

**VALUE RELEVANCE OF ACCOUNTING INFORMATION IN THE BANKING  
INDUSTRY, THE MODERATING EFFECT OF BOARD CHARACTERISTICS**



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**NOVEMBER, 2025.**

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**BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF  
ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF  
BENIN, BENIN CITY. IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR THE AWARD OF THE BACHELOR OF SCIENCE (B.SC) DEGREE IN  
ACCOUNTING**

**NOVEMBER, 2025.**

## DECLARATION

**BABATUNDE TAYIBAT** declare that,

- i. This study is based on a study undertaken by me in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, under the supervision of **Prof O. O. Omokhodu (FCA)** of the Department of Accounting, Management Sciences, University of Benin, Benin City, Nigeria.
- ii. This work has not been submitted for the award of degree elsewhere.
- iii. Ideas and views are product of my personal research and where the view of others has been expressed, they have been duly acknowledged.
- iv. Any liability arising from this work is to be wholly borne by me alone

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**BABATUNDE TAYIBAT**  
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**DATE**

## **CERTIFICATION**

We, certify that this research project was carried out by **BABATUNDE TAYIBAT** in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Nigeria. It is adequate in scope and quality in partial fulfilment of the requirements for the award of Bachelor of Science (BSc.) degree in Accounting.

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**(Project Supervisor)**

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**DR. OSASU OBARETIN**  
**(Head of Department)**

\_\_\_\_\_  
**Date**

## **DEDICATION**

This project work is dedicated to God Almighty for His abundant grace in my life and for seeing me through my academic pursuit and aspirations. He has been my source of strength and on his wings only I have soared. I also want to dedicate this project to my Family and friends for the love and encouragement they have shown towards me during the course of this program, all I can say is thank you and God bless you.

## **ACKNOWLEDGEMENTS**

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## **ABSTRACT**

This study investigates the value relevance of accounting information and the moderating role of board characteristics in the Nigerian banking sector. Using panel data from twelve banks listed on the Nigerian Exchange Group (NGX) over the period 2018 to 2023, the study examines how earnings per share (EPS), book value per share (BVPS), cash flow from operations per share (CFOPS), and dividend per share (DPS) influence market valuation, proxied by share price, while considering the moderating effects of board size and board independence. Descriptive statistics reveal significant variation in accounting metrics across banks, while correlation analysis indicates strong positive relationships between share price and key accounting variables. Fixed effects panel regression results confirm that EPS, BVPS, CFOPS, and DPS are significant determinants of share price, affirming their value relevance. The moderated regression analysis further demonstrates that board independence significantly strengthens the relationship between EPS and share price, while board size exhibits a more nuanced moderating effect limited to earnings. These findings underscore the critical role of independent governance in enhancing the credibility of financial reporting and its usefulness for investors. The study contributes to the literature by highlighting the interplay between accounting information and corporate governance in emerging markets and offers practical implications for regulators, bank management, and investors seeking to improve market valuation and financial transparency.

**Keywords:** Accounting Information, Value Relevance, Corporate Governance, Board Independence, Nigerian Banking Sector, Share Price

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background to the Study**

In contemporary financial markets, especially within developing economies like Nigeria, the reliability and informativeness of accounting information are central to investment decisions. Value relevance, a concept rooted in capital market research, refers to the extent to which financial statement information explains stock market prices or returns (Barth et al., 2001). It operationalizes the concept of relevance as one of the fundamental qualitative characteristics of accounting information (IASB, 2018). In the banking industry, where transparency is paramount due to systemic risk, the ability of accounting figures such as earnings per share (EPS), book value per share (BVPS), cash flows, and dividends to reflect firm value becomes even more critical.

The Nigerian banking industry has experienced significant transformations over the past two decades, including recapitalization, consolidation, and various regulatory reforms. Despite these changes, concerns persist about the credibility and transparency of financial reporting in the sector. As Omokudu (2018) asserts, the state of corporate governance in Nigerian firms has raised questions about the quality of accounting information and its usefulness to investors. While accounting information should, in theory, be a primary source for firm valuation, the effectiveness of this depends on several moderating factors one of which is corporate governance, particularly board characteristics.

Board characteristics, including board size, independence, composition, political connections, financial expertise, and audit committee structure, play a vital role in determining how well a firm upholds good governance practices. In principle, an effective board exercises oversight functions that enhance financial reporting quality, reduce information asymmetry, and align

management's actions with shareholders' interests (Brown et al., 2011). However, Omokudu (2018) found that despite regulatory efforts in Nigeria, corporate governance mechanisms, including board-related structures, do not necessarily lead to stronger associations between accounting figures and firm market value. This raises fundamental questions about the nature and effectiveness of board oversight in enhancing accounting quality.

The banking industry, given its complexity and regulatory oversight, offers a compelling case to re-examine the value relevance of accounting information, particularly under the influence of board characteristics. While numerous studies have examined value relevance across various sectors, the intersection between accounting information, market valuation, and corporate governance in banks remains underexplored. Furthermore, prior findings are mixed. For instance, Habib and Azim (2008) found that governance mechanisms positively influence value relevance, whereas other scholars argue that such relationships are often weak or context-dependent (Mungly et al., 2016).

In Nigeria, regulatory bodies such as the Central Bank of Nigeria (CBN), the Financial Reporting Council (FRC), and the Nigerian Exchange Group (NGX) have emphasized governance reforms. Yet, it remains unclear whether improvements in board structures have translated into more meaningful accounting disclosures that investors can rely upon for valuation. The banking sector's strategic position in economic development necessitates a more nuanced inquiry into these issues. This study, therefore, seeks to investigate the value relevance of accounting information in the Nigerian banking sector, focusing on the moderating interest of board characteristics. By doing so, it aims to uncover whether effective board governance enhances the ability of accounting metrics to capture and explain the market value of listed banks in Nigeria.

## **1.2 Statement of the Problem**

The problem underlying this research lies in the persistent disconnect between published accounting figures and market valuation of banks in Nigeria. Despite significant regulatory advancements in corporate governance, investors still grapple with unreliable financial reporting. According to Omokudu (2018), corporate governance practices in Nigeria especially board-related mechanisms have not significantly improved the value relevance of accounting information. This is problematic, given the central role of accounting reports in resource allocation and investment decisions in the capital market.

One might expect that in a post-reform environment where board oversight has been institutionalized, accounting information would have become more value-relevant. However, inconsistencies in board composition, political interference, lack of independence, and insufficient financial literacy among directors continue to undermine effective governance in Nigerian banks. These weaknesses may dilute the informational value of financial reports and reduce investor confidence.

What remains unexplored in empirical depth is the degree to which board characteristics moderate the relationship between accounting figures (EPS, BVPS, CFOPS, DPS) and firm market value in the banking industry. Do banks with more independent or financially literate boards produce more value-relevant accounting information? Is board structure merely symbolic, or does it play a substantive role in enhancing reporting quality? These questions point to a clear research gap this study seeks to address.

## **1.3 Objectives of the Study**

The main objective of this study is to examine the value relevance of accounting information in Nigerian listed banks, considering the moderating effect of selected board characteristics.

The specific objectives are to:

1. Examine the effect of earnings per share (EPS) on share price of listed banks in Nigeria.
2. Evaluate the influence of book value per share (BVPS) on share price of listed Nigerian banks.
3. Investigate the effect of dividend per share (DPS) on share price of listed banks in Nigeria.
4. Examine the moderating effect of board size on the relationship between accounting information and share price.
5. Evaluate whether board independence moderates the relationship between accounting information and share price.

#### **1.4 Research Questions**

The study seeks to provide answers to the following research questions:

1. What is the effect of earnings per share (EPS) on the share price of Nigerian listed banks?
2. How does book value per share (BVPS) influence the share price of Nigerian banks?
3. How does dividend per share (DPS) affect the share price of listed Nigerian banks?
4. Does board size moderate the relationship between accounting information and share price?
5. Does board independence strengthen the association between accounting information and share price?

## **1.5 Research Hypotheses**

The following null hypotheses are proposed:

- **H<sub>01</sub>**: Earnings per share (EPS) has no significant effect on share price of Nigerian listed banks.
- **H<sub>02</sub>**: Book value per share (BVPS) has no significant effect on share price of Nigerian listed banks.
- **H<sub>03</sub>**: Dividend per share (DPS) has no significant effect on share price of Nigerian listed banks.
- **H<sub>04</sub>**: Board size does not significantly moderate the relationship between accounting information and share price.
- **H<sub>05</sub>**: Board independence does not significantly moderate the relationship between accounting information and share price.

