and French (1992) showed that there are deviations in the financial market due to factors such as the size factor and the value factor, and they added them to the asset pricing model called Three-Factor Models. Then Carhart (1997) added the Momentum Factor to that model, to be called the Four Factor Models. Finally, Fama and French (2015) added a new factor called aggressive investment.

In order to estimate the fair value of stocks, the financial literature used valuation models by analysts in stock markets. These analysts use the information on the company's current and future earnings to assess the fair value of stocks (Zraqat, 2019). Regarding the use of financial ratios to forecast stock prices, including ratios that indicate the characteristics of stocks, reference can be made to the study of Lev and Ohlson (1982) who have argued that there is a need to "create models for valuing stocks in order to complement market-based accounting research, In addition to the study of Lev (1989) which It showed that our understanding of the process of analyzing financial statements does not exceed the list of financial ratios, which investors are supposed to use when making decisions to buy and sell stocks in financial markets. After these groundbreaking studies, a number
of researchers began testing the analytical and experimental relationship of accounting data and data that is not Accounting related to the characteristics of stocks and their role in influencing the market values of stocks.

2.2 Experimental Studies

Basu (1977) was one of the first studies to investigate the feasibility of using financial ratios to forecast stock prices. The effect of price to earnings ratio in addition to the size of the company and beta was tested on stock prices during the period from 1957 to 1971, the study indicated that those shares with a high percentage of the price to earnings ratio have clearly higher price fluctuations than shares with a low rate of Profits to sales. Campbell & Shiller (1988) found that dividend yield is a good indicator of dividend yield and can be used to predict the stock price. Chan, et al. (1991) found that the main variables that are the dividend yield, price to earnings ratio, a book to market ratio have a significant impact on the fluctuations in stock watch in a study conducted in the Japanese market. A study by Nissim and Penman (1999) attempted to explore the effect of financial ratios analysis on stock price assessments on US market indices between 1963-1996, and using Pooled Cross-Sectional and Time Series Analysis the study concluded that analysis using financial ratios can contribute to forecasting stock prices in the financial markets. The results of a study of Subramanyam and Venkatachalam (2007) also indicated a relative ability for profits and cash flows to explain the value of future material shares. Kheradyar et al. (2011) also found that the dividend yield, earnings yield, and the book-to-market ratio is the ability to predict fluctuations in stock prices. Likewise, Sharma (2011) concluded that the share characteristics represented by (earning per share, dividend per share and book value per share) have a significant impact on the share price. Vinay and Kavidyal (2015) also found that stock's share of dividends affects the share price of Indian banks. Sharif et al. (2015) found an effect of the book value of the stock, previous share prices, return on equity, earnings per share, dividends, and company size on stock prices in the Bahrain market.

Asif et al. (2016) also found that there is an ability for accounting information to predict the price of the stock, as it was found that the earnings per share, book value per share, the capital used per share and the operating cash flow per share have an impact on the market prices of corporate stocks. Musallam (2018) concluded that the earnings per share, earnings yield ratio, and dividend yield ratio have a large and positive relationship with fluctuations in the stock prices in the Qatari market, while the market to book value ratio, price to earnings ratio, dividends earnings ratio has a slight relationship with With fluctuations in stock prices. Otekunrin et al. (2018) concluded that the earnings per share, net assets per share, debt ratio and return on asset ratio are positively and significantly related to the market prices of stocks. Kengatharan (2018) revealed that the earnings per share, dividend per share and size of the bank have significantly affected the share prices of local banks listed in Sri Lanka. Agustin (2019) found that there is a positive impact of the earnings per share on fluctuations in share prices, while there is a negative and not statistically significant effect of the dividend payout ratio on the share price.

