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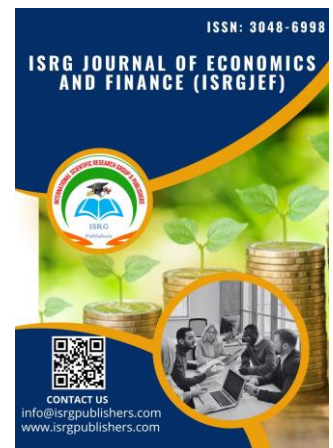
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Financial communication and stock prices of companies in the BRVM-distribution sector index

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Abstract

This article analyses the impact of financial communication on stock price variations of distribution companies listed on the BRVM, using companies such as Servair Abidjan and Bernabe CI as case studies. The objective is to understand the extent to which financial information, and more specifically performance indicators such as earnings per share (EPS), dividend per share (DPS), debt ratio (DR), price earning ratio (PER) and return on equity (ROE), influence investor decisions and share price fluctuations in this sector. Using a methodology combining quantitative analysis on E-views and a questionnaire completed by market players, the study assesses investor reactions to different types of financial information published by companies. The results show a significant correlation between the indicators included in our study and share price movements, highlighting the importance of financial transparency for greater market predictability.

Keywords: financial communication; stock market price; BRVM; sector stock market index; financial information.

1. Introduction

The importance of financial communication is increasingly recognised, particularly with the development of financial markets across Africa, such as the Regional Stock Exchange (BRVM), the Central African Stock Exchange (BVMAC), the Johannesburg Stock Exchange (JSE), the Nigerian Stock Exchange (NSE), the Egyptian Stock Exchange, and many others.

In the WAEMU zone, the crucial importance of financial information extends far beyond the simple requirement for

transparency. Comprising eight member countries, this economic union represents a dynamic space where both local and international investors seek to take advantage of opportunities while minimising risks. At the heart of this dynamic is the need for listed companies to disclose accurate and complete financial data, not only to comply with regulations, but also to build and maintain investor confidence. However, as author Kadouamäi Souleymane points out, "the lack of reliable information and data across companies in Africa is a serious obstacle to the proper functioning

and expansion of financial markets...". This confirms that asymmetry in financial information between investors can lead to inefficiencies in financial markets.

Studies such as those conducted by Eugene Fama and Kenneth R. French, "Common risk factors in the returns on stocks and bonds", show that comprehensive and accurate financial reports help to reduce this problem, thereby promoting market efficiency. Nevertheless, investors in African stock markets rely on the financial data available from companies to make clear and accurate investment decisions.

In a fiercely competitive market where investors are constantly on the lookout for signals, the quality and clarity of financial information is paramount. According to a 2020 survey conducted by the CFA Institute, "Global Market Sentiment Survey", nearly 77% of fund managers cite financial information as the main type of information used in their decision-making process, and 89% of institutional and professional investors believe that financial communication, a guarantee of financial transparency, is very important for their confidence in global financial markets.

They therefore play an important role in the functioning of financial markets. Companies that provide transparent and accurate financial data are often rewarded with higher stock market valuations. In other words, the regular and detailed publication of financial results is of considerable strategic importance. In addition to meeting legal and regulatory requirements, this information serves as a lever to attract new investors and strengthen existing partnerships. Effective financial communication management enables companies to demonstrate their ability to generate sustainable revenue, optimise their resource allocation and anticipate future challenges. Furthermore, increased transparency helps to strengthen the confidence of internal and external stakeholders, thereby fostering a climate of trust that will be reflected in the company's valuation.

Conversely, companies that lack transparency or publish unreliable data may experience significant declines in their share prices. Indeed, a lack of financial transparency creates uncertainty about the true economic health of the company. Investors, who seek to assess investment risks and opportunities, rely on clear and accurate information to make informed decisions. When financial statements are incomplete or late, this can lead to a negative perception of the company's financial management, raising concerns about its ability to generate profits on a sustainable basis, which will also be reflected in the company's valuation.

The link between financial reporting and stock price movements has been a subject of ongoing interest among investors, financial analysts and researchers in finance, economics and even sociology. The question of how a company's financial health, as reflected in its financial statements and accounting reports, influences the valuation of its shares on the market is an important one. This central issue raises fundamental questions about the transparency of information, investor reaction to financial news, and its impact on price formation in financial markets.

Studying the relationship between a company's financial and accounting information and the dynamics of its share price requires an in-depth exploration of the underlying mechanisms. The figures presented in annual reports, such as turnover, net profit, and various financial ratios, are crucial indicators of a company's performance and economic viability. However, the way in which this information is perceived and interpreted by different market

players adds a human and subjective dimension to this relationship.

In this exercise, we will analyse the impact of financial communication strategy on companies' share prices using relevant financial indicators.

2. Literature review

Through this literature review, a number of guidelines have been identified to highlight a coherent framework for discussion.

To this end, in 2012, Bhatt and Sumangala examined the Indian stock market and the impact of earnings per share (EPS) on the market value of shares. Placido M. Menaje also studied the impact of financial variables on share prices in the Philippines. At the same time, Glezakos, Mylonakis and Kafourous analysed the Karachi Stock Exchange, focusing on the impact of EPS and book value on shares in the energy sector between 1996 and 2008.

In 2013, Wang, Fu and Luo analysed the reaction of share prices to the disclosure of financial information on the Shanghai Stock Exchange. This study broadens our understanding of the impact of financial information on Asian markets.

In 2016, Wael Mostafa highlighted the impact of cash flow and EPS on share prices on the Egyptian stock exchange, while a similar study was conducted on the Pakistani stock exchange by Asif, Arif and Akbar. These studies show an almost undeniable correlation between the components of financial information and companies' share prices.