## **1.6 Scope of the Study**

This study focuses exclusively on listed banks on the Nigerian Exchange Group (NGX) between the period 2018 to 2023. It will utilize secondary data extracted from annual financial statements, NGX Factbooks, and share price quotations. The study covers key accounting variables EPS, BVPS, CFOPS, and DPS as indicators of value relevance. Board characteristics, including board structure, independence, are examined as moderating variables. The study does not include unlisted banks or non-banking financial institutions.

## **1.7 Significance of the Study**

This study offers valuable contributions to various stakeholders within the financial ecosystem, particularly in the context of the Nigerian banking sector. Its findings will provide a deeper understanding of how accounting information and board characteristics influence

firm valuation, with specific emphasis on the value relevance of financial disclosures. The significance of this research can be outlined as follows:

**1. Investors and Shareholders:** This study provides empirical insights into which specific accounting variables such as earnings per share (EPS), book value per share (BVPS), cash flow from operations (CFOPS), and dividend per share (DPS) are most strongly associated with share prices in the Nigerian banking industry. By identifying which figures are value-relevant, investors can make more informed decisions regarding portfolio selection, risk assessment, and timing of equity investment. Additionally, insights on board characteristics as moderating factors equip shareholders to assess the effectiveness of governance structures before investing.

**2. Regulatory Bodies and Policymakers (e.g., CBN, FRCN, SEC):** The findings from this study serve as a valuable input for regulatory institutions such as the Central Bank of Nigeria (CBN), Financial Reporting Council of Nigeria (FRCN), and the Securities and Exchange Commission (SEC). The study underscores the need for improved governance standards and enforcement mechanisms, especially in the area of board composition and audit committee effectiveness. By drawing attention to governance factors that enhance or limit the value relevance of accounting information, the study can guide updates to corporate governance codes and financial reporting regulations.

**3. Board Members and Executive Management of Banks:** For directors, audit committee members, and bank executives, this study highlights how board size, independence, and financial expertise impact the credibility and informativeness of financial disclosures. Understanding these relationships can influence the strategic structuring of boards and audit committees, ultimately enhancing transparency and investor confidence. The study provides

empirical evidence that governance is not just a compliance issue but also a strategic factor in firm valuation.

**4. Academics and Researchers:** This research contributes to the growing body of literature on value relevance, corporate governance, and financial reporting in emerging markets. It applies a rigorous empirical methodology using data from the Nigerian banking sector an industry that is both vital to the economy and under-explored in academic literature. Scholars can use the findings as a basis for comparative studies, policy analyses, or further research into sector-specific governance reforms.

**5. Auditors and Financial Analysts:** Auditors and analysts will benefit from the study's nuanced analysis of which accounting metrics align most closely with market-based valuations. For financial analysts, this enhances valuation models and investor advisory. For auditors, the findings highlight the significance of board oversight and audit committee expertise in maintaining the integrity of financial reporting.

**6. General Public and Economy at Large:** Since banks play a pivotal role in financial intermediation and economic growth, the findings of this study indirectly benefit the general public by promoting better governance and transparency in the financial sector. Improved financial reporting and governance can contribute to increased investor confidence, deeper capital markets, and more stable banking institutions, all of which are critical for national economic development.

### **1.8 Operational Definition of Terms**

- **Value Relevance:** The extent to which accounting numbers reflect information used by investors in valuing a firm.
- **Earnings Per Share (EPS):** A firm's net income allocated to each outstanding share of common stock.

- **Book Value Per Share (BVPS):** The net asset value of a company divided by the number of outstanding shares.
- **Cash Flow from Operations (CFOPS):** Net cash generated from a firm's core business operations.
- **Dividend Per Share (DPS):** The amount of declared dividends for every ordinary share outstanding.
- **Board Characteristics:** Attributes of the board of directors including size, independence, diversity, and audit quality.
- **Audit Quality (AQ):** The ability of the audit process to detect and report material misstatements in financial statements.
- **Independence:** The extent to which board members are free from management influence or external pressure.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents a comprehensive review of relevant literature that supports the examination of the value relevance of accounting information in the banking industry, with a focus on the moderating effect of board characteristics. It begins by clarifying the conceptual framework, highlighting the meaning and importance of value relevance in financial reporting. The chapter further explores key accounting variables such as earnings per share, book value per share, cash flow from operations, and dividend per share. In addition, it discusses how board characteristics such as board size and independence may influence the usefulness of accounting data in explaining firm value. The review also integrates relevant theories that explain the relationships among the variables and provides insights from empirical studies, highlighting gaps this research seeks to address.

#### **2.2 Conceptual Framework**

The conceptual framework of this study is built on the relationship between accounting information and firm valuation, and how this relationship may be influenced by board characteristics. The value relevance of accounting information refers to the ability of financial data to explain stock prices or stock returns. If investors find accounting numbers useful in making investment decisions, such information is considered value relevant.

In the context of the banking industry, accounting figures such as earnings per share (EPS), book value per share (BVPS), dividend per share (DPS), and cash flow from operations (CFOPS) serve as important indicators of a bank's financial health and potential profitability. These figures are commonly used by investors and analysts to evaluate the performance and value of a firm. However, the credibility and usefulness of such information may be affected by the structure and effectiveness of the bank's board of directors.

Board characteristics such as board size and independence are critical components of corporate governance that influence decision-making and oversight. An independent and well-structured board is expected to enhance transparency, reduce agency problems, and ensure the publication of high-quality financial reports that reflect the true value of the firm. This study, therefore, examines whether these board characteristics strengthen or weaken the link between accounting data and share price in the Nigerian banking industry.

### **2.3.1 Value Relevance of Accounting Information**

Value relevance of accounting information refers to the extent to which financial statement variables reflect information that is useful for investors in valuing a firm. It is grounded in the notion that accounting figures such as earnings, book value, cash flows, and dividends are instrumental in explaining stock prices and returns. Accounting information is said to be value relevant if it has a significant statistical association with share price or market value (Barth et al., 2001; Ohlson, 1995). The stronger the association between accounting data and market value, the more useful and relevant the financial statements are to investors and market participants.

In capital markets, value relevance is an essential indicator of the decision usefulness of accounting reports, as outlined by the International Accounting Standards Board (IASB, 2023). According to the IASB Conceptual Framework, one of the primary objectives of financial reporting is to provide information that is useful to existing and potential investors, lenders, and other creditors in making decisions about providing resources to the entity. When financial reports fail to reflect economic reality or fail to influence market decisions, their relevance is questioned.

In developed economies, several studies have confirmed the enduring value relevance of accounting information, especially earnings and book value, over time (Collins et al., 1997;

Callen, 2009). However, in emerging markets like Nigeria, the quality of accounting disclosures is frequently undermined by challenges such as political interference, weak regulatory oversight, low investor protection, and ineffective enforcement of financial reporting standards (Nzekwu & Olowokure, 2021; Ajibade & Ekwe, 2022). These challenges create gaps in the credibility and reliability of financial statements, thereby reducing their value relevance.

Recent studies in Nigeria and other sub-Saharan African countries have raised concerns about the limited explanatory power of accounting figures in stock price determination. For instance, Olayemi and Akinpelu (2023) found that despite IFRS adoption and regulatory improvements, accounting information still has only a weak influence on share prices in the Nigerian capital market. Similarly, Okoli and Ezeani (2021) observed that market inefficiencies and poor investor confidence dilute the effect of accounting numbers on firm valuation. This suggests that while accounting information theoretically plays a critical role in capital allocation, its practical relevance is often impaired by contextual and institutional weaknesses.

Moreover, the timeliness, comparability, and faithful representation of accounting information significantly influence its relevance to investors. When financial reports are outdated, manipulated, or inconsistent across firms, their value in predicting future cash flows and assessing firm performance diminishes (IFRS Foundation, 2023; Enofe et al., 2022).

Additionally, the literature has begun to emphasize that value relevance may vary not only across jurisdictions but also across sectors. The banking industry, due to its regulatory intensity, asset structure, and financial reporting complexities, presents a unique environment for examining the link between accounting data and market value. In this sector, indicators like earnings per share (EPS), book value per share (BVPS), and dividend per share (DPS)

are not only measures of performance but also tools for market signaling (Bello & Dandago, 2023).

Given the strategic importance of banks in the economy, ensuring that their financial disclosures are value relevant becomes critical. However, this is contingent not only on technical accounting practices but also on governance mechanisms, particularly the role played by the board of directors in overseeing the integrity of financial reporting (Ogunleye & Adedoyin, 2022).

In summary, the concept of value relevance is pivotal in assessing the usefulness of accounting information for investors and stakeholders. In emerging markets like Nigeria, while the theoretical underpinnings are sound, practical realization is constrained by governance quality, enforcement capacity, and reporting standards. This creates a compelling case to investigate how corporate governance elements especially board characteristics may influence or moderate the value relevance of financial data in the banking industry.

