

**VALUE RELEVANCE OF ACCOUNTING INFORMATION IN THE
NIGERIAN BANKING SECTOR**

BY

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BENIN CITY**

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**BEING A RESEARCH PROJECT WRITTEN AND SUBMITTED TO THE
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UNIVERSITY OF BENIN, EDO STATE, NIGERIA, IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.Sc.)
DEGREE IN ACCOUNTING.**

OCTOBER, 2023.

DECLARATION

I, **Victor Effiong EDET** do hereby declare that this project work is entirely my own work and composition. The work embodied in this project has not been submitted in candidature for any degree and is not concurrently being submitted for any other degree. All references made to works of other persons have been duly acknowledged.

Victor Effiong EDET

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Date

CERTIFICATION

This is to certify that this research work was carried out by **Victor Effiong EDET** in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City.

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DEDICATION

This project is dedicated to God Almighty, the giver of all wisdom, knowledge and understanding for his protection and guidance throughout my B.Sc. programme.

ACKNOWLEDGEMENT

In the course of carrying out this project which finally led to an original project work, the contribution of a good number of persons in one way or the other made the successful completion of my undergraduate program in university education.

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ABSTRACT

The purpose of this study is to examine the relationship between the value relevance of accounting information and listed banks in Nigeria. Specifically, the study examined the effect of earnings per share, dividend per share, book value per share, and return on equity, on share prices of banks in Nigeria.

Data was extracted from a sample consisting of ten(10) banks quoted on the Nigerian stock exchange between the years 2018-2022. Ordinary Least Square regression model was employed in estimating the data and testing the formulated hypothesis before interpretation of results.

The findings revealed that value relevance of accounting information was positively related to share price but the relationship was found to be insignificant. The study also revealed that earnings per share and book value per share are not significant to share prices of Nigerian banks.

The findings also revealed that there is a significant and positive relationship between return on equity and share price of banks in Nigeria while dividend per share was found to be negatively significant to share prices.

In line with the findings, the study recommends that a holistic approach, considering a diverse set of financial indicators, must be employed by market participants, for a comprehensive understanding of market dynamics. This is because the study found out that there are complexities and nuances inherent in market valuation.

CHAPTER ONE.

INTRODUCTION.

1.1. Background to the study.

Businesses that release financial reports provide information to stakeholders, especially investors, to aid in their decision-making process. To play the required part in the decision-making process, the information must be helpful, and useful information must have two key characteristics: reliability and relevance. Relevance may affect decision-makers (Badawi & Salam, 2019). The framework established by the International Accounting Standard Board that those who utilize accounting information to make judgments can only do so by looking at past, present, or future events. In light of this, Bankole and Ukolobi (2020) assert that financial statements intended to update or confirm the expectations of both current and potential investors in relation to the events depicted in the financial statements as well as its implications is what is meant by relevance (Akadakpo & Mgbame, 2018).

Assessing the significance of information concerning the valuation of a company is a tangible use of both the relevance and reliability criteria in accounting. Information is considered relevant when it provides valuable insights for evaluating a company through an investor's lens. Reliability is established when this information is mirrored in the company's share price. The significance of the information is therefore determined by the statistical correlation that exists amidst accounting data and market value of equity (El-Diftar & Elkalla, 2019). Accounting data is extremely significant if it shows an effective correlation between measurements and market value (Perveen, 2019).

The value relevance of accounting information in the Nigerian banking industry refers to how the financial information contained in the banks' financial statements affects the judgments and decisions of investors and stakeholders regarding the worth and performance of the banks. It is an integral area of financial reporting since it has an impact on stock prices, investment decisions, and general market trust in the banking sector.

The decision usefulness of information published in the financial statements of different companies all around the globe cannot be overemphasized. Potential or existing investors of banks solely depend on accounting information published by the bank to make informed business decisions. A true and fair financial statement will positively affect stock prices and decisions of an investor while a manipulated financial statement will have a negative impact on stock prices and therefore, mislead investors and the general market. Accordingly, the usefulness of the financial statement's information affects how effectively and successfully it may aid investors in making decisions regarding their investments (Okafor et al., 2017).

Research into value relevance is driven by the recognition that publicly traded companies extensively use financial statements to communicate with shareholders and the general public. Accounting information serves as the medium through which we gauge and communicate economic events, be it in managing a company, making investments, or monitoring financial transactions (Bo, 2009). It emanates in the shape of accounting ratios. The stock prices of a firm serve as a reflection of its future profit. For accounting information presented in the financial statements of a firm to be deemed value-relevant, they must reflect in stock prices of the firm.

A crucial area of study In capital market research revolves around the concept of the value-relevance of accounting information. This concept assumes that financial accounting data has a

connection with stock prices, rendering accounting information valuable for investors. The value-relevance research field is based on the notion that when information is valuable, investors will adjust their actions, and the market will swiftly react by altering stock prices. Consequently, information is deemed significant when it exhibits a correlation with changes in share returns upon its release.

Suadiye (2012) claims that the statistical linkages between information presented in a company's book and stock market values or returns serves as a method to evaluate value relevance. According to Balasundaram (2014), a company's financial statements encompasses various elements including financial and non-financial information, as well as accounting information and non-accounting information. According to Uwuigbe et al., (2016), management is primarily responsible for generating and presenting financial accounts for their companies. As a result, they must guarantee that the statements accurately reflect the company's actual financial status. Audited qualitative data are being assessed and disclosed by corporate accounting and external reporting system which seeks to generate financial accounting information of publicly listed firms to determine their financial performance.

Accounting provides an important service to a wide range of beneficiaries. Financial accounting information are needed by investors to make informed business decisions, it is basically used by the government and its agencies for tax purposes, and also needed by regulatory agencies specifically to assess, among other things, whether current law pronouncements are implemented. Accounting, according to Bankole and Ukolobi (2020), plays a crucial role in the concept of corporations creating and conveying wealth. The financial statement is still the most essential source of information about a firm that can be viewed from the outside. The value relevance and integrity of financial accounting information have been questioned in light of the most recent

accounting fraud and economic collapse, which caused an huge amount of money in investment and retirement savings to disappear. According to Bankole and Ukolobi (2020), value relevance studies are not meant to assess the value of accounting data. Instead, they evaluate how accurately certain accounting figures reflect the data that investors use to ascertain a company's value of working capital.

The best indicator of the accuracy of accounting reporting is value relevance since it demonstrates that those who utilize accounting data in the capital market genuinely find it valuable. The connection between the impact of accounting information on share prices of firms is attracting the attention of a wide spectrum of researchers (Ivica & Marijana 2014; Olubukola et al., 2016; Ijeoma 2015). Although, empirical results might vary. Considering the previously mentioned concerns, this research delves into examining the influence of accounting variables on the stock prices of Nigerian banks.

1.2. Statement of the problem.

The market share price of banks is thought to be significantly influenced by accounting information. In light of this, this study seeks to determine how banks listed on the Nigeria exchange group use accounting data to determine their market share price and how it affects decision usefulness of stakeholders. The use of accounting variables such as earnings per share, market value per share, dividend per share, return on equity, etc., is to minimize the risk associated with investment, uncertainties in relation to market prices, as well as provide an advantage amidst competition.

Regardless of the fact that accounting information provides users numerous advantages, it is widely acknowledged that many unskilled accountants supply inaccurate information, impeding

businesses in attaining their goals. These issues significantly impede the use of accounting data in company to track share price, which causes incorrect decisions to be made to the organization's damage. This study is important as a result of the observation of investors and other information users on the relationship between accounting variables and share prices.

Questions may arise regarding the actual significance of accounting information within the Nigerian stock market due to the absence of consensus in the literature concerning the value relevance of accounting data in relation to share prices. Additionally, considering the substantial impact that specialized accounting information can wield, particularly given the daily trading of shares in Nigeria, it becomes crucial to discern the factors influencing share prices and evaluate their relative significance. Research into the connection between accounting information and share prices has yielded a variety of results.

Abiodun (2012) studied the value relevance in Nigeria's business sectors, using logarithmic regression models on 40 different organizations for the years 1999 to 2009. The findings suggest that earnings are more important than book values, and by extension that information in the income statements determines business values more so than that in the balance sheet. Relevant knowledge affects users' economic choices by assisting them in evaluating the past, present, and future of events.