More recent research, such as that conducted by Gloria Meka Azuka and Eugene Okoye in 2018, examines the effects of accounting information on the share prices of listed banks in Nigeria. Khoo de Khoi et al. Rahmar analyse the impact of indicators such as ROE and DPS on share prices on the Malaysian stock exchange. Finally, in 2020, O. Ogbodo and B. Osisioma examine the relevance of financial information value on the share prices of manufacturing companies listed on the Nigerian Stock Exchange (NSE).

All of these studies reveal a notable concern for understanding the impact of financial reporting on stock prices. Each study brings a unique perspective and contributes to a broader understanding of this crucial relationship. This literature review highlights the importance of financial performance indicators in stock valuation and opens up avenues for future research on the impact of financial information on stock markets across different contexts and economic environments. The purpose of this study is also to contribute to this discussion.

Analysing the effects of financial information on companies' share prices requires a thorough understanding of the organisational framework in which these dynamics unfold. This framework forms the basis for this entire study, as it encompasses not only the internal characteristics of the companies studied, but also the external environment, including financial markets, regulations in force, and governance practices.

3. Methodology

In the WAEMU zone, where financial markets such as the BRVM are still developing, financial information plays a key role in investment decisions. A well-adapted methodology provides a clear understanding of how this information influences share prices.

This structured approach will guide the entire reasoning and

analysis throughout the study.

The main objective is to analyse the issue rigorously in order to determine whether the results confirm this correlation between financial communication and stock price movements. This methodology will thus enable us to reach well-argued conclusions based on solid facts and analysis.

3.1. Nature of the research

Our study is mixed in nature in that it combines a quantitative study based on financial and stock market data with an exploratory study analysing the responses to our questions.

3.1.1. Empirical quantitative approach

We will conduct an in-depth review of the historical share prices and accounting data of the companies included in our study in order to measure the level of correlation, if any, between financial information and share price fluctuations.

3.1.2. Exploratory qualitative approach

Here we will analyse the perceived impact of financial information on investment decisions.

3.2. Choice of variables

The variables in this study were selected based on their relevance for analysing the impact of financial information on the market.

- Dependent variables: closing prices of the companies included in our analysis.
- Independent variables: DPA. EPS. PER. ROE. Debt ratio.

It is important to note that all of these variables will be collected on an annual basis, as this offers several advantages for our analysis. Financial documents published annually, such as balance sheets and annual reports, are generally more comprehensive and verified than quarterly or half-yearly reports, thus providing a reliable database. In addition, annual data allows us to identify and track long-term trends, which is important for understanding the lasting effects of financial announcements on share prices. This approach also reduces the influence of short-term fluctuations that could be due to one-off events or external factors.

3.3. Econometric analysis method

The linear regression model was chosen to measure the impact of financial variables on share prices.

$$\text{price} = \beta_0 + \beta_1 \text{bpa} + \beta_2 \text{dpa} + \beta_3 \text{per} + \beta_4 \text{roe} + \beta_5 \text{rd} + \varepsilon$$

where:

EPS: earnings per share

dpa: dividend per share

per: price-to-earnings ratio

roe: return on equity

D/E: debt-to-equity ratio

β_0 : constant

ε : residual error

We chose to use this multiple linear regression model for our modelling for several key reasons. It is a relatively simple but powerful model that allows us to highlight the relationship between

our dependent variable, the share price, and the explanatory variables, such as the financial information submitted for our analysis. This approach allows us to directly analyse how accounting or financial information influences share price movements by assigning a weight to each factor.

Another major advantage of linear regression is its ability to measure the effect of each explanatory variable while taking the others into account, which is exactly what we are seeking to do in our study. Indeed, we want to understand not only whether financial information has an impact on the market, but also to what extent it influences investor behaviour. Thanks to linear regression, we can also test the significance of our results and verify whether the effects we observe are statistically robust.

Our choice is also based on observations from numerous empirical studies similar to ours. In existing literature, linear regression is frequently used to analyse the impact of financial information disclosure on stock prices. These studies have confirmed that this model is widely used because it captures clear relationships between variables while remaining flexible enough to include additional factors if necessary. Drawing on these studies, we found that linear regression is particularly well suited to the analysis of financial data, especially when using annual series as in our case.

It has the advantage of being easy to interpret, which is important for communicating results. We can easily explain how each variable, such as net profit or turnover, influences the share price and to what extent. Using tools such as E-views allows us to test the validity of the model and adjust our parameters to obtain the most reliable results possible.

In summary, our choice of the linear regression model is motivated not only by its simplicity and efficiency, but also by the fact that it is widely recognised in economic and financial studies similar to ours. It therefore provides a solid framework for conducting our analysis of the effects of financial information on share prices.

3.4. Tools and software

E-views software was selected for data processing and econometric model estimation.

We decided to use E-views for our econometric analysis for several reasons that make it particularly suited to our work. First, E-views is specifically designed for econometric and financial studies, which perfectly matches the analysis we are conducting on the impact of financial information on stock prices. The software handles time series very well and makes it easy to analyse the annual financial data we use, all with its powerful tools for conducting linear regressions and other essential tests.

Another major advantage of E-views is its ease of use. Unlike other software such as R, Python or Stata, which can require a good command of coding, E-views offers an intuitive interface. This allows us to launch our analyses quickly and without having to code each step, saving us valuable time while ensuring the rigour of our work. We can therefore focus on interpreting the results, rather than spending too much time on technical aspects.

3.5. Justification of our methodology

Using mixed analysis allows us to better understand the issue at the heart of our thesis. The quantitative approach studies the correlations between financial indicators and share price movements for the companies included in our analysis.

The exploratory approach here aims to understand how investors interpret these indicators and how they influence their investment decisions. This gives us a comprehensive and nuanced view of the phenomenon under study, whereas choosing a simple method would give us a more limited view of the subject.

3.6. Methodological limitations

Our analytical framework has several limitations that are important to highlight.