### **2.3.2 Earnings Per Share (EPS)**

Earnings Per Share (EPS) is one of the most widely monitored financial metrics by investors, analysts, and regulators. It reflects the portion of a company's profit attributable to each outstanding share of common stock. Mathematically, EPS is computed by dividing net profit after tax by the number of outstanding ordinary shares (IASB, 2023). It serves as a core indicator of profitability and is frequently used in pricing models, investment valuation, and earnings forecasts.

EPS has been consistently validated as a value-relevant variable in financial literature. According to Ohlson (1995), EPS plays a central role in firm valuation and is positively associated with share prices, as it captures investors' expectations about a company's earning

potential. Similarly, Barth et al. (2001) affirmed that earnings, particularly EPS, are strongly correlated with market value, especially in developed capital markets.

In emerging markets such as Nigeria, however, the effectiveness of EPS in capturing firm value is often moderated by the quality of financial reporting, market inefficiencies, and governance challenges. Studies by Ogunleye and Adedoyin (2022) and Bello and Dandago (2023) revealed that although EPS remains statistically significant in explaining share prices in Nigerian banks, its explanatory power is diminished when governance structures are weak or when firms engage in earnings manipulation.

More recent empirical findings also suggest that EPS alone may not fully explain share prices without considering other financial indicators such as book value and dividends. This reinforces the need to view EPS within a broader valuation framework that includes both profitability and stability indicators (Okoye & Maduekwe, 2021).

### **2.3.3 Book Value Per Share (BVPS)**

Book Value Per Share (BVPS) represents the value of a company's net assets attributable to each share of common stock. It is calculated by dividing shareholders' equity by the number of outstanding shares. BVPS serves as an indicator of a firm's financial resilience and intrinsic worth, particularly in the event of liquidation or financial distress.

While earnings provide information about profitability, BVPS provides insight into the financial solidity of the firm. According to Feltham and Ohlson (1996), the book value is a crucial component of firm valuation, especially when future earnings are uncertain or volatile. Book value becomes even more relevant in capital-intensive or highly regulated industries like banking, where asset quality and capital adequacy are critical indicators of financial health.

In practice, investors often rely on a combination of EPS and BVPS when evaluating stock prices. The joint value relevance of these two variables is well supported in accounting literature. For example, Collins et al. (1997) found that book values complement earnings in explaining stock prices, especially when earnings are low or negative.

In the Nigerian context, studies such as Olayemi and Akinpelu (2023) and Nzekwu and Olowokure (2021) confirm that BVPS is significantly associated with share prices, particularly in the banking sector where tangible assets and capital base are closely scrutinized by investors and regulators. However, BVPS may lose some of its explanatory power if accounting standards are inconsistently applied or if asset values are overstated due to poor audit oversight.

#### **2.3.4 Dividend Per Share (DPS)**

Dividend Per Share (DPS) measures the portion of earnings distributed to shareholders in the form of dividends for each ordinary share. It is an important signal of a company's financial strength, profitability, and commitment to shareholder value. DPS is calculated by dividing the total declared dividend by the number of outstanding shares.

The signaling effect of DPS is strongly emphasized in financial literature. According to signaling theory, dividends act as a communication mechanism through which management conveys private information about the firm's future prospects to investors (Spence, 1973; Dada et al., 2022). Firms that pay consistent or increasing dividends are often perceived as stable and financially sound, thereby attracting investor confidence and positively impacting share price.

Collins et al. (1997) demonstrated that DPS, when combined with EPS and BVPS, improves the explanatory power of valuation models. More recent evidence from Sub-Saharan Africa supports this assertion. For example, Ajibade and Ekwe (2022) found that dividend

announcements have a positive and statistically significant impact on share prices in Nigeria, suggesting that investors incorporate DPS into their valuation decisions. However, the relevance of DPS may vary depending on dividend policy, earnings volatility, and macroeconomic factors. In the Nigerian banking sector, regulatory constraints such as capital adequacy requirements often limit dividend payout ratios, which in turn affects the stability and predictability of DPS (Ogunleye & Adedoyin, 2022). Nevertheless, DPS remains a key financial metric that investors watch closely as part of their investment appraisal framework.

### **2.3.5 Cash Flow from Operations (CFOPS)**

Cash Flow from Operations (CFOPS) refers to the net cash inflow generated by a firm's core business operations. It excludes investing and financing activities and thus offers a clearer picture of a company's ability to generate sufficient cash to maintain and grow its operations. CFOPS is particularly important for assessing liquidity, operational efficiency, and long-term sustainability (IASB, 2023).

Unlike earnings, which are accrual-based and subject to various accounting treatments, CFOPS is based on actual cash movements, making it less prone to manipulation. This objectivity makes CFOPS a useful measure for investors and analysts seeking to evaluate the firm's real economic performance. According to Olayemi and Akinpelu (2023), CFOPS has become increasingly important for financial valuation, particularly in volatile markets where earnings may not fully reflect operational health.

Research indicates that CFOPS is positively associated with firm value, particularly when earnings quality is low or when investors suspect earnings management (Enofe et al., 2022). In the Nigerian context, Okoye and Maduekwe (2021) found that while EPS and BVPS are commonly reported and monitored, CFOPS has a stronger predictive value for future stock returns during periods of market stress. Similarly, Dada et al. (2022) emphasized that

consistent positive CFOPS in the banking sector contributes significantly to investor confidence and the reliability of reported performance.

Moreover, regulatory agencies and auditors consider strong CFOPS an indicator of financial resilience, particularly in capital-intensive and highly regulated industries such as banking. For deposit money banks in Nigeria, high CFOPS signals effective intermediation and risk management, which are crucial in sustaining long-term shareholder value (Bello & Dandago, 2023).

### **2.3.6 Board Characteristics**

Board characteristics refer to the structural attributes and compositional features of a firm's board of directors, which play a pivotal role in corporate governance. These characteristics influence how well the board oversees management, enforces transparency, and supports the integrity of financial reporting (Ogunleye & Adedoyin, 2022). In the banking industry, where the complexity of financial products and regulatory requirements is high, effective board governance is essential for reducing information asymmetry and enhancing the value relevance of accounting disclosures.

#### **Board Size**

Board size refers to the total number of directors sitting on a company's board. It is often debated in the governance literature, with scholars arguing both for and against larger boards. On one hand, larger boards may provide a wider pool of skills, perspectives, and professional experience, which enhances decision-making and strategic oversight (Ajibade & Ekwe, 2022). On the other hand, overly large boards may suffer from coordination inefficiencies, increased agency problems, and slower decision processes.

Empirical evidence on board size is mixed. While some studies have linked larger boards to improved governance and financial reporting quality (Barako et al., 2020), others caution that

beyond a certain threshold, the benefits of increased size diminish (Nzekwu & Olowokure, 2021). In Nigerian banks, optimal board size is particularly important given the regulatory requirement to balance executive and non-executive representation for effective oversight (CBN, 2022).

### **Board Independence**

Board independence refers to the proportion of non-executive or independent directors who do not have any material or familial relationship with the company. Independent directors are expected to provide objective judgment, monitor management behavior, and uphold the interests of shareholders. Their presence is generally believed to strengthen board oversight, limit earnings manipulation, and improve the transparency of financial reports (Barth et al., 2001; IASB, 2023).

Recent findings by Ogunleye and Adedoyin (2022) in Nigeria's banking sector confirm that board independence positively moderates the relationship between accounting information and market valuation. In contrast, a low level of independence has been associated with insider dominance and increased risk of financial misreporting. Furthermore, Okoye and Maduekwe (2021) emphasized that the effectiveness of independent directors depends not just on their numerical presence, but also on their financial literacy and commitment. In essence, the board's composition, particularly in terms of size and independence, plays a crucial role in ensuring that accounting information remains credible and relevant for investor decision-making. These characteristics are therefore essential moderating factors in the study of value relevance in financial markets, especially within developing economies like Nigeria.

### **2.4 Theoretical Review**

This section provides a conceptual foundation for understanding the relationship between accounting information, market valuation, and corporate governance structures in the banking

industry. It draws on three dominant theories: Agency Theory, Signaling Theory, and Resource Dependence Theory. These frameworks explain how board characteristics influence the quality, credibility, and market relevance of financial reports.

#### **2.4.1 Agency Theory**

Agency theory, originally developed by Jensen and Meckling (1976), addresses the inherent conflict of interest between principals (shareholders) and agents (managers). Since managers control corporate resources but do not bear full financial consequences of their decisions, they may act in their own self-interest leading to moral hazard and information asymmetry. This divergence of interests can compromise the integrity of financial reporting unless constrained by robust corporate governance mechanisms.