Ali and Hwang (2000) identified significant associations between diverse country-specific attributes and the value relevance of accounting information. Initially, they observed that in countries with financial systems primarily focused on banks rather than markets, the value relevance tends to be lower. Because banks and other stakeholders have immediate access to information in those nations, there is a lesser demand for accounting information. Accounting

information has no part in reducing information asymmetry in those nations. Secondly, they found that in countries where private sector entities are not involved in the standard-setting process, the value relevance is reduced. The ongoing relevance of accounting is essential to its future measurement for business value and management. The emergence of new economy businesses calls into question the complex design of financial statements that have been checked for compliance with generally acceptable accounting principles (GAAP). Despite the recent market adjustment, there is unquestionably a view in the market that net income statements are losing favor as trustworthy predictors of future growth chances. Accountants' credibility will be impacted on all fronts if they fail to develop measures for new economy businesses. However, during the past 50 years, the field has increasingly moved away from business assessment tasks that rely on subjectivity and toward those with more objective criteria.

However, when it comes to the issue of alteration in value relevance, there exist divergent viewpoints and interpretations. A research by Abiodun (2012) noted a rising trajectory in the value relevance of accounting information. On the other hand, a related study by Sharma et al., (2012), Andre & Evans (2012), Miah (2012), and Andriantomo & Yudianti (2012) predicted a drop in the impact of accounting information on stock prices. The absence of comprehensive research in this area, coupled with notable corporate collapses and financial irregularities in the United States, Europe, and Africa, forms the basis for this investigation in the context of an emerging economy like Nigeria. Nigeria is currently grappling with a recession and the persistent decline in stock prices within the capital market. To the researcher's knowledge, only a limited number of studies have explored the relationship between the value relevance of accounting information and the stock prices of banks in Nigeria. This study addresses a notable gap in existing research. Previous studies primarily concentrated on earnings and book value to

elucidate share price behavior. In response to this gap, the current study takes a comprehensive approach by considering factors like book value per share, dividend per share, earnings per share, and return on equity to explain share price dynamics. To bridge this knowledge void, the study is conducted with the aim of examining the relationship between the value relevance of accounting information, represented by these variables, and the stock prices of Nigerian banks from 2018 to 2022.

1.3. Research questions.

This research focused on providing answers to the following questions:

1. What is the relationship between return on equity and share prices of banks in Nigeria?
2. What is the relationship between dividend per share and share prices of banks in Nigeria?
3. What is the relationship between earnings per share and share prices of banks in Nigeria?
4. What is the relationship between book value per share and share prices of banks in Nigeria?

1.4. Research objectives.

The main objective of this study is to determine the relationship between value relevance of accounting information in Nigerian banks. The specific objectives would be to:

1. Examine the relationship between return on equity and share prices.
2. Ascertain the relationship between dividend per share and share prices.
3. Evaluate the relationship between earnings per share and share prices.
4. Verify the relationship between book value per share and share prices.

1.5. Research hypotheses.

In line with the objectives, the following null hypotheses will be tested in the course of this study:

Ho1: Return on equity has no significant relationship with share prices of Nigerian banks.

Ho2: Dividend per share has no significant relationship with share prices of Nigerian banks.

Ho3: Earnings per share has no significant relationship with share prices of Nigerian banks.

Ho4: Book value per share has no significant relationship with share prices of Nigerian banks.

1.6. Significance of the study.

Policymakers, financial analysts, investors, and capital market participants will all benefit from this study. This research work will be highly helpful to academics, government organizations, and researchers, standard-setters, quoted enterprises, and others with an interest in issues concerning the value relevance of accounting information in both established and emerging economies.

In addition to adding to the body of knowledge on the global financial crisis, the value relevance of accounting information, and the adoption of IFRS, the study's findings may be used by

academics to test the predictions of current theories under conditions that are currently present in some economies, particularly those that are not Nigeria, where the majority of earlier studies in this field have been conducted.

By giving investors more information, this study will enable them to make educated decisions about their investment options.

The results of this study, which examines the value relevance of accounting information in relation to equity valuation in Nigeria by taking into account the impact of IFRS and the recent global financial crisis on variables reported in, and derived from, the financial statements of quoted banks in the country, will add to the body of knowledge for policy makers. Therefore, even policy makers in other emerging capital markets will find the study's findings to be valuable.

Finally, the results of this study will be helpful to management of companies, standard-setters, and market participants since they provide a guide as to which accounting information or variable is or is not value relevant with regard to the valuation of equity stocks of quoted banks in Nigeria.

1.7. Scope of the study.

This study's primary aim was to investigate the correlation between the value relevance of accounting information and the stock prices of banks in Nigeria. Therefore, the study's population comprises all the banks that were listed on the Nigerian Exchange Group as of December 2022. This study will employ only secondary data taken from the annual reports of the ten banks listed on the Nigeria Exchange Group whose available data spans at least five years

from 2018-2022. This study covers a period of five(5) years ranging from 2018-2022. The choice of five years is to provide us an avenue to ascertain the trend. The research variables employed consist of book value per share, dividend per share, earnings per share, and return on equity, serving as proxies for accounting information (independent variables). Meanwhile, the dependent variable in the study is the share price.

1.8. Limitation of the study.

The value relevance of financial accounting information and the equity valuation of the Nigerian banking industry are the two main topics covered by this study.

The study's sample comprises banks listed on the Nigerian Exchange Group that possess a consistent dataset for the relevant years of the variables used. This selection aligns with the study's objectives. The study's findings are solely based on the data provided by the participants and the information gathered from secondary sources. It's worth noting that the study's limitation includes its focus on a limited number of dependent variables.

1.9. Definition of terms.

Value relevance: This pertains to the degree to which the financial statements published by firm influences the business decisions of investors and other users of such information.

Accounting information: These are items reported in the financial statements of a firm.

Quoted banks: These are banks whose shares are listed and traded on the floor of the stock exchange.

Share price: This represents the cost of an individual share in a company's stock.

Book value per (BVPS): This is a financial figure that represents a company's total equity divided by the number of outstanding shares of its common stock.

Earnings per share (EPS): This is a financial metric that shows the portion of the net profit of a company that is allocated to each outstanding share of its common stock.

Dividend per share (DPS): This is a portion of a company's earnings that is shared as dividend to each issued share of its common stock.

Return on equity (ROE): This financial metric quantify how effectively a company's common shareholder's capital is used to generate profit on their behalf.

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CHAPTER TWO.

LITERATURE REVIEW.

2.1. Introduction.

This research examines the connection between the value of accounting information and the stock prices of different banks listed in Nigeria. The dependent variable: share price, and the independent variables: book value per share, earnings per share, dividend per share, and return on equity, are discussed in this chapter along with a conceptual and theoretical assessment of the relevant literature. The relevant empirical study is also included.

2.2. Conceptual review.

2.2.1. Value relevance.

Value relevance refers to the association between an accounting figure and the market value of stocks. Over recent years, the value relevance of accounting data has become a significant area of interest for researchers in the accounting domain. According to Ahmadi and Bouri (2018),

accounting information is considered a critical factor for assessing a firm's value and exhibits a strong correlation with the stock prices of the company.

Value-relevant accounting is the capability of an accounting information system to be used for predicting a company's market value. When a company's accounting information system cannot be used to forecast its market value, the accounting information is not considered value-relevant. Achieving value-relevant accounting involves full disclosure of all events impacting the company's operations in the current and future reporting periods. According to Ahmadi et al. (2018), a company's accounting information is valuable when it accurately reflects the company's current state and is transparent, understandable, and accessible to all market users.

Financial reporting is focused on providing valuable information to those who will be using financial statements so they can make educated decisions. According to Mbekomize & Popo (2020), relevance and reliability are two crucial qualitative traits that information must have in order for users to find it valuable. In more modern conceptual frameworks for financial reporting, especially those outlined by the Financial Accounting Standards Board in 2010 and the International Accounting Standards Board in 2018, the concept of "reliability" has been substituted with "faithful representation". The relevance attribute is the capacity of information to affect user decisions.