3.6.1. Quantitative limitations

The lack of certain financial information can be problematic. Annual financial reports, although useful, are not always up to date or complete, which can affect the quality of the analysis. This can also limit our ability to draw reliable conclusions, especially if certain important data is missing. It is therefore important to note that missing data will be estimated mathematically or simply deleted where possible so as not to negatively affect our analysis. The choice of linear regression as a method of analysis has its limitations. Although it allows correlations between variables to be established, it does not take into account the more complex relationships that may exist between financial indicators and stock market fluctuations. Unexpected events or external factors, such as economic crises, may also influence the results but are not included in this model.

3.6.2. Questionnaire

Investors' responses collected via questionnaires may be biased. The opinions and perceptions expressed do not always reflect their actual behaviour in the market, which may lead to discrepancies in the interpretation of the results. Finally, the sample selected may not be fully representative of all market participants, which would limit the scope of our conclusions to the BRVM as a whole.

3.7. Data and Samples

3.7.1. Data collection method (modelling approach)

For our study, several data sources were selected to ensure the reliability and relevance of the information used.

3.7.2. Database for the indicators subject to our analysis

Annual financial reports are an essential source for this analysis. Published by each listed company, these documents provide a comprehensive overview of the financial performance of companies over a given year and enable us to calculate the dividend per share (DPS), earnings per share (EPS), price-earnings ratio (PER), return on equity (ROE) and debt ratio.

These reports are available on the websites of listed companies and via the BRVM platform. The Sika Finance and Richbourse platforms also provide these reports as well as detailed analyses of listed companies. The data from these platforms enables us to supplement and/or confirm the analyses we have carried out.

The BRVM database is another crucial source for this study. It provides historical prices for listed shares, including: the choice of closing prices is motivated by the fact that they offer a consolidated view of market fluctuations by eliminating intraday biases. They better reflect the general market trend at a given moment.

To this end, we have chosen to conduct our analysis over a five-year period, from 2019 to 2023. A five-year period allows us to better see trends and changes in company performance. This helps

us understand how financial decisions influence share prices over time. By taking five years, we also mitigate the impact of one-off and isolated events, giving us a more stable view of company performance.

The questionnaire was chosen as the main data collection tool. We will create a set of questions, both open-ended and closed-ended, to gather investors' perceptions of financial indicators. Closed-ended questions will allow us to quantify responses, while open-ended questions will provide a more detailed view of investors' motivations.

This questionnaire will be distributed online via the Google Forms platform in order to reach a large number of participants in a relatively short time.

The target population includes stock market investors from all countries in the region, financial analysts, management and intermediation companies (SGI), students and other stakeholders involved in the BRVM market.

It is particularly difficult to give a precise sample size for this questionnaire due to several factors. First, the target population, namely investors in the BRVM in Senegal, is not clearly defined in the public data we have examined. The BRVM brings together investors from the eight member countries of the West African Economic and Monetary Union (UEMOA), and the exact distribution of investors by country, particularly in Senegal, remains difficult to establish.

Secondly, the structure of the West African stock market is still dominated by institutional investors, which complicates the assessment of individual investor participation.

Furthermore, in the absence of accurate statistics on the proportion of investors with similar behaviours or perceptions (often referred to as "response variability"), it is necessary to use conservative estimates. This often leads to a larger sample size to ensure statistical results.

Finally, the choice of acceptable margin of error and confidence level also has a direct impact on sample size. In our work, a margin of error of 5% and a confidence level of 95% are often used to ensure a good balance between the accuracy of the results and the feasibility of the study. However, in the absence of precise information on the total population of active investors in Senegal, it is necessary to adjust the sample according to the available data and participants.

4. Analysis, discussion of results and recommendations

4.1. Presentation of the results of the quantitative analysis.

4.1.1. Regression results

The regression results are summarised in the table below:

Table1 table of regression results.

Variable	Coefficient	Standard error	t-statistic	prob.
C	594.6291	315.5585	1.884471	0.07
Bpa	6.181852	1.424876	4.33852	2e-04
Dpa	2.989173	1.73888	1.1718	0.092
Per	1.567214	2.52744	0.62419	0.525

Roe	-1102.749	709.7993	-1.55797	0.13
Rd	110.862	477.1312	0.231932	0.818

source: E-views (modelling results)

4.1.2. Overall model statistics

This table summarises the overall statistics such as r^2 , adjusted r^2 , standard error of regression, f statistics, etc.

I 2 : table of overall model statistics

Statistics	Values
r-squared	0.731002

Adjusted r-squared	0.684622
s.e. of regression	470.9959
log likelihood	- 2301.792
F statistic	15.76146
probability (f-statistic)	0

source: E-views (modelling results).

4.1.3. Correlations between variables

The table below shows the correlation coefficients between share prices (price) and the five selected financial variables.

Table 3 : correlation table

	Price	Ebep	DPA	per	Rd	roe
courses	1	0.81389797...	0.72351398...	-0.2145323...	0.16938567...	0.35392605...
Bpa	0.81389797...	1	0.71556691...	-0.3305993	0.07514141...	0.57058203...
Dpa	0.72351398...	0.71556691...	1	-0.2800868...	0.45337516...	0.45730956...
Per	-0.2145323...	-0.3305993...	-0.2800868...	1	-0.0189037	-0.2317842...
57rd	0.16938567...	0.07514141...	0.45337516...	-0.0189037...	1	0.23594377...
Roe	0.35392605...	0.57058203...	0.45730956...	-0.2317842...	0.23594377...	1

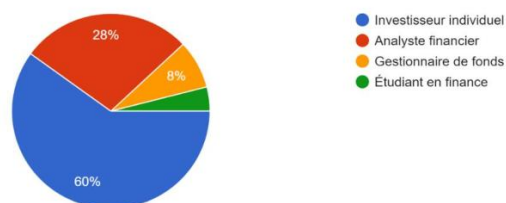
source: E-views (modelling results).