In the context of financial reporting, agency theory posits that accounting information may be manipulated to serve managerial interests, especially in environments where external monitoring is weak (Nzekwu & Olowokure, 2021). Independent board members, functioning as governance watchdogs, are expected to mitigate such risks by enforcing ethical reporting standards, thereby enhancing the value relevance of disclosed figures like EPS, BVPS, and CFOPS (Ogunleye & Adedoyin, 2022).

Recent empirical studies have applied agency theory to analyze the moderating role of board characteristics in the financial reporting process. For example, Bello and Dandago (2023) found that greater board independence and audit committee oversight are associated with a stronger relationship between financial metrics and market valuation in Nigerian banks. Thus, agency theory underlines the necessity of effective board oversight in aligning managerial actions with shareholder interests and improving the informativeness of accounting disclosures.

### **2.4.2 Signalling Theory**

Signaling theory, introduced by Spence (1973), explains how firms convey private information to external stakeholders, especially in settings characterized by information asymmetry. In capital markets, managers use accounting numbers, dividend declarations, and other financial disclosures as signals to communicate firm value and financial health to current and potential investors.

Earnings per share (EPS), dividend per share (DPS), and other indicators serve as powerful signals in market valuation models. However, the reliability of these signals depends heavily on governance structures that enforce truthful reporting. A dysfunctional board or compromised audit committee increases the risk of misleading signals, which can distort investor perception and market pricing (Ajibade & Ekwe, 2022).

The theory implies that a well-structured board enhances the credibility of financial disclosures by ensuring adherence to regulatory standards and discouraging opportunistic behavior. According to Okoye and Maduekwe (2021), the presence of financially literate and independent board members increases the trustworthiness of financial signals, thus improving their value relevance in market pricing. In the banking industry, where financial opacity and regulatory complexity are high, signaling theory is particularly useful in understanding how firms build or erode investor confidence through reported figures.

### **2.4.3 Resource Dependence Theory**

Resource Dependence Theory (RDT), developed by Pfeffer and Salancik (1978) and later extended by Hillman and Dalziel (2003), posits that corporate boards provide firms with critical resources such as expertise, legitimacy, strategic guidance, and access to external networks. These resources are vital for reducing environmental uncertainty and improving organizational performance, including the quality of financial disclosures.

Under RDT, board members are not merely monitors but active contributors to firm success through their knowledge, experience, and professional affiliations. A board composed of individuals with financial literacy, industry experience, and regulatory knowledge enhances the quality and relevance of accounting information, making it more useful for investors and analysts (Barako et al., 2020; IASB, 2023).

For listed Nigerian banks, this theory is particularly relevant. A diverse and competent board is more likely to understand complex financial transactions, comply with IFRS and CBN regulations, and ensure the production of meaningful accounting reports. Ogunleye and Adedoyin (2022) argue that in emerging markets, where institutional weaknesses often limit transparency, the board's resource capacity plays a decisive role in sustaining reporting quality and market confidence. Together, these theories provide a robust lens for analyzing the role of board characteristics in the value relevance of accounting information. While agency theory focuses on reducing conflicts and ensuring accountability, signaling theory emphasizes communication and perception, and resource dependence theory highlights the value of board expertise and external linkages. Each offers distinct but complementary insights into how corporate governance shapes the relationship between financial reporting and firm valuation.

## **2.5 Empirical Review**

Over the past two decades, empirical research on the value relevance of accounting information and board governance particularly in the banking sector has yielded diverse results. Ten key studies that illustrate these dynamics are discussed below:

Barth, Beaver & Landsman (2001) This landmark meta-analysis reviewed empirical studies spanning developed markets across the 1980s and 1990s. It assessed the statistical association between earnings and book values with stock prices, concluding that both metrics are

consistently value relevant in mature capital markets. The authors recommended that standard-setters incorporate value relevance testing into framework development to ensure that financial reports remain decision-useful.

Collins, Maydew & Weiss (1997) Using U.S. firm data from the 1950s through the 1990s, this longitudinal study applied time-series regression models on EPS and BVPS to explain firm market value. Results showed a decline in the relevance of earnings over time and a corresponding rise in the importance of book value. The authors advised investors and analysts to adapt valuation models to reflect these shifting dynamics.

Okafor & Odia (2011) Covering Nigerian listed banks around 2006–2010, the study used Ohlson's valuation model combined with regression on EPS and BVPS. The analysis showed that book value per share had a statistically significant positive relationship with market share price, while earnings per share was not significant. The researchers recommended that regulators strengthen corporate governance enforcement and ensure compliance with accounting standards to boost value relevance in bank reports.

Uwuike et al. (2016) This panel study examined approximately 11 Nigerian listed banks over 2010–2015. It extended the Ohlson model with EPS, BVPS, CFOPS, and DPS, using fixed and random effects regression. Earnings, cash flows, and dividends were significant in explaining market value, whereas book value was not. The study suggested investors focus on earnings and cash flows, and recommended that disclosures emphasize these metrics.

Godwin Israel Ebirien (2019) Focusing on segment earnings in Nigeria's deposit money banks over 2012–2016, this study used ordinary least squares regression to evaluate the moderating effects of board size, independence, and meeting frequency on value relevance of segment earnings. The results revealed that board size and independence enhanced relevance

for some earnings segments, but board meeting frequency had no effect. The author recommended shareholders conduct due diligence when appointing directors.

Appah Ebimobowei (2022) This investigation looked at Nigeria's deposit money banks from 2010 to 2020, using Taro Yamane to determine sample size and applying univariate, bivariate, and multivariate regression analyses. It found that board independence, board size, gender diversity, ownership structure, and board meeting frequency all positively and significantly influenced firm value (measured by Tobin's Q). The study recommended boosting board size and non-executive representation to enhance bank value.

Augustine & Isah (2022) Covering Sub-Saharan African firms—including Nigerian banks—from 2010 to 2022, this study employed the Common Correlated Effects Mean Group (CCEMG) and Augmented Mean Group (AMG) regression techniques. Board size, independence, gender diversity, and meeting frequency all positively affected firm value, with ESG performance reinforcing these relationships. The authors called for governance reforms that integrate ESG criteria into board structures.

RISIS International (2023) A panel study of 130 bank-year observations of Nigerian banks, it used OLS regression to assess the impact of board size and independence on financial stability (measured via Sharpe ratio). Surprisingly, both larger board sizes and greater independence were negatively associated with stability, with a 1% increase in board size reducing Sharpe by 0.3%. It suggested that larger boards may impair financial stability if not well-structured.

Tubotamuno-Ojas & Ellah (2023) This analysis covered 13 commercial banks listed on the Nigerian Exchange from 2013 to 2023. Employing panel regression with fixed/random effects and diagnostic testing, the study found that board size had a marginal positive effect on ROE, board composition (diversity) significantly improved ROE, audit committee size

had a strong positive impact, and board independence positively influenced profitability. It recommended regulators emphasize diverse, independent, and expert board appointments.

ResearchGate Study (2024) recent study of Nigerian deposit money banks between 2014–2018 investigated board composition and financial performance. It concluded that board gender diversity had a significant positive effect, while board meetings negatively affected performance; board size and independence had insignificant negative effects. The authors urged regulators to enforce optimal board size and increase independent, expert directors to improve governance and performance.

### **Summary Reflection**

Collectively, these ten empirical studies reinforce the view that accounting information particularly earnings, cash flows, and dividends carries value relevance. Meanwhile, book value often exhibits weaker association with market valuation in emerging market contexts. Importantly, several studies highlight that board characteristics especially size, independence, gender diversity, and structure moderately influence the strength of accounting variables' relationship with firm value. However, findings are not uniform: some research suggests that larger boards or greater independence may, in some contexts, reduce firm stability or performance, indicating the need for optimal design rather than sheer size.

These insights inform the current study's emphasis on Nigeria's banking industry from 2018 to 2023. By examining EPS, BVPS, CFOPS, and DPS, along with board size and independence, this research seeks to contribute deeper empirical understanding regarding how board governance enhances value relevance in an under-explored sector.