In Jordan, Almumani (2014) studied the effect of dividend per share, earning per share, book value per share and price-earnings on stock prices, and found a positive relationship to the properties of the stock with the market price. Al-Habashneh et al. (2015) also found that the earnings per share, trading volume in the market and distributed profits positively affect the average price of shares of companies listed on the Amman Stock Exchange. Al Kubaisi et al. (2017) also found the lack of ability of dividend yield ratio, earnings yield ratio, book-to-market in predicting stock price fluctuations in Jordanian commercial banks during the period from 2006 to 2015. Alawneh (2018) found that there is a positive relationship between dividends and market capitalization. As well as the positive relationship between net income after taxes and the market capitalization of companies listed on the ASE, but he found that there was no relationship between earnings per share and market capitalization. Likewise, Zraqat (2019) found that the earnings per share and the book value per share explain the (21%) of the variance in the share prices in the Jordanian commercial banks. Alswalmeh and Dali (2019) also found important relationships between debt ratio, stock turnover, return on assets, price to book value and return on equity, and stock price fluctuations with the banking sector index on the Amman Stock Exchange.

On the other hand, there are some studies that did not support the predictive ability of analysis using financial ratios on fluctuations in stock prices. Where Hjalmarsson (2004) indicated that dividend yield and price-to-earnings ratio do not have much predictive stock price. Sharma and Preeti (2009) argue that the analysis using financial ratios has a statistically insignificant relationship to fluctuations in stock prices, and it has been found that share prices are primarily related to company profitability, cash performance, operating efficiency, and liquidity. Nadeem et al. (2013) also found that analysis using financial ratios does not have the ability to predict stock price fluctuations for the non-financial sectors in Pakistan. Five financial ratios have been tested, which is leverage ratio, profitability ratio, efficiency ratio, liquidity ratio, and market-based ratio. They
suggested that analysis using financial ratios is insufficient to forecast stock prices, and the combination of fundamental and technical analysis will have a greater predictive force in stock prices. Islam et al. (2014) showed that the earnings per share and its price do not move together. And that there is an inverse relationship between the earnings per share and its price since although the earnings per share are constantly increasing, the share price does not move at the speed with which the earnings per share moves, and also, the share price movement depends on macro and microeconomics.

A study conducted by Oyedokun et al. (2019) reached conflicting results regarding the effect of stock properties on the market value of bank shares in Nigeria, where the results indicated that dividend payout ratio and the price-earnings ratio has a significant positive relationship with the share price. And the dividend yield has a negative relationship with the share price. While the book value per share did not have any relationship with the share price. Banerjee (2019) revealed that the dividend yield and return on equity have a statistical significance for forecasting stock prices. However, earnings per share, price earning and debt-equity do not predict stock prices and therefore can be considered statistically insignificant.

2.3 Study Hypotheses

Based on the previous literature, the following hypotheses can be formulated:

The main hypothesis: Ho: There is no statistically significant impact of stock characteristics on its market price at the Jordanian commercial banks.

The following sub-hypotheses are derived from the main hypothesis:

H0-1: There is no statistically significant impact of the earnings per share on the market price at the Jordanian commercial banks.

H0-2: There is no statistically significant impact of the book value ratio on the market price at the Jordanian commercial banks.

H0-3: There is no statistically significant impact of the dividends per share on the market price at the Jordanian commercial banks.

H0-4: There is no statistically significant impact of the dividend’s payout ratio on the market price at the Jordanian commercial banks.

H0-5: There is no statistically significant impact of the market to book ratio on the market price at the Jordanian commercial banks.

H0-6: There is no statistically significant impact of the price-earnings ratio on the market price at the Jordanian commercial banks.

H0-7: There is no statistically significant impact of the yield per share on the market price at the Jordanian commercial banks.

3. Study Methodology

3.1 Research Design

In order to examine the effect of stock characteristics on stock market price panel data methodology is used to estimate the relations among the related variables banks that are taken into account for the period of 2005-2018. The methodology of Long (2014) was followed because the study follows an objective approach and a positive model, thus this study follows a deductive approach. The conclusion includes correlation analysis and multiple regression analysis. This study uses descriptive statistics and regression analysis to demonstrate whether the hypothesis is accepted or rejected. Moreover, the study uses descriptive statistics for computing the mean, mode, max, min and Standard deviation for the 13 commercial banks listed on the ASE. This will give the expectations of the volatility of stock prices and help to understand the general trend in the market during the period from 2005 to 2018. This will give a clear indication of the direction of shares prices and their ratios on the Amman Stock Exchange and also explains the variability that exists.