4.2. Presentation of the results of the exploratory analysis.

Our questionnaire consists of 13 carefully worded questions. The number of questions was chosen because of the purely exploratory nature of our analysis, which aims to understand the impact of financial information on investor decision-making in a clear and concise manner without superfluous details.

Figure 1 : distribution of participants by status.

Quel est votre statut ?
25 réponses



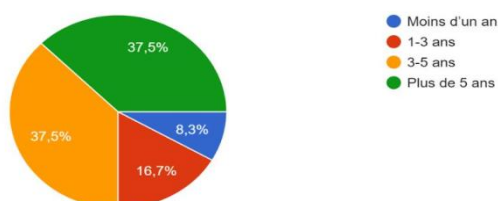
- Status of participants.

Source: Google Forms (questionnaire results).

- Investment duration.

Figure 2 : participants' investment duration

Depuis combien de temps investissez vous dans des entreprises cotées ?
24 réponses

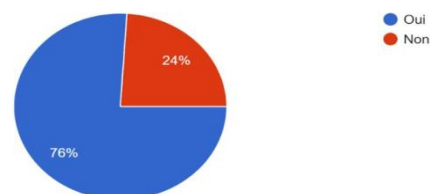


Source: Google Forms (questionnaire results).

Intervention on the Regional Stock Exchange (BRVM).

Figure 3 : breakdown of stakeholders according to whether or not they are involved in the BRVM.

Intervenez vous au sein de la Bourse Régionale des Valeurs Mobilières (BRVM)
25 réponses

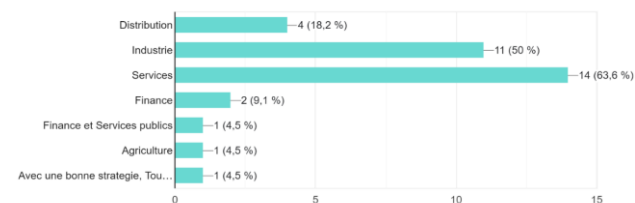


Source: Google Forms (questionnaire results).

- Main investment sectors.

Figure 4 : participants' main investment sectors.

Quel sont vos secteurs d'investissement principaux ?
22 réponses



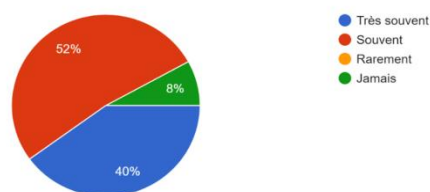
Source: Google Forms (questionnaire results).

- Use of financial information in decision-making.

Figure 5 : frequency of use of financial information among stakeholders

Dans quelle mesure prenez-vous en compte l'information financière pour vos décisions d'investissement ?

25 réponses



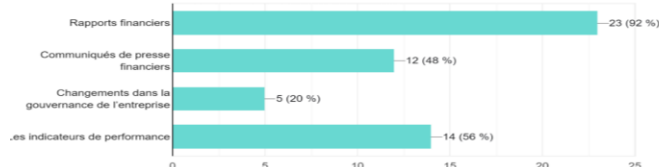
Source: Google Forms (questionnaire results).

- Types of privileged information.

Figure 6 : types of financial information preferred by stakeholders.

Quels types d'informations financières considérez vous les plus importants dans vos décisions d'investissement ?

25 réponses

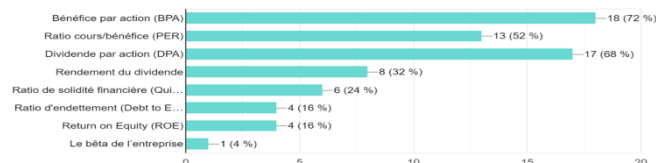


Source: Google Forms (questionnaire results).

Figure 7 : distribution of indicators with the greatest influence on decision-making.

Quels indicateurs financiers vous influencent le plus lors de la prise de décision ? (Plusieurs réponses possibles)

25 réponses



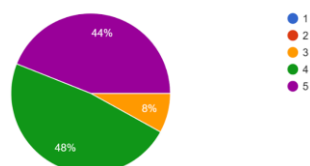
Influence of financial indicators.

Source: Google Forms (questionnaire results).

Figure 8 : degree of influence of these indicators according to participants.

Sur une échelle de 1 à 5. A quel point ces indicateurs affectent ils vos décisions d'achat ou de vente ?

25 réponses



Source: Google Forms (questionnaire results).

The results of the quantitative and exploratory analyses enabled us to highlight the significant elements relating to our issue.

This initial descriptive phase now calls for more in-depth analysis in order to fully grasp its implications as shown in figure 1 to figure 8. The next section will therefore be devoted to a detailed analysis and discussion of these results, comparing them with the initial hypotheses.

4.3. Analysis and discussion.

4.3.1. Analysis and discussion of results

The results of this panel data regression concern companies in the distribution sector listed on the BRVM. It is important to note that this sector has certain specific characteristics, such as its sensitivity to changes in demand, raw material prices, and fiscal and economic policies in West Africa.

4.3.1.1. Analysis of correlations, coefficients and statistical significance of all variables (table1)

4.3.1.2.