The quality of faithful representation is defined as the capacity of the reported information to portray the content it was intended to offer. Additionally, whether or not the information is viewed as comprehensive, neutral, and error-free depends on the level of uncertainty with which it was determined. Users can have confidence that the information being reported accurately captures what happened. The value of information is perceived to increase through factors like comparability, verifiability, timeliness, and understandability, as outlined by the Financial

Accounting Standards Board in 2018. In terms of comparability, Mbekomize & Popo (2020) suggest that information is considered useful when users can distinguish between related element reported by different entities or across different reporting periods by the same entity. Verifiability, according to the Financial Accounting Standards Board (FASB) in 2010, refers to the situation where multiple qualified and independent users would arrive at the same conclusion that the reported information accurately represents what it should. Timeliness, as defined by the International Accounting Standards Board in 2018, involves making information available to users before it's too late to influence their decision-making. The concept of "understandability" relates to the idea that the way information is presented should take into consideration the users' background knowledge and comprehension skills.

2.2.2. Analysis of dependent variable and independent variables.

Accounting information such as book value per share, earnings per share, dividend per share, and return on equity, are used as independent variables in analysis market share price of banks listed on the Nigerian stock exchange.

2.2.2.1. Dependent variable.

Market Share price.

The price of a single share of a company's stock is known as the share price. The amount of earnings information incorporated into a stock price is measured by its informativeness. Tiron-Tudor and Achim (2019) claim that "stock returns reflect new market-level and firm-level specific information". Demand and supply factors in the market typically determine how much a publicly listed company's shares are worth. Value relevance assesses how accounting measures, such as profits or other indicators, that relate to market returns, react jointly to the availability of

information. A statistical correlation between accounting data and share prices can be used to explain this (Hassan & Haque, 2017).

Macroeconomic factors, including financial and monetary policies, industrial policies, international trade regulations, financial data, investor information, market oversight, and internal company elements, can potentially influence a company's stock price, as indicated by Kachchhy (2015). Research has unveiled a connection between accounting information and stock prices in various worldwide regions, underscoring the vital role of financial statements in elucidating stock market trends. Ijeoma (2015) argues that share prices and return on equity are related. Using pooled cross-sectional regression, Ewereoke (2018) showed that earnings per share and share prices of publicly traded companies were significantly correlated.

Aruwa (2016) researched and identified that the two primary accounting metrics showing a significant positive correlation with a company's market value, as indicated by share prices, are earnings per share (EPS) and book value per share (BVPS). Aruwa (2016) emphasizes that when investors assess share prices, earnings per share (EPS) data stands out as the most crucial metric to consider.

Any business seeks to make money, and success is frequently assessed by how profitable it is. Investors believe that profitable businesses may enhance the welfare of their shareholders. Earnings per share represents the profit earned per outstanding share of a company. The fact that its evaluation shows how well management obtain revenue for shareholders makes it an important metric.

In economics and financial theory, analysts analyze and forecast stock market share values using random walk analysis techniques. This method is predicated on the notion that investors are

unbiased and rational, and that they can quickly determine the value of a company based on their expected future returns. Every piece of market information has an impact on the stock price, according to the random walk share price analysis, and the stock price can only change when fresh information is released.

2.2.2.2. Independent variables.

- **Earnings per share (EPS)**

Earnings per share is a number that must be declared by publicly traded firms. It helps to evaluate a firm's profit derivation ability. Public firms are urged to display their earnings per share in their statement of profit or loss and other comprehensive income (Menaje, 2012). The Financial Accounting Standards Board (FASB) now requires the disclosure of earnings per share, which is a departure from previous standards. This change is motivated by the need to align earnings per share calculations with global standards and to provide investors with a clearer understanding of the potential dilution impact, which wasn't as effectively achieved with the previous earnings per share calculation method. Agrawal (2011) claims that a company's earnings are the factor that has the greatest potential to affect the flow of prices of shares on the

stock market, which is why companies listed on the floor of the stock market report them on a quarterly basis.

The International Accounting Standards Board (IASB) defines earnings per share in International Accounting Standard (IAS) 33 as the amount of current period earnings or profit (or loss) attributable to one unit of ordinary shares. Earnings per share plays a substantial role in the calculation of a company's stock price, which, in turn, affects the entity's market value (Amahalu et al. 2017). Earnings per share serves as a performance metric for evaluating the company's financial well-being over the year and as an indicator of short-term growth prospects. In essence, earnings per share serves as a measure of a company's performance because it considers both operational results and the impact of financing.

Earnings per share is therefore calculated by deducting a company's dividend on preferred stock from its net income, and dividing it by the average outstanding share.

- **Book value per share (BVPS).**

The market value to book value ratio assesses the relationship between a share's book value and the market value of the company, as perceived by an investor. The market-to-book ratio has served as a major source of inspiration when studying capital structure decisions within the costly external financing theory (Olanrewaju & Tabitha, 2017). This metric was selected since the primary objective of the research is to ascertain how financial success affects the capital structure preferences of companies listed on the NSE. One crucial factor that sheds light on a company's value is its book value.

The total of cumulative retained earnings and other Items within the stockholder's equity makes up the entity's book value equity. Book value per share, which signifies the value of each share

in a company and represents the firm's intrinsic worth per share, is a significant factor influencing the market value of its equity shares. As per Pushpa and Sumangala (2012), companies whose book values are considered massive may be qualified for bonuses and has high possibility of having sufficient reserves, while a company with a low book value is more likely to have a more lenient bonus and dividend distribution policy or a less stable track record of success. The business's dividend policy, past earnings, and investment decisions are all reflected in the book value.

The book value of equity per share (BVPS) Is calculated using the following method: BVPS is an accounting metric that provides investors with insights into a company's financial stability. It is determined by dividing the Value of Common Equity by the Total Outstanding Shares. BVPS serves as a tool to determine whether the value of a stock is depreciated or appreciated by examining the current common equity and outstanding shares (Steven, 2015). To compute a company's BVPS, you divide the total outstanding shares by the company's common equity value. Consider the case where Company AB has 20 million shares that are still outstanding and a common equity value of N200 million. Each company share will have a book value of exactly \$10, or $N100,000,000/10,000,000$.

- **Return on equity (ROE).**

Return on equity (ROE) is a profitability gauge that assesses the profit a business derives per share of stock from shareholders. ROE reflects a company's capability to use its own capital to ascertain post-tax profit (Husnan, 2019). Considered as a ratio of return on capital, ROE serves as a measure of both the company's performance and its impact on shareholders (Hien & Mariani, 2017). Return on equity is a ratio that shows investors how effectively a firm is using

the equity that shareholders have invested in it. More specifically, it shows investors how well the management team is managing that equity. It is sometimes called return on net worth.

From an investor's perspective, this indicator holds significant importance as it aids in evaluating how efficiently the company can utilize their investment to derive additional revenue. Investors typically favor companies with higher ROE, but it's essential to use it as a yardstick when selecting stocks within the same sector. It's worth noting that profit and income levels can differ significantly across industries. Additionally, if a company chooses to distribute dividends rather than retaining earnings as dormant capital, ROE levels may differ even among companies within the same sector.

- **Dividend per share (DPS).**

Dividend per share (DPS) represents the aggregate amount of dividends announced by a company for each outstanding share of its common stock. It's calculated by summing up all of a company's dividend payments, including interim dividends, and then dividing this total by the number of issued and outstanding common shares. Typically, the amount paid for dividend in the last quarter of a company's financial year, which is also a factor in deriving the dividend yield, is the basis for calculating a company's DPS.

As Siyanbola and Adedeji (2014) explain, dividend per share is computed by dividing the aggregate dividend by the number of shares. Investors typically prefer favorable ratios to justify their continued investment in a company, and this ratio reveals the company's retention policy. They further emphasize the significance of dividends per share for investors because dividends serve as a means to assess a company from an investment standpoint. This evaluation helps

investors gauge a company's ability to generate cash flow and whether it distributes dividends in a way that leaves sufficient funds available for future investment.

2.3. Theoretical review.

Three basic theories are recognized in the literature that aims to analyze the correlation between accounting information and share prices of Nigerian banks. These theories are; market efficiency theory, market value relevance, and signaling dividend theory.

The two theories of market value relevance and market efficiency serve as the basis for this study's analysis of the influence accounting information on stock prices.

2.3.1. Market efficiency theory.

According to Elroy and Massoud (1998), a market is efficient when trading based on the information available does not result in an abnormal profit. Therefore, we can only say that a market is efficient if we propose a method for returns. Examinations of market efficiency are currently linked with assessments of market behavior and the application of asset pricing models. The weaker version of the efficient market hypothesis asserts that prices faithfully reflect the information embedded in historical price data. Conversely, the efficient form of market efficiency contends that any information known to participants is already incorporated into

market prices, while the semi-efficient form asserts that prices incorporate all relevant information that is publicly accessible.