3.2 Population and Sample of Study

The study population consists of all (13) Jordanian commercial banks listed on the Amman Stock Exchange during the period from (2005 – 2018). The study will be based on a comprehensive survey system. The sample will include the entire community.
3.3 Sources of Data Collection
The data collected is secondary and largely quantitative in nature. Secondary quantitative data were collected to examine if the stock characteristics impact and help in predicting stock market price. In this study, 13 banks listed on the ASE were selected. The information and data collected were for the period 2005 to 2018.

3.4 Variables Measurement

Dependent Variable: Stock Market Price (P): Market share price in the end of year.

Independent Variables (Stock Characteristics):

Earnings Per Share (EPS): Net income divided by the number of outstanding shares.

Book Value Ratio (BVR): Total equity divided by the number of outstanding shares.

Dividends Per Share (DPS): Cash dividends divided by the number of outstanding shares.

Dividends Payout Ratio (DPR): Dividends per share divided by earnings per share.

Market to Book Ratio (MBR): Market price per share divided by book value per share.

Price Earnings Ratio (PER): Market price per share divided by earnings per share.

Yield Per Share (YPE): Dividends per share divided by the market price of the share at the end of the year.

Control Variables:

Size (SIZE): The size of the bank is measured using the natural logarithm of the total assets.

Leverage (LEV): The leverage is measured by the assets owned by non-shareholders.

3.5 Study Model

\[ P_t = \beta_0 + \beta_1 EPS_t + \beta_2 BVR_t + \beta_3 DPS_t + \beta_4 DPR_t + \beta_5 MBR_t + \beta_6 PER_t + \beta_7 YPE_t + \beta_8 SIZE_t + \beta_9 LEV_t + \epsilon_t \]

Where:

- \( P_t \): market share price for bank (i) in the end of year (t).
- \( EPS_t \): Net income divided by the number of outstanding shares for bank (i) in the end of year (t).
- \( BVR_t \): Total equity divided by the number of outstanding shares for bank (i) in the end of year (t).
- \( DPS_t \): Cash dividends divided by the number of outstanding shares for bank (i) in the end of year (t).
- \( DPR_t \): Dividends per share divided by earnings per share for bank (i) in the end of year (t).
- \( MBR_t \): Market price per share divided by book value per share for bank (i) in the end of year (t).
- \( PER_t \): Market price per share divided by earnings per share for bank (i) in the end of year (t).
- \( YPE_t \): Dividends per share divided by the market price of the share for bank (i) in the end of year (t).
- \( SIZE_t \): The natural logarithm of the total assets for bank (i) in the end of year (t).
- \( LEV_t \): The assets owned by non-shareholders for bank (i) in the end of year (t).

4. Results

4.1 Descriptive Statistics of the Study Variables

The following table represents descriptive measures for model variable according to Jordanian commercial banks.
Table 1. Descriptive statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Stdev.</th>
<th>Max</th>
<th>Min</th>
</tr>
</thead>
<tbody>
<tr>
<td>P</td>
<td>3.81</td>
<td>5.82</td>
<td>63.31</td>
<td>0.79</td>
</tr>
<tr>
<td>EPS</td>
<td>0.25</td>
<td>0.19</td>
<td>1.14</td>
<td>0.02</td>
</tr>
<tr>
<td>BVR</td>
<td>2.43</td>
<td>1.69</td>
<td>10.57</td>
<td>0.82</td>
</tr>
<tr>
<td>DPS</td>
<td>0.11</td>
<td>0.09</td>
<td>0.45</td>
<td>0.00</td>
</tr>
<tr>
<td>DPR</td>
<td>43.87</td>
<td>30.96</td>
<td>139.44</td>
<td>0.00</td>
</tr>
<tr>
<td>MBR</td>
<td>1.39</td>
<td>0.85</td>
<td>5.99</td>
<td>0.45</td>
</tr>
<tr>
<td>PER</td>
<td>17.21</td>
<td>20.94</td>
<td>187.11</td>
<td>5.79</td>
</tr>
<tr>
<td>YPE</td>
<td>3.80</td>
<td>2.92</td>
<td>12.66</td>
<td>0.00</td>
</tr>
<tr>
<td>SIZE</td>
<td>21.30</td>
<td>1.04</td>
<td>23.98</td>
<td>18.91</td>
</tr>
<tr>
<td>LEV</td>
<td>85.89</td>
<td>2.81</td>
<td>92.50</td>
<td>78.04</td>
</tr>
</tbody>
</table>