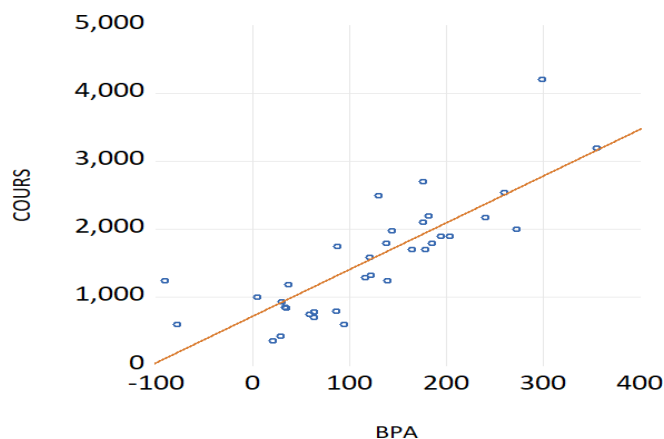
- Constant (c)

The coefficient of the constant is 594.6291. This means that in the absence of other influences (when all other variables are zero), the share price in the distribution sector would be approximately 594.63 units. The p-value of 0.0696 suggests that this constant is only significant at the 10% level. However, in a sector as volatile as distribution, this result could reflect underlying variations due to factors not taken into account in the model, such as seasonality or government policies specific to the BRVM.

- EPS (earnings per share)

The EPS coefficient is 6.181852, which means that a one-unit increase in EPS would lead to an average increase of 6.18 units in the share price of distribution companies. With a t-statistic of 4.3385 and a p-value of 0.0002, this variable is statistically significant at the 1% level. This indicates that EPS, as a key indicator of corporate profitability, is a determining factor for investors in this sector. The results show that the more earnings per share a distribution company generates, the more investors are inclined to invest, thereby driving up share prices. For example, this relationship is also visible in the following (figure 9)

Figure 9 : visualisation of the relationship between EPS and share price.



Source: Eviews (observed results)

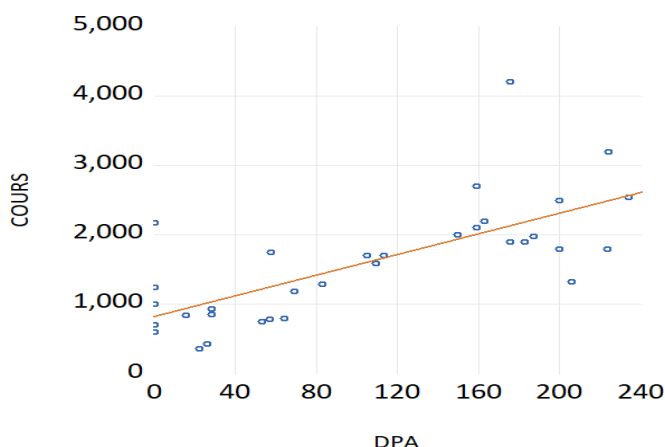
The correlation between EPS and share price is very strong and positive as shown in figure 9. This means that when earnings per share increase, the share price tends to follow the same trajectory and rise. Such a high correlation suggests a direct and significant relationship between the profitability of the company (measured by EPS) and the appreciation of its value on the stock market. In other words, investors attach great importance to earnings per share, as high EPS often reflects the company's ability to generate profits, which increases its perceived value. This positive reaction from investors is evidence of their confidence in the company's

prospects. It is therefore natural that share prices are influenced by EPS, especially as high profits can lead to higher dividends or reinvestment in the company, further increasing the value of the shares.

- dps (dividend per share)

The DPA coefficient is 2.898179, suggesting that an increase in dividends per share would lead to a 2.89 unit increase in share price. However, with a p-value of 0.0924, this variable is only significant at 10%. This may reflect a certain degree of caution on the part of investors with regard to dividends in the distribution sector. In this sector, a company's decision to pay high dividends could be perceived either as a sign of strength or as a sign that the company is not reinvesting sufficiently in its activities. This relationship is also illustrated in the following figure10.

Figure 10 : visualisation of the relationship between the DPA and the share price.



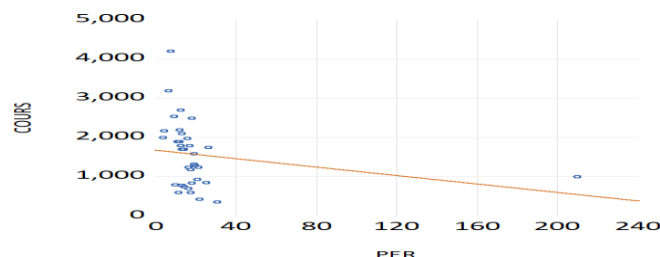
Source: Eviews (observed results)

The positive and relatively strong relationship between dpa and share price indicates that a higher dividend is generally perceived as good news by investors. DPS is an important measure of shareholder profitability, as it shows how much income the company distributes in the form of dividends per share. An increase in DPS is often interpreted as a sign of the company's financial health, which can boost investor confidence and lead to an increase in the share price. This correlation therefore shows that investors respond positively to companies that pay high dividends, which contributes to higher share prices. However, it should be noted that although the correlation is high, it is slightly lower than that of EPS, which means that investors may be more focused on future earnings growth than immediate dividends in the sector studied.

- P/E ratio (price-to-earnings ratio)

The PER has a coefficient of 1.652714, indicating a slight positive influence on share prices (1.65 units per unit increase in PER). However, with a p-value of 0.5245, this result is not statistically significant. This lack of significance can be explained by the volatility of PER ratios in the distribution sector, where profits can fluctuate depending on economic cycles, promotions or changes in raw material prices. This relationship is also visible in the following figure 11

Figure 11 : visualisation of the relationship between PER and share price.