## Summary Table

Study & Year	Sample	Methodology	Key Findings	Suggestions
Barth et al. (2001)	Developed markets	Meta-analysis	EPS & BVPS significant	Standard-setting informed by value relevance
Collins et al. (1997)	US firms	Time-series regression	BV relevance ↑ over decades	Combine EPS & BVPS in valuation
Abubakar et al. (2023)	6 Nigerian conglomerates	OLS regression	DPS negatively related; EPS weak	Improve disclosure transparency
Uwuigbe et al. (2016)	~11 Nigerian banks	Extended Ohlson panel	EPS, CFOPS, DPS significant; BV less	Focus investor attention beyond BVPS
Umoren et al. (2018)	Nigerian financial firms	Panel regression	EPS, CFOPS, DPS relevant; BV weak	Timely reporting & dividend policy
Alkali (2016)	126 firms (incl banks)	Pre-post IFRS panel	IFRS improved relevance of assets/liabilities	Strengthen IFRS enforcement
Yusuf et al. (2019)	Quoted Nigerian banks	Regression/correlation	Balanced liquidity & profitability improves relevance	Maintain working capital equilibrium
Uwuigbe et al. (2016)	Nigerian banks	OLS with moderating variables	Board size & independence enhance informativeness	Strengthen board structures
Board Structure (2023)	130 bank-year obs	Panel OLS	Large size & independence may harm stability	Optimize board composition
Risk Committee study (2021)	6 large banks	Panel regression	Committee structure affects earnings capacity	Appoint based on expertise

*Authors compilation 2025*

## **2.6 Research Gap**

Despite a growing body of literature on value relevance and corporate governance, several gaps remain. First, many studies focus on non-financial sectors, ignoring the banking industry's unique features. Second, most research in Nigeria has not examined the moderating role of board characteristics in the value relevance context. Third, previous studies often rely on outdated or limited data sets, thereby failing to capture recent governance reforms in the financial sector. This study seeks to bridge these gaps by focusing on Nigerian listed banks over a six-year period (2018–2023), using board size and independence as moderating variables.

## **2.7 Summary of Literature Review**

This chapter reviewed key concepts related to value relevance, important accounting metrics, and board characteristics. It also examined relevant theories such as agency theory, signaling theory, and resource dependence theory that support the study's framework. Empirical findings from both local and international contexts were presented to show varying results on the relationship between accounting figures and market value, and how board features might influence that relationship. The literature reveals that while accounting information has the potential to explain stock prices, its effectiveness is largely shaped by governance structures, especially in the banking sector. These insights form the basis for the empirical analysis to be carried out in subsequent chapters.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodology adopted for conducting the study. It outlines the research design, population, sample size, sampling technique, data sources, methods of data analysis, model specification, description of variables, and the procedures adopted to ensure the validity and reliability of the data. Ethical considerations guiding the study are also discussed. The methodology is carefully structured to ensure that the objectives of the study are achieved in a logical and empirically sound manner.

#### **3.2 Research Design**

The research adopts an *ex post facto* design, which is appropriate for studies that utilize historical data without manipulating the variables under investigation. This design allows for the examination of the value relevance of accounting information such as earnings per share (EPS), book value per share (BVPS), cash flow from operations per share (CFOPS), and dividend per share (DPS) in explaining share prices of banks listed on the Nigerian Exchange Group (NGX). Furthermore, the study assesses the moderating effect of board characteristics, particularly board size and board independence, on these relationships. The *ex post facto* design is suitable in this context, as it enables the analysis of real-world data and the establishment of statistical relationships without experimental interference.

#### **3.3 Population of the Study**

The population for this study comprises all banks listed on the Nigerian Exchange Group (NGX) as of the year 2023. These banks are mandated to publish annual financial statements prepared in compliance with the International Financial Reporting Standards (IFRS), and they are subject to corporate governance regulations issued by the Central Bank of Nigeria (CBN) and the Financial Reporting Council (FRC). This makes them appropriate subjects for

analyzing both financial accounting information and board governance structures in relation to market valuation.

### **3.4 Sample Size and Sampling Technique**

A purposive sampling technique was employed to select a total of twelve (12) listed banks for inclusion in the study. The selection was guided by specific criteria to ensure data completeness and consistency. To qualify for inclusion, banks must have been continuously listed on the NGX from 2018 to 2023, with complete and accessible annual reports and financial statements. In addition, adequate disclosure on board characteristics must be present for each year within the study period. Banks that were either delisted, merged, or lacked sufficient data were excluded from the sample. This approach ensures the credibility and relevance of the data analyzed.

### **3.5 Sources of Data**

The study relies solely on secondary data obtained from publicly available sources. Financial and accounting data were extracted from published annual reports of the sampled banks, covering a six-year period from 2018 to 2023. Share price information was retrieved from NGX Factbooks and official market bulletins. Data on board size and board independence were sourced from the corporate governance disclosures contained in the banks' annual reports. Supplementary data were obtained from reports published by the Central Bank of Nigeria (CBN) and the Financial Reporting Council (FRC). The key financial variables collected include earnings per share (EPS), book value per share (BVPS), dividend per share (DPS), and cash flow from operations per share (CFOPS). Share prices represent the market value per share as of each year-end. Board characteristics data include the number of directors on the board (board size) and the proportion of independent non-executive directors (board independence).

### **3.6 Method of Data Analysis**

To analyze the data, the study adopts panel data regression techniques, which allow for the simultaneous assessment of time-series and cross-sectional data. This method provides the advantage of controlling for individual heterogeneity across banks over the six-year period. The initial analysis is conducted using the Ordinary Least Squares (OLS) method to estimate the baseline value relevance model. Thereafter, both Fixed Effects (FE) and Random Effects (RE) models are applied to account for time-invariant characteristics and potential endogeneity. The Hausman specification test is conducted to determine the preferred model between FE and RE. All econometric analyses are carried out using EViews 13, a widely used statistical software for time-series and panel data regression.

### **3.7 Model Specification**

The analytical framework for this study is based on the Ohlson (1995) model, which links share price to key accounting variables. Two regression models are specified: the first estimates the value relevance of accounting information without moderation, and the second incorporates board characteristics to examine their moderating effect.

**Model 1:** Baseline Value Relevance Model (Without Moderation)

$$SP = \beta_0 + \beta_1EPS_i + \beta_2BVPS + \beta_3CFOPS + \beta_4DPS + \varepsilon$$

**Where:**

- **SP= Share Price of bank**
- **EPS= Earnings Per Share**
- **BVPS = Book Value Per Share**
- **CFOPS= Cash Flow from Operations Per Share**
- **DPS= Dividend Per Share**

- $\varepsilon$  = Error term

**Model 2: Moderated Model (With Board Characteristics)**

$$SP = \beta_0 + \beta_1EPS + \beta_2BVPS + \beta_3CFOPS + \beta_4DPS + \beta_5BSZ + \beta_6BIND + \beta_7(EPS \times BSZ)_{it} + \beta_8(BVPS \times BSZ)_{it} + \beta_9(EPS \times BIND)_{it} + \varepsilon$$

**Where:**

- **BSZ** = Board Size
- **BIND** = Board Independence
- **(EPS × BSZ) it** = Interaction between EPS and Board Size
- **(BVPS × BSZ)** = Interaction between BVPS and Board Size
- **(EPS × BIND)** = Interaction between EPS and Board Independence

These models are designed to capture not only the direct effects of accounting information on share price but also the extent to which board governance moderates this relationship.

### 3.8 Description of Variables

#### Operationalization of Variables

Variable Name	Measurement/Definition	Nature	Expected Sign (A Priori)
Share Price (SP)	Closing share price of the bank at the end of the financial year	Dependent	N/A
Earnings Per Share (EPS)	Net income available to shareholders divided by number of outstanding shares	Independent	Positive (+)
Book Value Per Share (BVPS)	Net asset value divided by total number of outstanding shares	Independent	Positive (+)
Cash Flow from Operations Per Share (CFOPS)	Net cash flow from operating activities divided by outstanding shares	Independent	Positive (+)
Dividend Per Share (DPS)	Total dividend declared divided by the number of outstanding shares	Independent	Positive (+)
Board Size (BSZ)	Total number of directors on the board of the bank	Moderating	Mixed (+/-) depending on effectiveness
Board Independence (BIND)	Proportion of independent non-executive directors on the board (independent directors ÷ total directors)	Moderating	Positive (+)
EPS × BSZ	Interaction term between earnings per share and board size	Interaction	Mixed (+/-)
BVPS × BSZ	Interaction term between book value per share and board size	Interaction	Mixed (+/-)
EPS × BIND	Interaction term between earnings per share and board independence	Interaction	Positive (+)

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS**

#### **4.1 Introduction**

This chapter presents the empirical findings of the study, focusing on the analysis of data collected from twelve listed banks on the Nigerian Exchange Group (NGX) over the period 2018 to 2023. The presentation is structured to systematically address the research objectives and test the postulated hypotheses. It begins with a summary of the descriptive statistics and a correlation analysis to elucidate the characteristics and interrelationships among the variables. Subsequently, the results of the panel data regression analyses are presented, detailing both the baseline model examining the direct value relevance of accounting information and the moderated model investigating the influence of board characteristics. The chapter aims to provide a clear and coherent interpretation of the results, establishing the foundation for the discussion and conclusion in the subsequent chapter.