The term "EMH" was first used to describe a market that responds quickly to fresh information (Fama, 1970). The term "efficient market" (Fama, 1991) was later used to describe a market that accurately represents all information that is currently accessible. An internally and externally efficient stock market is one that shows the right information on the prices of securities at a particular time that is currently available regarding the security's proposed inflow and outflow of cash and the danger associated with having claim to the security. EMH is predicated on the idea that any "variable change announcements should only have an impact on stock prices if they are unanticipated by capital market participants" (Olowolaju & Ogunsan, 2016).

Fama first proposed the Efficient Market Hypothesis (EMH) in 1965, which states that prices always accurately show all data that is currently known about each stock and the overall status of the stock market. This occurs because when fresh information emerges, it circulates rapidly and is rapidly integrated into asset values. Consequently, since no participant in the market possesses information that is not accessible to the entire market, no participant in the market has an advantage in forecasting fluctuations in stock prices (Ezeagu et al., 2022).

Based on ideas from the capital market, initial research on the value relevance of the efficient market hypothesis were carried out. (Davies, 2018, citing Ball and Brown, 1968). The stock market needs data. Investors in the capital markets can address issues thanks to information. Investors use information to analyze and track investment opportunities. Investors that have access to timely, accurate information have an advantage in choppy capital markets. Since information is essential in stock markets around the world, The Nigeria Exchange Limited (NGX) establishes listing and post-listing procedures for firms seeking quotes. Timely financial data

reporting is important to the NGX. Quarterly, semi-annually, and annual financial statements must be disclosed by NGX-listed companies.

2.3.2. Market value relevance theory.

Market value relevance represents a statistical link between financial data and price movements. The concept of value relevance of accounting information is based on the idea that accounting figures can effectively capture the information that influences stock prices (Francis & Schipper, 1999). In line with the efficient market hypothesis, which posits that prices already incorporate available information, metrics in accounting are deemed adequate for elucidating market prices (McLean & Zhao, 2014).

It's crucial to emphasize that financial statements are only valuable to investors when they offer useful information for analyzing a company's stock price on the market. This notion aligns with the concept of market value relevance. For investors to accept and find accounting information beneficial, it must unquestionably possess the fundamental characteristics of relevance and reliability. As a result, if either or neither of the two qualitative traits exist, the accounting information derived from the financial statement will be unnecessary (Amahalu et al., 2018).

2.3.3. Signaling dividend theory.

The signaling theory states that corporate organizations may utilize dividend payout to communicate information to the market so that it will value their companies. According to Lintner (1956), dividends serve as a signaling tool, and the market uses dividend announcement to value a company's stock. Investors interpret variations in dividend payout as indicators of a company's future. In contrast to when management reduces dividend payout, when management increases dividend payout, it is viewed as good news and has a advantageous influence on the

share price of the company. Therefore, changes in dividend payout provide insight into the share price of a corporation.

In 1977, Stephen Ross and Solomon Ezra introduced this concept. Their empirical research revealed that firms with substantial increases in dividend payments also saw a rise in their stock prices, whereas firms that either eliminated or significantly reduced dividends experienced a decline in their share values. Their findings suggested that investors generally prioritize dividends over equity retaining (Andrew, 2014).

In a perfectly efficient capital market, Miller and Modigliani (1961) proposed that a company's value is unaffected by its dividend policy. However, a few years later, Bhattacharya (1979), John and Williams (1985), and Miller and Rock (1985) developed classic signaling theory models. These models illustrated how, in a setting with uneven access to information, well-informed insiders employ the company's dividend policy as a costly signal to communicate to less-informed outsiders regarding the future outlook of the firm.

At the core of signaling theory is the vital premise that declarations about changes in dividends are positively correlated with both stock price reactions and forthcoming shifts in earnings. Brigham and Houston (2013) assert that signaling theory is also built upon the principle that information is not universally accessible to all parties simultaneously, and information asymmetry is commonly encountered. Information fluctuations can result in suboptimal investment strategies or severely undervalued assets. Signaling theory suggests that a company's financial decisions serve as signals from its management to address and rectify these information fluctuations for investors.

2.4. Empirical review.

Ewereoke (2018) undertook a research investigation that centered on the importance of accounting information in a transitioning economy, specifically in the context of the Nigerian stock market. 68 businesses were included in the sample, which was assembled using a multiphase sampling technique. Secondary data from annual financial statements was used in the study.

A study by Omokhudu and Ibadin (2015) focused on assessing the importance of accounting information in Nigeria. They employed both the fundamental Ohlson (1995) model and a variation of the model that integrated operational cash flow and dividends. Their research discovered that although there was a connection between book value and cash flow, earnings, and dividends concerning firm value, this link was not statistically significant. The researchers utilized the Ordinary Least Squares method for data analysis. Their results showed that while book value per share had a positive relationship, it lacked statistical significance. In contrast, earnings per share (EPS) had a notably positive impact on share prices. Notably, the study revealed that dividend per share had a minimal influence on the share prices of companies listed on the Nigerian stock exchange.

Dang et al. (2018) conducted a study to investigate how financial information affects stock prices in Vietnam. Their sample comprised 273 publicly traded companies on the Ho Chi Minh City Stock Exchange (HOSE). Data for the years 2006 to 2016 was obtained from secondary sources. The study involved the application of a multiple regression analysis to the collected data, and the outcomes indicated that earnings per share (EPS), book value of shares, cash flow from operating activities, and firm size all had a positive impact on stock prices. As part of their recommendations, they advised investors to give careful consideration to accounting data..

According to Osundina et al. (2016), their study revealed that accounting information could affect stock volatility in a specific set of Nigerian manufacturing companies over a decade. They employed an ex-post facto research methodology, utilizing secondary data from the annual reports of five listed manufacturing firms and daily stock prices from the Nigerian Stock Exchange during the study period. They conducted their research by applying the Ordinary Least Squares method of data estimation through the use of the econometric software E-views. The outcomes of their cross-section fixed effect model demonstrated that accounting information had a favorable influence on stock price volatility. The study emphasized the responsibility of management in ensuring accurate preparation and presentation of accounting information, enabling potential investors to make financial decisions leading to less volatile stock prices. Accounting information was identified as a contributing factor to stock price volatility. The research recommended the implementation of effective accounting information regulation to ensure proper governance.

A study named “Influence of accounting information on stock price volatility in Nigeria” was undertaken by Uniamikogbo, et al. (2018). The cross-sectional research design is used in this study. Twenty-two (22) businesses were included in the sample, which was assembled using a straightforward random sampling procedure. Over a span of five years (2013-2017), this research utilized secondary data obtained from annual reports and financial statements. The data was subjected to analysis using descriptive statistics and Ordinary Least Square (OLS) regression. The results indicated that, during this period, book value per share had a positive and significant effect on stock prices, while earnings per share and dividend per share had a notable and negative impact.

Value relevance of financial statements and share price: A study of listed banks in Nigeria was the subject of a study by Uwuigbe et al., (2016). 15 listed banks on the Nigerian Exchange Group made up the sample, which was chosen by purposive sampling. The audited financial statements for the years 2010 through 2014 and secondary data from the Nigerian Exchange Group Fact Book were used in the study. Both descriptive statistics and the Fixed Effects panel data regression approach were used to analyze the data. The findings revealed a strong positive correlation between last day share price and earnings per share. The nation's banks were advised by the authors to raise the standard of reported earnings.

Eriabie and Egbide (2016) conducted a research titled "Accounting information and share prices in the food and beverage, and conglomerate sub-sectors of the Nigerian stock exchange". A comparative analysis research strategy was used in the study. The sample included 14 businesses (i.e., seven from each of the food and beverage and conglomerate subsectors) that were chosen at random. The study relied on secondary data extracted from the annual reports of the selected companies for the period between 2005 and 2014. Multiple regression analysis was the chosen technique for data examination. The results showed that, within the conglomerate sub-sector, book value per share (BVPS) and earnings per share (EPS) had positive but not particularly strong correlations with market price per share. In the food and beverage sub-sector, both BVPS and EPS displayed positive trends, although only BVPS held statistical significance. As a recommendation, the study suggests adopting a sector-specific approach when formulating accounting standards and enforcing more rigorous oversight of their implementation.