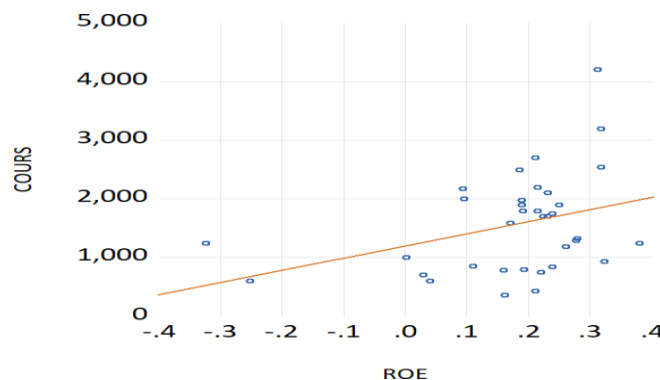
Source: Eviews (observed results)

Unlike the first two variables, the price/earnings ratio (P/E) has a negative, albeit moderate, correlation with share prices. The P/E ratio is often used as a valuation indicator, and a negative correlation may indicate that when the P/E ratio increases, investors perceive the stock as overvalued, which may lead to a decline in demand for that stock and, therefore, a decline in its price. This may suggest that in this sector, when shares reach high valuation levels (a high PER), investors become cautious or consider the share to be overvalued relative to the company's fundamentals. This caution then translates into a decrease in the attractiveness of the share, which has the effect of lowering its price. However, the correlation is not very strong, indicating that investors also take other factors into account when assessing share valuations.

- ROE (return on equity)

ROE has a negative coefficient of -1102.74, indicating that, all other things being equal, an increase in ROE would lead to a significant decrease in the share price of 1102 units. However, this relationship is not significant (p-value of 0.1301). This trend could be explained by the fact that investors perceive high profitability (ROE) as a sign of risk or excessive debt in the distribution sector, which could explain this negative correlation. This relationship is also visible in the following (figure 12)

Figure 12 : visualisation of the relationship between ROE and share price.



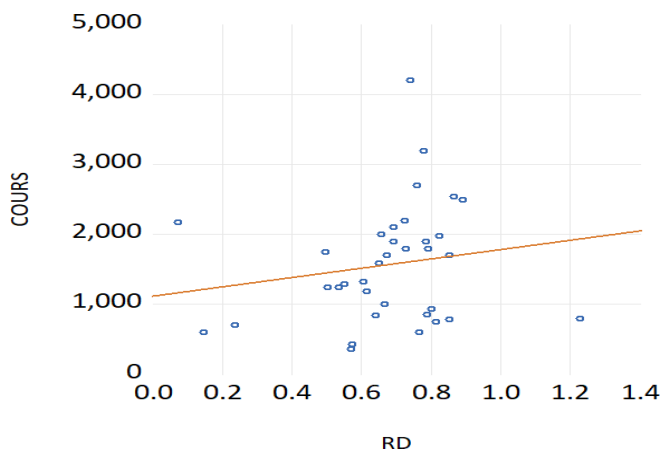
Source: Eviews (observed results)

ROE, which measures profitability relative to the equity invested in the company, has a moderate positive correlation with share prices. This means that investors take into account the profitability that the company is able to generate from its equity. A higher ROE is generally perceived as a sign of good management and efficient use of resources, which leads to a positive appreciation of the share price. However, although the correlation is positive, it is not as strong as that observed for EPS or DPS. This suggests that even though investors value a good return on equity, ROE is not relevant; they may consider other indicators, such as earnings or dividends, to be more immediate signals of the company's performance in that particular sector.

- D/E (debt-to-equity ratio)

The coefficient for rd is 110.8620, but this variable is not significant (p-value of 0.8182). This suggests that the indebtedness of distribution companies has no obvious direct impact on share prices. This lack of effect could indicate that investors are focusing more on variables that are more specific to performance or economic prospects. This relationship is also visible in the following (figure12)

Figure 13 : visualisation of the relationship between rd and share price



Source: Eviews (observed results)

The correlation between RD and share price is relatively weak and positive. The debt ratio measures a company's level of debt relative to its total assets. A slightly positive correlation could mean that a low level of debt is viewed favourably by investors, as it allows the company to use debt to finance its expansion or growth projects, thereby increasing its prospects for future profitability. However, the impact is minimal, indicating that the level of debt does not play a major role in share price movements in this specific sector. This could be related to the fact that distribution companies listed on the BRVM, in particular, manage their debt prudently, and that the market does not necessarily perceive a slightly higher debt ratio as a determining factor in assessing their stock market performance.

4.3.1.3. Overall model fit (table 2)

- r-squared (r^2)

The coefficient of determination (r^2) is 0.731002, which means that 73.1% of the variation in share prices is explained by the variables included in the model. In other words, this high percentage indicates that the financial variables selected for this study significantly capture stock price fluctuations. This suggests that the model fit is particularly robust, especially in a sector where dynamics can be influenced by various external economic factors, such as local consumption, economic policies, and market conditions.

An r^2 of this magnitude is generally considered a good indicator of a reliable model, particularly in sectors where shares are often affected by multiple variables and exogenous factors. Although part of the variation remains unexplained by the model (approximately 26.9%), it is clear that the financial variables chosen for this analysis play a key role in explaining stock price movements, accounting for most of the observed movements. This gives the model statistical robustness, which reinforces its

credibility for analysing companies in this sector.

- adjusted r-squared (adjusted r^2)

The adjusted r^2 is 0.684622, which is slightly lower than the unadjusted r^2 of 0.731002. This difference reflects a correction that takes into account the number of explanatory variables in the model.

Although the model is already relatively well-fitted, with an adjusted R^2 close to 0.68, this suggests that there may still be room for improvement. Adding additional relevant explanatory variables could potentially increase the predictive power of the model by capturing aspects not yet explained by the current variables. However, this must be done with caution to avoid including insignificant variables that would complicate the model without improving its relevance.

In this context, the adjusted R^2 indicates that the selected variables are already performing well, but there is still room to refine the model and further improve the prediction of share price movements in this specific sector.

4.3.1.4. Error analysis and overall statistics (table 3)

- s.e. of regression (standard error of regression)

The value of 470.9959 represents the standard deviation of prediction errors, i.e. the dispersion of differences between observed values and those predicted by the model. Although this figure may seem relatively high, it is essential to understand that it reflects the uncertainties inherent in the distribution sector, which is often subject to significant variations.