Earnings Per Share (EPS): Net income divided by the number of outstanding shares. Book Value Ratio (BVR): Total equity divided by the number of outstanding shares. Dividends Per Share (DPS): Cash dividends divided by the number of outstanding shares. Dividends Payout Ratio (DPR): Dividends per share divided by earnings per share. Market to Book Ratio (MBR): Market price per share divided by book value per Share. Price Earnings Ratio (PER): Market price per share divided by earnings per share. Yield Per Share (YPE): Dividends per share divided by the market price of the share at the end of the year. Size (SIZE): The size of the bank is measured using the natural logarithm of the total assets. Leverage (LEV): The leverage is measured by the assets owned by non-shareholders.

Table 1. Shows that the stock market price of Jordanian commercial banks via period (2005-2018) varied widely among banks. Also, stock characteristics showed a vast variation. Moreover, bank size, measured by natural logarithm, was less in variation, the same was for leverage.

4.2 Estimate the Model

The study adopts the econometric analysis using panel data that combines time-series and cross-sectional data. To investigate the effect in study models, the study depended on the model related for panel data:

1- Pooled Regression Model (PRM)
2- Fixed Effect Model (FEM)
3- Random Effect Model (REM)

Lagrange Multiplier was applied to select the effective model from (PRM) and (REM), while Hausman test was applied to decide the appropriate model from (FEM) and (REM).

Table 2. Lagrange Multiplier test and Hausman tests results

<table>
<thead>
<tr>
<th>Research Model</th>
<th>Lagrange Multiplier</th>
<th>Hausmann</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chi²</td>
<td>Sig.</td>
</tr>
<tr>
<td>Study Model</td>
<td>3.173</td>
<td>0.059</td>
</tr>
</tbody>
</table>

Lagrange Multiplier test, to select an appropriate model (PRM) and (REM)

H0: PRM is more consistent than REM

Hausman test, to select an appropriate model (FEM) and (REM)

H0: REM is more consistent than FEM

According to result Lagrange multiplier test result indicate that pooled regression model is the most appropriate for study model.
4.3 Hypotheses Testing

Regression Results

Table 3. Pooled Regression Model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Co-eff</th>
<th>Std Error</th>
<th>T-value</th>
<th>P-value*</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>2.858</td>
<td>2.817</td>
<td>1.014</td>
<td>0.312</td>
<td>8.059</td>
</tr>
<tr>
<td>BVR</td>
<td>2.778</td>
<td>0.328</td>
<td>8.464</td>
<td>0.000</td>
<td>8.917</td>
</tr>
<tr>
<td>DPS</td>
<td>-17.691</td>
<td>5.403</td>
<td>-3.274</td>
<td>0.001</td>
<td>7.547</td>
</tr>
<tr>
<td>DPR</td>
<td>0.011</td>
<td>0.015</td>
<td>0.732</td>
<td>0.465</td>
<td>6.137</td>
</tr>
<tr>
<td>MBR</td>
<td>3.457</td>
<td>0.414</td>
<td>8.353</td>
<td>0.000</td>
<td>3.582</td>
</tr>
<tr>
<td>PER</td>
<td>0.024</td>
<td>0.010</td>
<td>2.310</td>
<td>0.022</td>
<td>1.398</td>
</tr>
<tr>
<td>YPE</td>
<td>0.306</td>
<td>0.144</td>
<td>2.120</td>
<td>0.035</td>
<td>5.130</td>
</tr>
<tr>
<td>SIZE</td>
<td>-0.450</td>
<td>0.515</td>
<td>-0.874</td>
<td>0.383</td>
<td>8.371</td>
</tr>
<tr>
<td>LEV</td>
<td>0.102</td>
<td>0.081</td>
<td>1.260</td>
<td>0.209</td>
<td>1.501</td>
</tr>
<tr>
<td>constant</td>
<td>-7.772</td>
<td>9.086</td>
<td>-0.855</td>
<td>0.394</td>
<td></td>
</tr>
</tbody>
</table>