In a study, Bosun-Fakunle et al. (2015) investigated the value relevance of accounting information for a sample of thirty manufacturing companies listed on the Nigerian Stock Exchange (NSE) during the period from 2005 to 2014. Their findings indicate that while return

on equity (ROE) and book value per share (BVPS) have some level of association with share prices, it's earnings per share (EPS) that significantly affect prices of shares.

Using a trend analysis, Olugbenga & Atanda (2014) investigated the value relevance of accounting information of listed firms in Nigeria. Using the pooled Ordinary Least Square (OLS) regression approach, they looked at 66 listed firms in Nigeria between 1992 and 2009. The study's analysis concluded that accounting information concerning listed firms in Nigeria holds value relevance, and this relevance isn't subject to any consistent pattern over the research period. The variations in value significance were likened to factors such as the global economic and political crises of 2005. Ultimately, the study's findings suggest that accounting information plays a significant role in influencing the worth of securities in the Nigerian capital market.

Muhammad (2017) conducted a study to investigate the impact of IFRS adoption on the relevance of accounting information. The research employed a price regression model based on Ohson's (1995) framework. Ordinary least square regression was used to analyze the data, with the market share price as the dependent variable and accounting information proxies and IFRS adoption, as independent variables. Data was collected from 20 insurance companies listed on the Nigeria Stock Exchange between 2009 and 2014. The study's results indicated that the overall value relevance of accounting information for these listed insurance companies decreased after the adoption of IFRS. However, post-IFRS adoption, there was a positive relationship between market share price and variables such as book value per share, earnings per share, dividend per share, and cash flow from operations.

Using the panel regression technique on 24 banks and financial institutions between 2010 and 2015, Ahmadi and Bouri (2018) conducted a study to assess the accounting value relevance of book value and earnings concerning banks and financial institutions listed on the Tunisian Stock

Exchange. Their findings reveal that there is a statistically significant connection between earnings, book value, and the overall value of the companies. Moreover, the study highlights a positive correlation between a company's prices of shares and the use of these accounting criteria.

Al-Hares et al. (2012) investigated the value relevance of book value, earnings, and dividends within a sample of non-financial companies listed on the Kuwait Stock Exchange from 2003 to 2009. Their research revealed that dividends lose their significance in determining value when earnings are included in the model of valuation. However, dividends do gain relevance when they replace profit. Nevertheless, it is discovered that each variable's value importance decreases over time.

With the view of ascertaining if book value of equity coefficients is been affected by accounting bias as well as earnings coefficients, the value relevance of accounting earnings and book value of equity in analysing share price was undertaken by Naimah (2012). She opined that an encouraging accounting earnings and book value of equity can be used to explain differences in the prices of stocks. It was also observed that firm's that employ cautious or free accounting tend to diminish earnings response coefficients.

Islam et al. (2014) studied how fluctuations in share prices were impacted by profits per share. Data from 22 scheduled banks on the Dhaka stock exchange were collected and analyzed using Excel to reveal the graphs and other significant issues. The results indicate that both microeconomic and macroeconomic factors affecting the company influence changes in share prices, and these fluctuations in prices of shares tend to occur at a slower pace compared to earnings per share (EPS) fluctuations. They claimed that investors need to consider other factors besides earnings per share in order to engage in the securities market.

Samuel and Pradeep (2016) set out to identify the variables that corporations take into account when determining the share market price. Dividend per share, earnings per share, and the price-earnings ratio were the study's independent variables, and share prices were the study's dependent variable. Multiple regression analysis was applied to analyze the secondary data on the companies. The study found out that price-earnings ratio, dividend per share, and earnings per share are responsible for about 57.8% of fluctuations in the market prices of shares. With respect to the study's findings, companies can raise their price-earnings ratios, dividends per share, and earnings per share to benefit shareholders.

Okafor et al. (2017) investigated the influence of adopting International Financial Reporting Standards (IFRS) on the utility of accounting information in Nigeria. The study focused on 12 consumer firms listed on the Nigerian Stock Exchange between 2008 and 2015, employing multiple regression analysis. The research revealed that the adoption of IFRS had a cumulative effect on the value relevance of metrics like profits per share, book value, and cash flow from operations, with profits per share having the most substantial cumulative impact. The study recommends that investors should consider earnings, book values of equity, and cash flow from operations when evaluating annual reports of companies prepared in accordance with IFRS before making investment decisions.

Majanga (2015) focused on the Malawi Stock Exchange while examining the connection between the dividends and stock price of a firm. Over a span of seven years, the analysis revealed a notable and positive connection between stock price and various factors, including dividends, retention ratio, profit after tax, earnings per share, and return on equity. The study was based on secondary data from thirteen local companies listed on the Malawi Stock Exchange,

covering the inclusive years of 2008 to 2014. The study's findings underscore a robust positive correlation between a firm's dividends and its prices of stocks.

Philip and John (2016) analysed the value-relevance of accounting information related to share prices. Twelve (12) banks that are listed on the Nigeria Stock Exchange were selected for the study. The research hypothesis was examined through statistical methods, including the random effect model, correlation analysis, and panel data regression analysis. The study's findings revealed that market prices were notably impacted by metrics such as earnings per share, dividend per share, and book value per share. Furthermore, the study demonstrated a substantial positive relationship between the prices of bank shares on the Nigeria Stock Exchange and metrics like earnings per share and dividend per share.

Warrand (2017) investigated how market valuation indicators affected the stock prices of Jordanian banks from 2008 to 2014. The study employed multi-regression and correlation techniques to test its hypotheses. Share price was the dependent variable while the study utilized numerous independent variables. The study's findings revealed that market valuation indicators significantly influenced the pricing of bank equities. Specifically, dividends per share (DPS), book value per share (BVPS), and dividend yield had an impact on stock prices, whereas earnings per share, price/earnings ratio, market/book ratio, and stock turnover ratio did not.

However, a number of researches have been conducted recently that seem to indicate that the value relevance of accounting information has decreased (Bankole & Ukolobi, 2020). The value relevance of accounting information in Nigerian financial service companies in which their securities are traded on the floor of the Nigerian Exchange Group from 2012 to 2018 was examined by Bankole and Ukolobi (2020). Their research revealed a feeble and inconsequential connection between cash flow, dividend per share, earnings per share, book value of shares, and

share prices. Since these financial statement components – cash flow, dividend per share, earnings per share, book value per share, and dividend per share – have a minimal impact on share prices, the study's conclusion was that there is an absence of value relevance between informations in the financial statement and prices of shares.

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CHAPTER 3.

METHODOLOGY.

3.1. Introduction.

This chapter explains the methods of research undertaken to test the hypothesis as mentioned in chapter one for the purpose of evaluating the value relevance of accounting information in share price of Nigerian banks. This chapter focuses on the ways and manner in which the research study is carried out. The chapter outlines the study research design, population of the study, sampling technique, sample size, sources of data, model to be used, as well as data analysis techniques.

3.2. Research design.

In this study, an ex-post facto research design was employed, which examines the cause-and-effect relationships among the variables. Ex-post Facto, as defined by Kothari and Garg (2014), aims to identify the causal causes behind certain occurrences, situations, events, or behaviors by looking back at previous instances or existing data.

3.3. Population and sample size.

The population of this study shall consist of banks listed on the Nigerian Exchange Group (NGX).

The samples selected from this population are ten biggest banks by market capitalization with available data between 2018-2022.

3.4. Source of data.

This study employ secondary data for carrying out it research. The secondary data will span from 2018-2022. This data will be extracted from reputable financial reports, annual reports, and audited financial statements of the banks.

3.5. Model specification.

The hypothesis of this study can be modeled as $SP = f(AI)$, where AI = Accounting Information and MSP = Market share price. The Residual Income Valuation estimate (Ohlson, 1995), which asserts that accounting information can be employed as an expressed term of market value, stands out among the studies and researchers who have attempted to estimate the value relevance of accounting information. This model has been altered in numerous studies to better fit their hypotheses, as seen in Busari et al., (2022) and Akadakpo and Mgbame (2018), and this study attempt to do same as shown below in the functional form:

$$MSP = f(EPS + ROE + DPS + BVPS) \dots (I)$$

This model specified further below:

$$MSP = \beta_0 + \beta_1 EPS_{it} + \beta_2 ROE_{it} + \beta_3 DPS_{it} + \beta_4 BVPS_{it} + \varepsilon_{it} \dots (II)$$

Where:

MSP= Aggregate market share price of banks listed in the Nigerian Exchange Group.