These fluctuations can be explained by several economic factors, including economic cycles, changes in demand, and fluctuations in commodity prices. In this sector, companies are exposed to external pressures and global economic events that directly influence their financial performance and, consequently, their share prices.

Therefore, this standard deviation should not be interpreted in isolation, but rather in the context of the sector, where a certain degree of volatility is to be expected. This figure therefore indicates that, despite a good overall fit of the model, discrepancies remain due to the commercial and financial environment in which these companies operate.

- f-statistic (Fisher's statistic)

The f-statistic, which has a value of 15.76146, accompanied by a p-value of 0.000000, shows that the model as a whole is significant at the 1% level. In other words, there is an extremely low probability that the results obtained are due to chance. This combination of a high f-statistic and an extremely low p-value confirms that the explanatory variables included in the model, when taken together, have a statistically significant effect on share prices.

This is a key indicator of the relevance and validity of our model, reinforcing the idea that the factors selected for analysis contribute significantly to explaining share price variations. Indeed, a high F-statistic, combined with a p-value of less than 1%, suggests that the set of variables chosen has a significant influence on companies' stock market performance, which is an excellent indication of the model's robustness.

This conclusion provides some assurance as to the quality of the modelling, confirming that the results obtained are reliable and that

the relationships identified between the variables are statistically robust. This validates the approach used to analyse the determinants of share prices and the relevance of the choice of explanatory variables.

4.3.1.5. Information criteria

- Akaike information criterion: 15.30283
- Schwarz criterion: 15.56901
- Hannan-Quinn criterion: 15.39442

Here, these values are relatively close, suggesting that the current model is relatively robust.

4.3.1.6. Diagnostic tests

- Durbin-Watson statistic

The Durbin-Watson statistic is 1.7354, which is close to 2. This figure is essential for assessing the autocorrelation of the regression model residuals. A Durbin-Watson value close to 2 indicates that there is no significant autocorrelation between the residuals, meaning that the prediction errors do not show any obvious correlation over time.

The absence of autocorrelation is a positive sign for the robustness of our model, as it suggests that the residuals, or prediction errors, are independent of each other. In other words, the presence or absence of an error at a given moment does not influence errors at future moments. This reinforces the validity of the results obtained, as a model with autocorrelated residuals could indicate the absence of important variables or poor model specification.

A model with non-autocorrelated residuals such as ours is generally considered more reliable for making forecasts, as it is less susceptible to bias. Consequently, the Durbin-Watson statistic of 1.7354 supports the idea that the model used is appropriate for analysing the determinants of share prices in the distribution sector, thus offering potentially valid and usable results.

In summary, the results of the panel data regression provide essential information on the factors influencing the share prices of distribution companies on the BRVM. This sector, which is sensitive to consumer demand, commodity prices and fiscal policies, is subject to significant fluctuations, making the analysis of financial variables crucial.

Earnings per share (EPS) appear to be the most significant factor (p-value of 0.0002), showing that investors favour earnings generated per share. High EPS boosts confidence in profitability and drives up share prices.

Dividend per share (DPS) has a positive but less pronounced effect (p-value of 10%), reflecting investor ambivalence between stability and growth opportunities.

On the other hand, the price-to-earnings ratio (P/E) and return on equity (ROE) did not show any significance, possibly due to earnings volatility. Similarly, the debt ratio (DR) is not a determining factor, indicating that investors focus more on profitability than on companies' debt levels.

Finally, with an R^2 of 73%, the model explains a significant portion of the variations in share prices, but the difference with the adjusted R^2 (68%) suggests that there are other factors to explore in order to refine the analysis.

4.3.1.7. Interpretation of the results of the exploratory analysis.

- Participant status.

The results of our survey, particularly the question relating to participant status, show that our sample is composed of 60% individual investors, 28% financial analysts and 8% fund managers. These proportions are relatively relevant to our analysis. Investors, who make up the majority of our sample, are key players in the BRVM. Although they are required to use SGI due to current regulations, they remain influential decision-makers. Their buying and selling decisions depend directly on the financial information made available to them. Financial analysts also represent a significant portion of our sample. Their role in the stock market is to produce analysis and recommendations based on available financial data. Their presence in our survey shows that it also includes professional intermediaries in the very understanding of financial information. This gives our sample a balanced approach between the direct and indirect use of this information. Although fund managers represent a smaller proportion of our sample, they are nonetheless major players. Their inclusion in our analysis allows us to take into account large-scale "institutional" investment decisions that require a much more sophisticated use of information.

- Investment duration

The investment experience of participants also reinforces the relevance of our sample. According to our results, 37.5% of participants have been investing for more than 5 years, 37.5% for 3 to 5 years, and 24% for less than 3 years. These data show that our sample is relatively balanced in terms of market experience.

- Trading on the BRVM

The fact that 76% of participants are active on the BRVM indicates that our sample consists of players with relevant experience in the target market. This reinforces the credibility of the responses obtained, as these participants are at the heart of investment decisions influenced by financial information specific to our regional stock exchange.

- Main investment sectors.

Despite the fact that only 18% of participants indicated that the distribution sector is one of their main investment sectors, this result does not constitute a weakness for our study. Indeed, distribution remains an important sector within the BRVM, but it does not represent the entire market. This low proportion can be attributed to the diversity of sectors offered within the market. Furthermore, as the objective of this study is to analyse the impact of information on overall investment decisions, this limited representation does not affect the relevance of the results obtained, as our goal is to capture a broader view of investor behaviour.

- Importance and influence of financial information, and more specifically of the indicators studied, on investment decision-making.

The survey results show that 52% of participants often take financial information into account in their investment decisions, while 40% consider it very often and 8% say they never use it. These data illustrate that financial information plays a major role in decision-making for the majority of investors on the BRVM, with a total of 92% of participants indicating that they use it with some regularity. This validates the idea that financial information is an essential component of the decision-making process for market- .