#### **4.2 Descriptive Statistics**

This subsection provides a summary of the central tendencies, dispersion, and distribution of the variables used in the study. The descriptive statistics offer a preliminary understanding of the data characteristics before proceeding to more complex inferential analysis.

**Table 4.1: Descriptive Statistics of Research Variables**

Variable	Mean	Median	Maximum	Minimum	Std. Dev.	N	JB {Normality}
<b>Share Price (NGN)</b>	18.45	17.8	35.8	5.2	6.78	72	4.32 (0.12)
<b>EPS (NGN)</b>	2.35	2.25	5.45	0.15	1.12	72	8.45 (0.01)**
<b>BVPS (NGN)</b>	15.67	15.1	28.9	6.8	4.89	72	5.87 (0.05)*
<b>CFOPS (NGN)</b>	3.12	3.05	7.85	-1.2	1.45	72	12.65 (0.00)***
<b>DPS (NGN)</b>	1.08	1.02	3.2	0	0.67	72	15.23 (0.00)***
<b>Board Size</b>	12.5	12	18	8	2.3	72	3.15 (0.21)
<b>Board Independence</b>	0.58	0.58	0.83	0.33	0.12		

JB denotes the Jarque-Bera test statistic for normality. Normality is the p-value (Prob>chi2) and is presented in parentheses. \*\*\*, \*\*, \* denote significance at the 0.1%, 1%, and 5% levels, respectively, rejecting the null hypothesis of a normal distribution.

#### **Keys to Variables in the Descriptive Statistics Table**

**Share Price (NGN):** The closing market price of one ordinary share of a bank, quoted in Nigerian Naira (NGN), as of the end of each financial year.

**EPS (NGN):** Earnings Per Share. Calculated as the net income attributable to ordinary shareholders divided by the weighted average number of outstanding ordinary shares during the year. Measured in Nigerian Naira.

**BVPS (NGN):** Book Value Per Share. Calculated as total shareholders' equity divided by the number of outstanding ordinary shares at the year-end. It represents the net asset value per share on the balance sheet. Measured in Nigerian Naira.

**CFOPS (NGN):** Cash Flow from Operations Per Share. Calculated as the net cash generated from a bank's core operating activities divided by the number of outstanding ordinary shares. Measured in Nigerian Naira.

**DPS (NGN):** Dividend Per Share. The total cash dividends declared per ordinary share for a given financial year. Measured in Nigerian Naira.

**Board Size:** The total number of directors serving on a bank's board of directors as of the year-end.

### **Analysis of Descriptive Statistics**

The descriptive statistics in table 4.1 provides a foundational overview of the dataset's characteristics for the 72 bank-year observations. The average share price of the sampled banks stood at ₦18.45, with a median of ₦17.80, indicating a relatively symmetric distribution. A standard deviation of 6.78 reflects a moderate level of volatility in stock prices across the sector, further evidenced by a substantial range from ₦5.20 to ₦35.80, which underscores the diversity in market valuation among the listed banks. The Jarque-Bera test for this variable fails to reject the null hypothesis, suggesting that share prices are normally distributed.

Regarding profitability, the mean Earnings Per Share (EPS) was ₦2.35. The fact that the minimum value was positive at ₦0.15 suggests that all banks in the sample reported a profit in at least one year, though the standard deviation of 1.12 indicates considerable variation in profitability levels. The Book Value Per Share (BVPS), with a mean of ₦15.67, shows significant disparity in the capital base and accumulated reserves among institutions, as seen in the range from ₦6.80 to ₦28.90. Both EPS and BVPS deviated from a normal distribution, a common trait in financial data often influenced by extreme performances.

The Cash Flow from Operations Per Share (CFOPS) averaged ₦3.12, which is higher than the mean EPS, a positive signal that reported profits were supported by actual cash generation. However, the presence of a negative minimum value of -₦1.20 reveals that at least one bank experienced a net cash outflow from operations in a given year, potentially indicating temporary financial stress. Dividend Per Share (DPS) averaged ₦1.08, with a minimum of

₦0.00 confirming that dividend payments were not universal across all bank-years, reflecting divergent payout policies. Both CFOPS and DPS exhibited significant non-normality.

In terms of governance variables, the average board consisted of approximately 12 to 13 members, aligning with common governance practices and showing a normal distribution. The proportion of independent directors averaged 58%, generally meeting regulatory thresholds, and this variable also followed a normal distribution, indicating a balanced spread of board independence across the sampled banks. The non-normality observed in the key accounting variables justifies the subsequent use of robust estimation techniques in the regression analysis to ensure the validity of statistical inferences.

### 4.3 Correlation Analysis

This correlation analysis examines the bivariate relationships between the study's variables through a correlation matrix. The analysis identifies the strength, direction, and significance of associations, while also checking for potential multicollinearity issues that could affect the regression estimates.

**Table 4.2 Correlation Matrix**

<b>Variable</b>	<b>Share Price</b>	<b>EPS</b>	<b>BVPS</b>	<b>CFOPS</b>	<b>DPS</b>	<b>Board Size</b>	<b>Board Independence</b>
<b>Share Price</b>	1						
<b>EPS</b>	0.682*	1					
<b>BVPS</b>	0.745*	0.523*	1				
<b>CFOPS</b>	0.598*	0.612*	0.445*	1			
<b>DPS</b>	0.634*	0.678*	0.389*	0.556*	1		
<b>Board Size</b>	0.128	0.089	0.156	0.067	0.094	1	
<b>Board Independence</b>	0.234*	0.187	0.212*	0.178	0.195	0.045	1

The correlation matrix reveals fundamental insights into how accounting information and governance structures relate to bank valuation in Nigeria. The dependent variable, Share Price, shows statistically significant and positive correlations with all primary accounting

variables. This initial finding strongly supports the core premise of value relevance theory, suggesting that investors in the Nigerian banking sector do indeed incorporate reported financial figures into their valuation decisions. The strength of these correlations provides a solid foundation for further regression analysis to determine the extent of these relationships. Among the accounting variables, Book Value Per Share (BVPS) demonstrates the strongest association with Share Price, with a correlation coefficient of 0.745. This indicates that the net asset value of a bank is a primary driver of its market valuation, which is particularly logical in the capital-intensive and highly regulated banking industry where asset quality and capital adequacy are paramount. Following BVPS, Earnings Per Share (EPS) also shows a strong positive correlation (0.682), confirming that profitability is a critical factor for investors. The results for BVPS and EPS align with the foundational Ohlson model, which positions these two variables as the primary determinants of firm value.

Dividend Per Share (DPS) and Cash Flow from Operations Per Share (CFOPS) also exhibit significant, though moderately strong, positive correlations with Share Price, at 0.634 and 0.598 respectively. The relationship for DPS supports signaling theory, suggesting that dividend payments are interpreted by the market as positive signals about a bank's future earnings potential and financial stability. The correlation for CFOPS indicates that the market values the quality and sustainability of earnings, as cash flows from operations are less susceptible to manipulation than accrual-based earnings, providing a clearer picture of a bank's financial health.

The interrelationships among the independent accounting variables are also noteworthy. EPS is significantly correlated with DPS (0.678) and CFOPS (0.612), which is expected as sustainable dividends are typically paid from earnings, and high-quality earnings are supported by strong operational cash flows. These intercorrelations are moderate, suggesting that while these variables are related, they capture distinct aspects of a bank's financial

performance. The fact that none of the correlations between independent variables exceed 0.80 is a positive indicator that severe multicollinearity is unlikely to distort the results of the subsequent multivariate regression analysis.

Regarding corporate governance, Board Independence shows a significant, albeit weak, positive correlation with Share Price (0.234) and a weaker, yet significant, correlation with BVPS (0.212). This suggests that a higher proportion of independent non-executive directors is associated with higher market valuation and potentially more conservative and reliable asset valuation. In contrast, Board Size shows no significant correlation with any of the financial variables or Share Price. This implies that, on its own, merely having a larger board does not translate into a higher market value, pointing toward the importance of board effectiveness over its size.

In conclusion, the correlation analysis provides compelling preliminary evidence for the value relevance of accounting information in the Nigerian banking sector. The strong links between share price and key financial metrics like BVPS, EPS, DPS, and CFOPS confirm that financial statements are a critical input for investor decision-making. Furthermore, the significant relationship between board independence and share price hints at a potential moderating role for corporate governance, which will be explored further in the moderated regression analysis. The stage is thus set for a more robust investigation using panel data regression techniques.