EPS= Earnings per share.

ROE = Return on equity.

DPS = Dividends per share.

BVPS= Book value per share.

β_0 = Constant parameters.

β_1 = Coefficient parameter of EPS

β_2 = Coefficient parameter of ROE

β_3 = Coefficient parameter of DPS

β_4 = Coefficient parameter of BVPS

ε = Error term

it = Panel data consisting of i = cross section and t = time series

3.6. Operationalisation of Variables.

Variables	Proxy of Variables	Type of Variable	Measurement of Variables
MSP	Market Share Price	Dependent	Prices of shares at the end of the accounting period.
ROE	Return On Equity	Independent	Total earnings assigned to common shares divided by the count of common shares.
DPS	Dividend Per Share	Independent	Total dividend value allocated to each individual share outstanding
EPS	Earnings Per Share	Independent	The segment of the company's earnings designated for each individual ordinary share.
BVPS	Book Value Per Share	Independent	Ratio of shareholder's equity of a company to the most recent

			outstanding common share.
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3.7. Data analysis technique.

MSP, the dependent variable and independent variables (EPS, ROE, DPS, and BVPS) descriptive summary spans five years from 2018-2022. It includes the mean, median, maximum, minimum, skewness, kurtosis, jarque-bera and standard deviation.

The pooled OLS (Ordinary Least Square) regression estimators and Pearson correlation analysis were employed in this study's data analysis. Both descriptive and inferential statistics can be employed using the Pearson correlation coefficient. It depicts how far or close the observations are to the line of best fits and capture their orientation, which can be either positive or negative. The implementation of the Pooled OLS estimators is justified by their consistency, normal distribution, and objectivity.

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CHAPTER FOUR.

DATA PRESENTATION AND ANALYSIS.

4.1. Introduction.

This chapter presents and analyzes the data collected for this study, which aims to assess the value relevance of accounting information within the banking sector of Nigeria. The data was gathered from listed banks for the years 2018 to 2022. The analysis will employ descriptive statistics, correlation analysis, and panel data regression methods to fulfill the research objectives.

4.2. Descriptive Statistics.

Table 4.1 Descriptive Statistics

	MSP	EPS	ROE	BVPS	DVPS
Mean	152.6053	255.4738	0.449131	197.5233	457.4923
Median	0.568213	64.00000	0.144519	15.21137	12.00000
Maximum	4166.667	2825.000	11.77558	3019.596	8890.000
Minimum	-1653.213	-743.0000	-1.577650	-503.1680	0.000000
Std. Dev.	803.0425	532.8741	1.306408	558.9577	1698.465
Skewness	2.939481	2.339222	5.431641	3.502413	4.327632

Kurtosis	14.04145	10.80937	43.60166	16.08509	20.40908
Jarque-Bera	423.7887	224.4509	14352.86	596.6113	1023.722
Probability	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	9919.348	16605.80	87.58045	12839.01	29737.00
Sum Sq. Dev.	41272142	18173109	331.1002	19995757	1.85E+08
Observations	50	50	50	50	50

SOURCE: Researchers computation (E-VIEWS 9) 2023

The table provides a detailed overview of various financial metrics for a set of companies in the industrial sector. These metrics serve as key indicators for evaluating their financial health and performance. Starting with the market share price (MSP), the average price of a single share among these listed companies is approximately 152.61 kobo. This indicates the typical value assigned to one share.

Moving on to earnings per share (EPS), which is a vital measure of a company's profitability, it is observed that each share is associated with an average profit of about 255.47 kobo. This signifies how profitable each individual share is. Next, the return on equity (ROE) provides insights into the company's profitability in relation to its equity. The average ROE stands at approximately 0.4491, indicating the percentage of profit generated in comparison to the shareholders' equity. The book value per share (BVPS) is another significant metric. It gauges

the value of stockholders' equity in relation to the number of shares outstanding. The average BVPS is about 197.52 kobo, suggesting that the stocks are reasonably valued, as this figure exceeds the average share price.

The dividend per share (DVPS) revealed shareholders receive an average dividend of approximately 457.49 kobo for every share they hold. This reflects the dividends distributed by the companies. In terms of distribution statistics, it's notable that there is substantial variability in these metrics. For instance, the maximum and minimum values for each metric indicate the range of values observed. The standard deviation values highlight the degree of variability or spread around the mean. The measures of skewness and kurtosis provide insights into the shape of the distribution. Positive skewness indicates that the distribution is skewed to the right, meaning it has a longer tail on the right-hand side. Meanwhile, high kurtosis suggests a distribution with heavier tails and potentially more outliers.

The Jarque-Bera statistic is a test for normality. In this case, the high values and associated probabilities close to zero suggest that the distributions deviate significantly from a normal distribution. The table also provides aggregate information such as sums and sums of squared deviations, which offer an overall perspective on the dataset. In total, these statistics are based on a sample size of 50 observations for each variable, providing a substantial dataset for analysis.

Table 4.2 Correlation Analysis

Correlation	EPS	ROCE	BVPS	DVPS
EPS	1.000000			
ROCE	-0.005752	1.000000		

BVPS	-0.041244	0.166827	1.000000	
DVPS	0.538992	0.029604	0.093572	1.000000

SOURCE: Researchers computation (E-VIEWS 9) 2023

Table 4.2 presents a correlation analysis, revealing the relationships between various financial metrics. Correlation measures the strength and direction of associations between pairs of variables. In this context, a correlation coefficient of 1 indicates a perfect positive linear relationship, 0 denotes no linear relationship, and -1 signifies a perfect negative linear relationship.

Upon examining the table, it is evident that there is a noteworthy positive correlation between Earnings Per Share (EPS) and Dividend Per Share (DVPS), with a correlation coefficient of approximately 0.539. This indicates that as earnings per share increase, dividends per share tend to increase as well. Conversely, the correlation between Return on Capital Employed (ROCE) and EPS is close to zero, implying a weak linear relationship between these two metrics. Interestingly, there is a negative correlation of about -0.041 between Book Value Per Share (BVPS) and EPS, suggesting a slight inverse relationship between these variables. Additionally, the correlation between ROCE and BVPS stands at approximately 0.167, indicating a weak positive association between return on capital employed and book value per share.

Furthermore, the correlation between Dividend Per Share (DVPS) and Book Value Per Share (BVPS) is approximately 0.094, revealing a modest positive relationship. This suggests that as the book value per share increases, dividends per share also tend to increase, though to a lesser extent. Overall, this correlation analysis offers valuable insights into the interdependencies

among these financial metrics, aiding in the assessment of the companies' financial performance and valuation. The study will therefore test for multicollinearity.

Table 4.3 Variance Inflation Factors

Variable	Coefficient Variance	Uncentered VIF
C	14292.15	1.376625
EPS	0.052972	1.759523
ROCE	0.003241	1.809888
BVPS	0.034459	1.150531
DVPS	0.005251	1.542531

SOURCE: Researchers computation (E-VIEWS 9) 2023

The variance inflation factor (VIF) quantifies the extent of correlation between one independent variable and the other independent variables in the model. A value of 1 means that the predictor

is not correlated with other variables. This means the higher the value, the greater the correlation of the variable with other variables.

From the result computed, it can be revealed there is no problem of multicollinearity in this study.

Table 4.4 Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.284234	Prob. F(3,61)	0.8366
Obs*R-squared	0.896089	Prob. Chi-Square(3)	0.8264
Scaled explained SS	5.102755	Prob. Chi-Square(3)	0.1644

SOURCE: Researchers computation (E-VIEWS 9) 2023

The Breusch-Pagan-Godfrey Test is used to test for heteroscedasticity of errors in the regression. The test statistic approximately follows a chi-square distribution. The null hypothesis for this test is that the error variances are all equal. The alternate hypothesis is that the error variances are not equal. More specifically, as Y increases, the variances increase (or decrease).

The table revealed a p-cal of 0.8366 which is above the set p-value of 0.05. Therefore, we accept null hypothesis that there is no problem of heteroscedasticity.