Among privileged information, 92% of participants attach particular importance to financial reports, showing that investors rely primarily on formal and detailed documents to assess the health of companies. In addition, 56% of respondents focus on performance indicators, which are the main subject of our study. This confirms that these indicators have a direct impact on investment decisions, providing key measures of corporate profitability and performance. Finally, 48% of participants consider press releases to be an important source of information, revealing that public announcements by companies also influence investment decisions, albeit to a lesser extent than financial reports.

It is also important to note that 72% of participants believe that earnings per share (EPS) influence their investment choices, closely followed by 68% for dividends per share (DPS). These two indicators appear to be perceived as the most significant in the decision-making process, highlighting their importance in assessing corporate profitability. On the other hand, the price earnings ratio (PER), dividend yield and return on equity (ROE) have lower influence rates, at 52%, 32% and 16% respectively. This indicates that, although they are considered useful, these indicators are less decisive for the majority of respondents.

When it comes to the importance of these indicators in the actual decision to buy and/or sell, on a scale of 1 to 5, we see that 48% of participants give a rating of 4, indicating that these indicators have a significant influence on their buying and selling decisions. In addition, 44% rate them as 5, showing that an overwhelming majority of investors consider these indicators to be crucial. Only 8% of respondents give them a rating of 3, suggesting that a very small proportion of participants do not see these indicators as highly decisive in their decisions.

These results highlight that investors on the BRVM generally pay close attention to financial information, particularly EPS and DPS, which appear to play a central role in their assessment of companies. This trend indicates strong confidence in performance indicators as tools for guiding their investment decisions, reinforcing the idea that financial information, and financial results in particular, is essential for guiding investor choices in the market.

4.4. Recommendations

Based on our study and in light of its recognised limitations and findings, it is appropriate to make recommendations to improve the analytical format and strengthen the impact of financial information. These recommendations, tailored to the specific characteristics of distribution companies listed on the Regional Stock Exchange (BRVM), focus on the following areas:

4.4.1. Improving the model with additional variables

This involves including variables such as exchange rates, inflation and regional economic growth, which could refine the model. Variables such as transport costs, fluctuations in raw material prices and local pricing policies could better capture fluctuations in the performance of distribution companies.

4.4.2. Specific studies by company

A more in-depth study of companies with atypical performance could also provide a better understanding of the specific factors contributing to success or failure in the sector.

4.4.3. Implications for investors

Investors should pay particular attention to EPS when evaluating

companies in the distribution sector on the BRVM. It appears to be a key indicator for anticipating share price movements.

Dividends should be analysed with caution: a high dividend may be attractive but must be assessed in relation to the company's investment policy.

As ROE and PER are not significant, investors may wish to reconsider the importance given to these indicators in this particular sector. Other factors, such as growth strategies or innovation in the supply chain, may be more decisive in the analysis of distribution companies.

4.4.4. Involvement of the regulator and SGI

The AMF-UMOA should encourage, if not require, greater transparency of financial information in the sector to help investors better assess the real profitability of companies. If they do not already do so, SGI should integrate the financial results of companies in this sector into a broader macroeconomic context, particularly by taking into account variations in international prices and regional economic trends.

5. Conclusion

This research aimed to deepen our understanding of the effects of financial information on the share prices of distribution companies listed on the Regional Stock Exchange (BRVM). To do this, we focused our analysis on a set of strategic financial variables: earnings per share (EPS), dividend per share (DPS), price earnings ratio (PER), return on equity (ROE) and debt ratio (DR). These indicators were carefully selected not only because of their relevance in assessing the performance and financial health of companies, but also because of their proven empirical value in previous financial studies. By combining an analysis of quantitative data from the financial statements of the companies studied with an exploratory survey of invest , we sought to provide a nuanced and robust view of the impact of these indicators on the share prices of these companies.

The results of our study highlighted a significant relationship between the financial variables analysed and the stock price movements of distribution companies on the BRVM. Among these indicators, EPS proved to be particularly influential in investor decision-making, reinforcing the importance of earnings per share as a determining factor for market participants. This correlation underscores how essential transparency and the dissemination of financial information are to market predictability and, consequently, investor confidence.

However, these results, while encouraging, also highlight the limitations of the study, particularly in terms of the scope of the variables analysed. To refine the conclusions of this research and offer an even more comprehensive view, we recommend that future studies incorporate broader economic variables, such as the macroeconomic context, inflation rate, exchange rate, and other exogenous variables that may influence investor decisions and, consequently, share prices. In addition, the use of advanced econometric methodologies, such as the VAR (vector autoregression) model, would allow for a more dynamic modelling of the interactions between financial indicators and stock prices, taking into account the evolution of different variables over time and their interdependence.

Finally, this research paves the way for comparative studies between the distribution sector and other sectors of activity, such

as finance, public services and agriculture. Such an approach would make it possible to determine whether the financial indicators identified in our study, and in particular EPS, play a similar role in other sectors, or whether their influence is specific to distribution companies. This extension of the research would be useful in order to better understand the specific characteristics of distribution companies listed on the BRVM and their particular sensitivity to financial indicators, in comparison with other sectors. An in-depth sectoral analysis would offer a richer perspective for investors, researchers and ISMs, enabling them to better understand the distinctive characteristics of each sector in terms of responsiveness to financial information.

In conclusion, our research makes a modest contribution to the existing literature on market finance in West Africa, offering some insight into the central role of financial indicators in the investor decision-making process. It highlights the importance for distribution companies to maintain transparent and accurate financial communication in order to build trust and ensure greater stock price stability. In a context where emerging stock markets such as the BRVM are gradually gaining in attractiveness, such an approach is essential to foster a healthy and pro investment environment conducive to economic growth.

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