#### 4.4 Analysis of Regression Results

**Table 4.3 Baseline Regression Results**

<b>Variable</b>	<b>Expected Sign</b>	<b>Model 1: Fixed Effects</b>
<b>Constant</b>		2.15** (0.02)
<b>EPS</b>	(+)	1.87*** (0.00)
<b>BVPS</b>	(+)	0.69*** (0.00)
<b>CFOPS</b>	(+)	0.46** (0.02)
<b>DPS</b>	(+)	0.89*** (0.00)
<b>F-statistic</b>		36.45*** (0.00)
<b>R-squared</b>		0.68
<b>Observations</b>		72
<b>Hausman Test (p-value)</b>		18.23*** (0.00)
<b>Ramsey RESET (p-value)</b>		1.28 (0.28)
<b>Heteroskedasticity (p-value)</b>		14.56** (0.01)

The regression results from the Fixed Effects model provide strong empirical evidence supporting the value relevance of accounting information in the Nigerian banking sector. The model demonstrates excellent overall explanatory power, with an R-squared of 0.68, indicating that the accounting variables collectively explain 68% of the variations in bank share prices. This high level of explanation is statistically significant, as confirmed by the F-statistic of 36.45 ( $p < 0.001$ ), which validates the overall robustness of the regression model.

All four accounting variables show statistically significant positive relationships with share prices, confirming their value relevance. Earnings Per Share (EPS) exhibits the strongest influence with a coefficient of 1.87 ( $p < 0.001$ ), suggesting that a one-naira increase in EPS leads to approximately ₦1.87 increase in share price, highlighting the premium investors place on bank profitability. Book Value Per Share (BVPS) follows with a coefficient of 0.69 ( $p < 0.001$ ), indicating that investors significantly value the net asset base of banks, which is particularly relevant in the capital-intensive banking industry.

Dividend Per Share (DPS) demonstrates considerable importance with a coefficient of 0.89 ( $p < 0.001$ ), reinforcing signaling theory by showing that dividend distributions serve as strong positive signals to the market about a bank's financial health and future prospects. Cash Flow from Operations Per Share (CFOPS) also shows a significant though more moderate effect ( $\beta = 0.46$ ,  $p < 0.05$ ), indicating that investors value the quality of earnings and the actual cash-generating ability of banking operations, beyond mere accounting profits.

The diagnostic tests provide crucial insights into the model's validity. The Hausman test ( $\chi^2 = 18.23$ ,  $p < 0.001$ ) strongly justifies the use of Fixed Effects over Random Effects, accounting for bank-specific unobserved characteristics. The Ramsey RESET test ( $p = 0.28$ ) indicates no specification errors, confirming the model is well-specified. However, the significant heteroskedasticity test ( $p = 0.01$ ) suggests the presence of non-constant variance in the error terms, which was appropriately addressed through the use of robust standard errors in the estimation to ensure reliable inference.

**Table 4.4 Moderated Regression Results**

<b>Variable</b>	<b>Expected Sign</b>	<b>Model 1: Direct Effects</b>	<b>Model 2: Moderated Effects</b>
<b>Constant</b>		2.15** (0.02)	1.89** (0.04)
<b>EPS</b>	(+)	1.87*** (0.00)	1.46*** (0.00)
<b>BVPS</b>	(+)	0.69*** (0.00)	0.61*** (0.00)
<b>CFOPS</b>	(+)	0.46** (0.02)	0.40** (0.04)
<b>DPS</b>	(+)	0.89*** (0.00)	0.77*** (0.00)
<b>Board Size (BSZ)</b>	(+/-)		-0.06 (0.48)
<b>Board Independence (BIND)</b>	(+)		0.23* (0.07)
<b>EPS × BSZ</b>	(+/-)		0.09** (0.04)
<b>BVPS × BSZ</b>	(+/-)		0.03 (0.18)
<b>EPS × BIND</b>	(+)		0.16*** (0.00)
<b>F-statistic</b>		36.45*** (0.00)	28.67*** (0.00)
<b>R-squared</b>		0.68	0.72
<b>Adjusted R-squared</b>		0.67	0.7
<b>Observations</b>		72	72
<b>Hausman Test (p-value)</b>		18.23*** (0.00)	21.45*** (0.00)
<b>Ramsey RESET (p-value)</b>		1.28 (0.28)	1.15 (0.32)
<b>Heteroskedasticity (p-value)</b>			

### **Moderated Regression Analysis and Interpretation**

The moderated regression analysis provides compelling evidence on how board characteristics shape the value relevance of accounting information in the Nigerian banking sector. Incorporating board governance variables and their interaction terms significantly enhanced the explanatory power of the model, with the R-squared rising from 0.68 in the baseline specification to 0.723. This increase indicates that board governance mechanisms explain additional variations in share prices beyond those accounted for by accounting information alone, underscoring the integrative role of corporate governance in value determination.

All the core accounting variables Earnings Per Share (EPS), Book Value Per Share (BVPS), Cash Flow from Operations (CFOPS), and Dividend Per Share (DPS) retain their statistically significant and positive relationships with share price, reaffirming their fundamental value relevance in the Nigerian banking context. However, their coefficients are slightly attenuated compared to the baseline model, implying that part of the explanatory power previously attributed exclusively to accounting variables is mediated through governance quality. For instance, the coefficient of EPS declined from 1.87 to 1.456 ( $p < .001$ ), BVPS remained significant at 0.612 ( $p < .001$ ), CFOPS stood at 0.398 ( $p < .05$ ), and DPS at 0.765 ( $p < .01$ ). This attenuation suggests that effective governance frameworks enhance the credibility and interpretation of accounting information, thereby reinforcing investor confidence in reported figures.

The direct effects of board characteristics present a nuanced pattern. Board size shows no significant direct impact on share price ( $\beta = -0.056$ ,  $p = .475$ ), suggesting that merely increasing the number of directors does not necessarily translate into improved market valuation. In contrast, board independence demonstrates a positive and marginally significant relationship with share price ( $\beta = 0.234$ ,  $p = .066$ ). This finding implies that investors attach value to the presence of independent directors due to their perceived role in strengthening board oversight, enhancing transparency, and mitigating agency conflicts. Hence, while board size alone does not exert a direct influence, board independence appears to contribute meaningfully to firm valuation through its governance-enhancing effects.

The interaction effects provide the most profound insights into the moderating role of board characteristics. The positive and significant interaction between EPS and board size ( $\beta = 0.089$ ,  $p < .05$ ) indicates that larger boards magnify the value relevance of earnings information. This may be attributed to the diverse expertise, knowledge base, and enhanced oversight capacity that larger boards bring, thereby improving the credibility and

informativeness of reported earnings. More notably, the highly significant interaction between EPS and board independence ( $\beta = 0.156$ ,  $p < .01$ ) confirms that independent directors strengthen the association between earnings and share prices. This result validates the theoretical argument that independent boards enhance the reliability of financial reports by enforcing stricter monitoring, ensuring managerial accountability, and reducing information asymmetry. Consequently, investors place a higher premium on earnings reported by banks with more independent boards, perceiving them as more credible and less prone to manipulation.

In contrast, the interaction between BVPS and board size ( $\beta = 0.034$ ,  $p = .179$ ) is not statistically significant. This suggests that board size does not materially affect how investors interpret book value information. Conceptually, this finding is consistent with the nature of book value, which represents tangible net assets that are more objectively verifiable and less susceptible to managerial discretion compared to earnings. Thus, the credibility of book value information is less dependent on governance oversight mechanisms than earnings-based measures.

Overall, the model demonstrates strong robustness and validity. The highly significant F-statistic (28.67,  $p < .001$ ) confirms the overall explanatory power of the model, while the Hausman test ( $\chi^2 = 21.45$ ,  $p < .001$ ) validates the appropriateness of the Fixed Effects specification. Collectively, these results highlight that board characteristics—particularly board independence—are not merely symbolic governance attributes but serve as substantive moderating mechanisms that enhance the value relevance of accounting information. The findings underscore that effective corporate governance strengthens market confidence in financial disclosures, thereby magnifying the informational usefulness of accounting data, especially earnings, in determining firm value within the Nigerian banking sector.

## **Comparative Analysis of Regression Results: Model 1 vs. Model 2**

The comparative analysis of both regression models reveals significant insights into the value relevance of accounting information and the crucial moderating role of board characteristics in the Nigerian banking sector. Model 1, which examines the direct effects of accounting variables, demonstrates strong explanatory power with an R-squared of 0.68, indicating that earnings per share (EPS), book value per share (BVPS), cash flow from operations per share (CFOPS), and dividend per share (DPS) collectively explain 68% of the variation in bank share prices. All accounting variables show statistically significant positive coefficients, with EPS ( $\beta=1.87$ ,  $p<0.001$ ) and DPS ( $\beta=0.89$ ,  $p<0.001$ ) exhibiting particularly strong effects, thereby confirming hypotheses  $H_{01}$ ,  $H_{02}$ ,  $H_{03}$  should be rejected.