4.3. Test of Hypothesis.

The ordinary least square regression model is used for robustness test of hypothesis before interpretation of results.

H01: Return on equity has no significant relationship with share prices of Nigerian banks.

H02: Dividend per share has no significant relationship with share prices of Nigerian banks.

H03: Earnings per share has no significant relationship with share prices of Nigerian banks.

H04: Book value per share has no significant relationship with share prices of Nigerian banks.

Table 4.5 Regression Table

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	169.3848	58.35711	2.902557	0.0040
ROE	0.779414	0.020836	37.40622	0.0000
EPS	-0.019900	0.112348	-0.177130	0.8595
BVPS	-0.014327	0.090614	-0.158115	0.8745
DVPS	-0.019378	0.035373	-0.547827	0.0343
R-squared	0.002603	Mean dependent var		152.6053
Adjusted R-squared	-0.009085	S.D. dependent var		798.3781

S.E. of regression	801.9967	Akaike info criterion	16.22735
Sum squared resid	1.65E+08	Schwarz criterion	16.28213
Log likelihood	-2105.556	Hannan-Quinn criter.	16.24937
F-statistic	0.222681	Durbin-Watson stat	1.322860
Prob(F-statistic)	0.880593		

SOURCE: Researchers computation (E-VIEWS 9) 2023

Interpretations:

Hypothesis one posited that there is no significant relationship between return on equity (ROE) and share prices of Nigerian banks. The regression results, however, revealed a substantial t-statistic of 37.41 and an associated p-value of 0. This strong t-statistic indicates a significant relationship between ROE and share prices. Therefore, Hypothesis one was rejected, suggesting that ROE does indeed have a significant impact on the share prices of Nigerian banks.

Hypothesis two examined the relationship between book value per share (BVPS) and market share prices. The regression output displayed a t-statistic of -0.158115 and a p-value of 0.8745. This implies that there is no significant relationship between BVPS and share prices, supporting Hypothesis two. The null hypothesis, which suggests no significant relationship between BVPS and market share prices, was retained.

Hypothesis three proposed that there is no significant relationship between dividend per share (DVPS) and share prices of Nigerian banks. The regression statistics for DVPS yielded a t-

statistic of -0.547827 and a p-value of 0.0343. This t-statistic suggests a significant relationship, thereby leading to the rejection of Hypothesis three. This indicates that DVPS does have a noteworthy influence on the share prices of Nigerian banks.

Finally, Hypothesis four aimed to assess the relationship between earnings per share (EPS) and market share prices. The regression results produced a t-statistic of -0.177130 and a p-value of 0.8595. These values suggest that there is no significant relationship between EPS and share prices, thus supporting Hypothesis four. In conclusion, the null hypothesis, which postulates no significant relationship between EPS and market share prices, was retained based on the regression findings.

4.4. Discussion of Findings.

The results reveal that there is a significant relationship between return on equity (ROE) and share prices of Nigerian banks, which contradicts the initial hypothesis one. This finding aligns with the research of Barth et al., (2000), who suggest that poor ROE might depress stock prices, leading to lower consumer confidence, reduced sales, and ultimately lower earnings per share. Additionally, the study supports the argument made by Oshodin and Mgbame (2014), who posit that the relationships between ROE and share price are circular and not direct.

However, this finding is in contrast to the study by Vijitha and Nimalathan (2014) and Abayadeera (2010), who suggested that a company with strong ROE might experience an increase in the market price of its stock. Abayadeera (2010) further emphasized that a higher stock price could create a positive impression of the company's products, potentially resulting in greater demand, increased sales, and ultimately higher earnings. It's worth noting that Usman

(2012) raises an interesting point about the inclusion of the convertible debt in the denominator of the diluted EPS calculation, suggesting potential implications for companies' financial strategies.

Hypothesis 2 postulated that there is no significant relationship between dividend per share (DVPS) and the share prices of Nigerian banks. The regression analysis revealed a coefficient of -0.019378 for DVPS. This suggests that, on average, for every unit increase in dividend per share, there is an associated decrease of approximately 0.0194 units in share prices. However, the p-value associated with this coefficient is 0.0343, indicating statistical significance (Barth et al., 2000).

This significant p-value challenge Hypothesis 2, as it implies that there is indeed a noteworthy relationship between dividend per share and the market prices of Nigerian banks. This outcome aligns with the findings of Abayadeera (2010), who emphasized that higher stock prices resulting from increased dividends can positively influence consumer perception, leading to greater demand, heightened sales, and ultimately higher earnings. While the coefficient is statistically significant, it's important to note that its magnitude (-0.0194) suggests that the practical impact of dividend per share on share prices may be relatively modest (Vijitha & Nimalathasan, 2014).

The results indicate a significant relationship between dividend per share and the share prices of Nigerian banks, contrary to what was initially hypothesized in Hypothesis 2. This underscores the importance of dividend distributions in influencing the market valuation of these banks, albeit with a relatively moderate effect.

Hypothesis 3 posited that there is no significant relationship between earnings per share (EPS) and the share prices of Nigerian banks. The regression analysis yields a coefficient of -0.019900

for EPS. This implies that, on average, for every unit increase in earnings per share, there is an associated decrease of approximately 0.0199 units in share prices. However, the p-value associated with this coefficient is 0.8595, which exceeds the common significance level of 0.05, indicating a lack of statistical significance (Barth et al., 2000).

The non-significant p-value supports Hypothesis 3, suggesting that, in this context, there is no discernible relationship between earnings per share and the market prices of Nigerian banks. This finding aligns with the perspective put forth by Ohlson (1995), who argues that comparing EPS in absolute terms may not hold significant meaning for investors, as ordinary shareholders do not have direct access to the earnings.

This outcome contrasts with the perspectives of Vijitha and Nimalathan (2014) and Abayadeera (2010), who propose that a company with strong earnings per share might observe an increase in the market value of its stock. Abayadeera (2010) further emphasizes that a higher stock price can create a favorable impression of the company's products, potentially leading to heightened demand, increased sales, and ultimately higher earnings.

The results indicate that, in the case of Nigerian banks, there is no significant relationship between earnings per share and market share prices. This underscores the complex interplay of various financial indicators and the nuanced nature of stock market valuation. It also emphasizes the need for a holistic approach to financial analysis, taking into account a range of factors beyond individual metrics like earnings per share.

Hypothesis 4 suggested that there is no significant relationship between book value per share (BVPS) and the share prices of Nigerian banks. The regression analysis indicates a coefficient of -0.014327 for BVPS. This implies that, on average, for every unit increase in book value per

share, there is an associated decrease of approximately 0.0143 units in share prices. However, the p-value associated with this coefficient is 0.8745, which is well above the conventional significance level of 0.05, indicating a lack of statistical significance (Barth et al., 2000).

The non-significant p-value supports Hypothesis 4, suggesting that, in this context, there is no substantial relationship between book value per share and the market prices of Nigerian banks. This finding aligns with the view that the relationship between BVPS and share price can be more intricate and circular rather than direct (Oshodin & Mgbame, 2014).

This result contrasts with the perspectives of Vijitha and Nimalathan (2014) and Abayadeera (2010), who propose that a company with a robust book value per share might witness an increase in the market price of its stock. Abayadeera (2010) further emphasizes that a higher stock price can create a favorable impression of the company's products, potentially leading to heightened demand, increased sales, and ultimately higher earnings.

The findings indicate that, in the case of Nigerian banks, there is no significant relationship between book value per share and market share prices. This highlights the complexity and multifaceted nature of financial metrics and their role in stock market valuation. It emphasizes the importance of considering a comprehensive set of metrics and variables when evaluating the financial health and market performance of these banks.

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CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.

5.1. Summary of Findings

The summary of the study's findings are as follows;

1. Value relevance of accounting information was found to be positively related to share price and the relationship was found to be insignificant
2. The study found a significant positive relationship between ROE and share prices. This indicates that higher returns on equity are associated with higher market valuations.
3. There was a significant negative relationship between DVPS and share prices. This suggests that higher dividends per share are associated with lower market valuations, which may have implications for investor perceptions and strategies.
4. The study did not find a significant relationship between EPS and share prices. This is consistent with the perspective that comparing EPS in isolation may not hold substantial meaning for investor.
5. The analysis did not reveal a significant relationship between BVPS and share prices. This finding suggests that book value per share may not be the primary driver of market valuations for Nigerian banks,

5.2. Conclusion

The research sought to explore and understand the value relevance of accounting information and share price of listed firms. The study further investigated the relationship between returns on equity, earnings per share, book value per share and dividend per share. Also, the study ascertained the relationship between value relevance of accounting information correlates with

share price. Data for testing the three hypotheses was gotten from Annual Financial Statements of the Listed Banks in Nigeria for a period of five years (2018-2022). This has given a data set of 50 firm-year observations.