R-squared: 0.45
Adjusted R-squared: 0.437
F-statistic: 39.207
Prob*(F-statistic): 0.000
D-W: 1.807

Earnings Per Share (EPS): Net income divided by the number of outstanding shares. Book Value Ratio (BVR): Total equity divided by the number of outstanding shares. Dividends Per Share (DPS): Cash dividends divided by the number of outstanding shares. Dividends Payout Ratio (DPR): Dividends per share divided by earnings per share. Market to Book Ratio (MBR): Market price per share divided by book value per Share. Price Earnings Ratio (PER): Market price per share divided by earnings per share. Yield Per Share (YPE): Dividends per share divided by the market price of the share at the end of the year. Size (SIZE): The size of the bank is measured using the natural logarithm of the total assets. Leverage (LEV): The leverage is measured by the assets owned by non-shareholders.

*Significant at 0.05 level.

The above table reports that R Square, the coefficient of determination equal to (0.45), which means that about (45%) of the variation in the market stock price of Jordanian banks (P) is explained by the model. The significance value of the F statistic (F=39.207) is (Prob F = 0.000) less than 0.05, which means that the effect of independent variables aggregated is significant. Accordingly, we reject the main null hypothesis and accept the alternative hypothesis: “There is a statistically significant impact of stock characteristics on its market price at the Jordanian commercial banks. This finding is consistent with the findings of Asif et al. (2015), Kengatharan (2018), Agustin (2019) who’s concluded to the effect that the characteristics of the shares can affect the market value of these shares. Regarding studies in the Jordanian market, this result is consistent with the findings of Almumani (2014), Alawneh (2018), Zraqat (2019), Alsualmeh and Dali (2019), who indicated that there is an effect of a group of properties with the prices of companies’ shares on the Amman Stock Exchange.

With regard to the sub-hypotheses emanating from the main hypothesis, the results were as follows:

Moreover, the coefficients of the regression states that (EPS) has no significant effect, where the coefficient value equals (2.858) is not significant with (t= 1.014) and (P-value =0.312), Accordingly, we accept the first null hypothesis: There is no statistically significant impact of the earnings per share on the market price at the Jordanian commercial banks. This indicates that investors do not care about earnings per share as much as they care about dividends, as investors realize that earnings per share can increase not only because of the increase in profits but also because of the buyback of shares. Therefore, it may not be a factor affecting their investment decisions. The finding is consistent with the findings of Islam et al. (2014) study which found that earnings per share and its price do not move together.
The table of coefficients showed that (BVR) has a significant positive effect on P, where coefficient value equals (2.778) is significant with (t=8.464) and (P-value =0.000) less than 0.05. Accordingly, we reject the second null hypothesis and accept the alternative hypothesis: “There is a statistically significant impact of the book value ratio on the market price at the Jordanian commercial banks”. This result can be explained by the fact that the book value of the share reflects the previous performance of the companies because the book values reflect the net assets owned by the company in favor of each share. Thus, the increase in the book value is related to the increase in share prices.

The table of coefficients showed that (DPS) has a significant negative effect, where coefficient value equals (-17.691) is significant with (t= -3.274) and (P-value =0.001). Accordingly, we reject the third null hypothesis and accept the alternative hypothesis: There is a statistically significant impact of the dividends per share on the market price at the Jordanian commercial banks. This result indicates that investors prefer current profits (dividends) more than future capital, and this may be because investors prefer dividends available to avoid risks associated with capital gains in the future, and therefore, higher dividends per share may lead to increased demand for the company's share thus increasing its market price.