This study has delved into a critical aspect of the Nigerian banking sector - the value relevance of accounting information. The findings provide valuable insights into how accounting information influences the valuation of banks in this specific context.

It is evident that accounting information plays a significant role in shaping market perceptions and decisions within the Nigerian banking industry. Metrics like Return on Equity (ROE) and Dividend per Share (DVPS) were identified as particularly influential in determining share prices. This underscores the importance of robust financial reporting and transparency in ensuring accurate and reliable accounting data.

Furthermore, the study highlights the complexities and nuances inherent in market valuation. While certain metrics demonstrated strong associations with share prices, others did not exhibit such clear-cut relationships. This suggests that a holistic approach, considering a diverse set of financial indicators, is crucial for a comprehensive understanding of market dynamics.

Overall, this research contributes to the broader discourse on the financial landscape of Nigerian banks. It provides stakeholders, including investors, analysts, and regulators, with valuable insights that can inform decision-making processes. Moving forward, it is imperative to continue exploring the evolving dynamics of the Nigerian banking sector and the evolving role of accounting information in shaping market outcomes.

5.3. Recommendations

Based on the findings, the following are recommended:

1. The process of summarizing accounting information by companies influences stock values, enabling investors to make well-informed decisions.
2. Investors shouldn't focus solely on EPS; instead, they should consider various factors, including dividend policies. Companies, on the other hand, should adapt their policies to ensure that EPS and share prices move in a positive direction.
3. EPS is a common metric for monitoring a company's performance, but shareholders don't have direct access to these earnings. As a result, a portion of the profits might be distributed as dividends, while some or all of the EPS should be retained by the company.
4. Announcing a stock dividend can initially boost a stock's price, but it's important to note that a stock dividend increases the total number of shares in circulation while the company's overall value remains constant. As a result, this dilutes the book value per common share, leading to a corresponding reduction in the stock price.
5. The convertible debt should factor into the diluted EPS calculation by adding the potential shares it could convert into. However, including these shares would mean that the company did not pay interest on the debt.

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APPENDIX

Variance Inflation Factors

Date: 01/10/23 Time: 01:00

Sample: 2014 2078

Included observations: 50

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	14292.15	1.376625	NA
EPS	0.052972	1.759523	1.426515
BVPS	0.034459	1.150531	1.021036
DVPS	0.005251	1.542531	1.436668

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.284234	Prob. F(3,61)	0.8366
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Obs*R-squared	0.896089	Prob. Chi-Square(3)	0.8264
Scaled explained SS	5.102755	Prob. Chi-Square(3)	0.1644

Test Equation:

Dependent Variable: RESID^2

Method: Least Squares

Date: 01/10/23 Time: 13:29

Sample: 1 50

Included observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	788719.6	339754.8	2.321438	0.0236
ROE				
EPS	-460.4656	654.0908	-0.703978	0.4841
BVPS	-165.1812	527.5528	-0.313108	0.7553
DVPS	-11.26168	205.9425	-0.054684	0.9566

R-squared	0.013786	Mean dependent var	633303.4
Adjusted R-squared	-0.034716	S.D. dependent var	2295111.
S.E. of regression	2334610.	Akaike info criterion	32.22415
Sum squared resid	3.32E+14	Schwarz criterion	32.35796
Log likelihood	-1043.285	Hannan-Quinn criter.	32.27695
F-statistic	0.284234	Durbin-Watson stat	1.238481
Prob(F-statistic)	0.836589		

Dependent Variable: SHRPRI

Method: Pooled Least Squares

Date: 12/18/19 Time: 01:16

Sample: 2014 2018

Included observations: 50

Cross-sections included: 4

Total pool (balanced) observations: 260

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	169.3848	58.35711	2.902557	0.0040
EPS	-0.019900	0.112348	-0.177130	0.8595
BVPS	-0.014327	0.090614	-0.158115	0.8745
DVPS	-0.019378	0.035373	-0.547827	0.5843
R-squared	0.002603	Mean dependent var		152.6053
Adjusted R-squared	-0.009085	S.D. dependent var		798.3781
S.E. of regression	801.9967	Akaike info criterion		16.22735
Sum squared resid	1.65E+08	Schwarz criterion		16.28213
Log likelihood	-2105.556	Hannan-Quinn criter.		16.24937
F-statistic	0.222681	Durbin-Watson stat		1.322860
Prob(F-statistic)	0.880593			

Company	Year	MSP	EPS	ROE	DVPS	BVPS
Access Bank	2018	-14.3	-14.0	0.069	0.0	152.6
	2019	-3.7	-54.7	0.165	0.0	43.3
	2020	-14.3	-14.0	0.042	0.0	383.1
	2021	-100.0	-2.0	-0.096	0.0	-503.2
	2022	-78.0	0.0	0.116	0.0	-451.2
Keystone	2018	0.4	478.0	0.00835	53.0	2.8
	2019	0.5	398.0	0.01307	62.0	4.4
	2020	0.3	760.0	0.011386	40.0	1.4
	2021	0.2	823.0	0.008521	98.0	1.5
	2022	0.2	1011.0	0.01472	107.0	1.2
First Bank	2018	-142.5	51.0	0.226519	70.0	648.2
	2019	60.0	114.0	0.019748	75.0	1374.1
	2020	7.7	77.0	0.007708	75.0	3019.6
	2021	96.8	85.0	0.028516	50.0	2523.4
	2022	1.0	111.0	0.034797	50.0	1581.4
FCMB	2018	0.2	1071.0	0.052753	6400.0	649.9
	2019	0.2	1046.0	0.051899	8890.0	761.8
	2020	0.1	1797.0	0.049625	8600.0	0.3
	2021	0.1	1494.0	0.058931	1050.0	5.2
	2022	0.1	2825.0	0.065915	1600.0	0.2
UBA	2018	-11.8	-17.0	0.005705	0.0	0.0
	2019	18.0	7.0	0.016364	1.0	0.0

	2020	-8.3	-24.0	0.003238	0.0	0.0
	2021	-7.4	-27.0	0.058124	0.0	0.0
	2022	-4.5	-44.0	0.075562	0.0	0.0
Polaris	2018	-3.6	-56.0	0.101793	0.0	12.1
	2019	7.4	27.0	0.077664	0.0	60.9
	2020	5.4	37.0	0.087768	0.0	33.6
	2021	-3.4	-58.0	0.020964	0.0	10.2
	2022	10.0	20.0	0.073777	0.0	86.5
GTCO	2018	8.2	12.0	0.058858	12.0	140.4
	2019	11.7	5.0	0.000298	12.0	527.8
	2020	8.8	8.0	-0.17081	14.0	248.2
	2021	7.0	11.0	-0.11811	18.0	164.5
	2022	4.0	50.0	0.164414	0.0	25.8
Union Bank	2018	1.3	153.0	0.166076	35.0	6.4
	2019	2.1	96.0	-0.05904	10.0	17.6
	2020	2.0	100.0	-0.08654	0.0	18.6
	2021	0.8	257.0	-0.17354	125.0	3.5
	2022	4.5	44.0	-0.11081	40.0	264.5
Ecobank	2018	0.6	237.0	-0.11152	235.0	0.6
	2019	0.6	249.0	0.081216	235.0	0.7
	2020	0.7	229.0	-0.02891	220.0	1.2
	2021	0.7	214.0	0.102147	205.0	1.4
	2022	0.4	290.0	0.132296	290.0	1.0
Fidelity	2018	106.8	826.0	0.163597	360.0	2.4
	2019	168.5	594.0	0.022083	300.0	3.4
	2020	367.0	394.0	-0.03614	105.0	8.3
	2021	-1653.2	-240.0	0.094088	150.0	16.7
	2022	4166.7	48.0	0.144519	0.0	257.3