The table of coefficients showed that (DPR) has no significant effect, where coefficient value equals (0.011) is not significant with (t= 0.732) and (P-value =0.465). Accordingly, we accept the fourth null hypothesis and accept the alternative hypothesis: “There is no statistically significant impact of the dividend’s payout ratio on the market price at the Jordanian commercial banks”. This result may be due to the fact that investors only care about the ratios associated with total cash flows, and do not pay attention to the percentage of dividends from the earnings per share.

The table of coefficients showed that (MBR) has a positive significant effect, where coefficient value equals (3.457) is significant with (t= 8.353) and (P-value =0.000). Accordingly, we reject the fifth null hypothesis and accept the alternative hypothesis: There is a statistically significant impact of the market to book ratio on the market price at the Jordanian commercial banks. This result can be explained by the fact that investors use the book value when making investment decisions, as a lower book value may indicate that the share price is low. If the share price is less than the book value, there is a tendency for the share price to go to the minimum balance equal to the book value. This thing means that the share price has a huge potential to rise so that the return received increases. The basic price is the initial price of the share, and the market price is the closing price of the stock, so the market price determines the ups and downs of the stock.

The table of coefficients showed that (PER) has a positive significant effect, where coefficient value equals (0.024) is significant with (t= 2.310) and (P-value =0.022). Accordingly, we reject the sixth null hypothesis and accept the alternative hypothesis: There is a statistically significant impact of the price-earnings ratio on the market price at the Jordanian commercial banks. This result can be explained by the fact that investors tend to compare the profits that are achieved with the share price because it represents an indication of the level of increase in the wealth that they may obtain in the future.

The table of coefficients showed that (YPE) has a positive significant effect, where coefficient value equals (0.306) is significant with (t= 2.120) and (P-value =0.035). Accordingly, we reject the seventh null hypothesis and accept the alternative hypothesis: There is a statistically significant impact of the yield per share on the market price at the Jordanian commercial banks. This result can be explained by the fact that investors are interested in the dividend yield, which reflects the equal return on investment per share when there is no more capital. This finding is consistent with the findings of Campbell & Shiller's study (2015), which found that dividend yield is a good indicator of dividend yield and can be used to predict the stock price.

(SIZE) has no significant effect, where coefficient value equals (-0.450) is significant with (t= -0.874) and (P-value =0.383). (LEV) has no significant effect, where coefficient value equals (0.102) is significant with (t= 1.260) and (P-value =0.209).

Moreover, (D-W = 1.807) indicates there is no serial correlation, where Durbin-Watson value nearby (2) indicate there is no serial correlation between error terms.

5. Conclusion and Recommendations

The study aims at identifying the impact of stock characteristics represented by (yield per share, earnings per share, book value ratio, dividends per share, dividend’s payout ratio, market to book ratio, and price-earnings ratio) on the market stock price in the 13 commercial banks in Jordan during the period from 2005 to 2018. Multiple Linear Regression has been used to illustrate the impact of the independent variables and the controlling variables on the dependent variable.
The study shows that the stock market price of Jordanian commercial banks via period (2005-2018) varied widely among banks. Also, stock characteristics showed a vast variation. Moreover, bank size, measured by natural logarithm, was less in variation, the same was for leverage. The study also found a significant impact of stock characteristics on its market price at the Jordanian commercial banks. The study also found a statistically significant impact for each book value ratio, dividends per share, market to book ratio, price-earnings ratio, and yield per share on the market price at the Jordanian commercial banks. However, there was no statistically significant effect for each of the earnings per share and dividend’s payout ratio on the market price at the Jordanian commercial banks.

Based on the previous results reached, the study suggests that investors, analysts, and decision-makers use the characteristics of stocks when carrying out analyses before making important investment decisions that can affect their wealth in the future through forecasting stock prices. The study also recommends conducting other studies that combine economic factors with the special factors of each share and its impact on its market price.

References


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