Model 2 introduces board characteristics and their interaction effects, resulting in enhanced explanatory power with R-squared increasing to 0.72. This improvement substantiates the theoretical proposition that corporate governance mechanisms influence how accounting information is valued by market participants. The significant interaction effects provide compelling evidence for the moderating role of board characteristics. Specifically, the positive and significant interaction between EPS and board independence ( $\beta=0.16$ ,  $p<0.001$ ) indicates that independent directors enhance the credibility and value relevance of earnings information, leading to the rejection of hypothesis  $H_{05}$ . Similarly, the significant interaction between EPS and board size ( $\beta=0.09$ ,  $p<0.05$ ) suggests that larger boards strengthen the market's reliance on earnings information, though the non-significant direct effect of board size necessitates failing to reject hypothesis  $H_{04}$ .

The attenuation of accounting variable coefficients in Model 2, particularly for EPS (from 1.87 to 1.46) and DPS (from 0.89 to 0.77), reveals that part of the valuation effect previously attributed solely to accounting information operates through governance channels. Both models demonstrate strong statistical robustness, with significant F-statistics (36.45 and

28.67 respectively,  $p < 0.001$ ) and confirmed fixed effects specification through Hausman tests. The Ramsey RESET tests indicate no specification errors in either model, while the presence of heteroskedasticity was appropriately addressed through robust standard errors. Overall, the findings establish that board characteristics, particularly independence, significantly moderate the relationship between accounting information and firm value in the Nigerian banking context.

### **3.9 Test of Hypotheses**

#### **3.9.1 Introduction to Hypothesis Testing**

This section is dedicated to the empirical testing of the five null hypotheses formulated in Chapter One. The primary objective is to statistically determine whether the collected panel data provides sufficient evidence to reject the null hypotheses in favor of their alternatives. The testing procedure involves subjecting the specified regression models the baseline model (Model 1) and the moderation model (Model 2) to panel data regression analysis using EViews 13.

The decision to reject or fail to reject each null hypothesis ( $H_0$ ) will be based on the statistical significance of the estimated coefficients of the independent and moderating variables. This assessment will be conducted at conventional significance levels of 1%, 5%, and 10%. The core of the analysis involves examining the p-values associated with the t-statistics of each coefficient. A p-value less than 0.05 (5%) will typically be considered strong evidence to reject the null hypothesis, indicating a statistically significant relationship. The subsequent subsections will present the detailed results for each hypothesis, interpret the findings in the context of the study's objectives, and state the final decision for each hypothesis. This systematic approach ensures a rigorous and transparent evaluation of the proposed relationships between the accounting variables, board characteristics, and share prices of Nigerian listed banks.

## 1.5 Research Hypotheses

The following null hypotheses ( $H_0$ ) are proposed for this study:

**H<sub>01</sub>:** Earnings per share (EPS) has no significant effect on the share price of Nigerian listed banks.

**H<sub>02</sub>:** Book value per share (BVPS) has no significant effect on the share price of Nigerian listed banks.

**H<sub>03</sub>:** Dividend per share (DPS) has no significant effect on the share price of Nigerian listed banks.

**H<sub>04</sub>:** Board size does not significantly moderate the relationship between accounting information and share price.

**H<sub>05</sub>:** Board independence does not significantly moderate the relationship between accounting information and share price.

## 4.4 Test of Hypotheses

This section provides a narrative interpretation of the hypothesis test results, drawing directly on the empirical findings from the regression analysis. Each hypothesis is considered in turn, with a final decision rendered based on the statistical evidence.

**Hypothesis One ( $H_{01}$ )** posited that Earnings per Share (EPS) has no significant effect on the share price of Nigerian listed banks. The results from the regression analysis firmly contradict this assertion. The coefficient for EPS was found to be 1.87 and was statistically significant at the 1% level. This indicates that for every one Naira increase in EPS, the share price of a bank increases, on average, by approximately ₦1.87, all things being equal. This strong, positive relationship underscores the paramount importance investors place on bank profitability when valuing equity. Consequently, the null hypothesis ( $H_{01}$ ) is **rejected**.

**Hypothesis Two ( $H_{02}$ )** stated that Book Value per Share (BVPS) has no significant effect on share price. The empirical evidence does not support this claim. The analysis revealed a

positive and highly significant coefficient of 0.69 for BVPS. This finding confirms that the net asset value of a bank is a critical determinant of its market valuation. In the capital-intensive banking industry, a strong capital base, as reflected in BVPS, provides investors with confidence in the bank's stability and resilience. Therefore, the null hypothesis ( $H_{02}$ ) is rejected.

**Hypothesis Three ( $H_{03}$ )** proposed that Dividend per Share (DPS) has no significant effect on share price. The data tells a different story. With a coefficient of 0.89, significant at the 1% level, DPS demonstrates a powerful influence on share price. This result strongly aligns with signaling theory, suggesting that dividend distributions are perceived by the market as a positive signal of a bank's financial health and future prospects. The decision to pay dividends communicates management's confidence in sustained earnings, which investors reward with a higher valuation. Thus, the null hypothesis ( $H_{03}$ ) is **rejected**.

**Hypothesis Four ( $H_{04}$ )** claimed that Board Size does not significantly moderate the relationship between accounting information and share price. The findings on this hypothesis are nuanced. The analysis shows that board size, by itself, has no significant direct effect. More critically, its moderating influence is not uniform. While a larger board significantly enhances the value relevance of *earnings*—as shown by the positive interaction with EPS—it does not have a similar effect on the relationship between *book value* and share price. Since the hypothesis is a broad statement about "accounting information" in general, and the moderating effect is specific to earnings only, the overall evidence is insufficient to support a general moderating role for board size. Hence, the null hypothesis ( $H_{04}$ ) is not rejected.

**Hypothesis Five ( $H_{05}$ )** asserted that Board Independence does not significantly moderate the relationship between accounting information and share price. The results provide compelling evidence to the contrary. The interaction term between EPS and Board Independence is not only positive but also highly significant. This indicates that the market places a greater

premium on the earnings reported by banks with a higher proportion of independent directors. Independent boards are perceived to enhance the credibility and reliability of financial reports, thereby strengthening the link between profitability and market value. This finding confirms the pivotal moderating role of board independence. As a result, the null hypothesis ( $H_{05}$ ) is rejected.

In summary, the tests confirm the direct value relevance of key accounting metrics of EPS, BVPS, and DPS in the Nigerian banking sector. Furthermore, they illuminate the critical, though specific, role of corporate governance. While board size's moderating effect is limited, board independence emerges as a powerful factor that certifies the quality of earnings information and amplifies its impact on shareholder value.

### Summary of Hypothesis Testing Results

Hypothesis	Statement	Decision	Reason
$H_{01}$	EPS has no significant effect on share price.	<b>Reject</b>	EPS coefficient is positive and statistically significant ( $p < 0.01$ ).
$H_{02}$	BVPS has no significant effect on share price.	<b>Reject</b>	BVPS coefficient is positive and statistically significant ( $p < 0.01$ ).
$H_{03}$	DPS has no significant effect on share price.	<b>Reject</b>	DPS coefficient is positive and statistically significant ( $p < 0.01$ ).
$H_{04}$	Board size does not significantly moderate the relationship.	<b>Fail to Reject</b>	The moderating effect of board size is significant only for EPS, not for BVPS, making it inconsistent.
$H_{05}$	Board independence does not significantly moderate the relationship.	<b>Reject</b>	The interaction effect (EPS $\times$ BIND) is positive and highly significant ( $p < 0.01$ ).

The results provide strong evidence for the value relevance of accounting information in the Nigerian banking sector. Furthermore, they highlight the crucial role of specific board

characteristics, particularly board independence, in enhancing the credibility and value-relevance of earnings information for investors.

#### **4.5 Discussion of Findings**

The empirical findings of this study offer nuanced insights into the value relevance of accounting information within the unique context of the Nigerian banking sector, while also illuminating the critical, though complex, role of corporate governance. The discussion is structured around the two specified models to provide a clear narrative on both the direct and moderated relationships.

The results from the baseline model (Model 1) provide robust confirmation that accounting information remains a cornerstone for equity valuation in the Nigerian banking sector. The strong positive and statistically significant coefficients for Earnings Per Share (EPS), Book Value Per Share (BVPS), and Dividend Per Share (DPS) align seamlessly with the foundational propositions of the Ohlson (1995) valuation model. This finding reinforces the theoretical expectation that investors in emerging markets rely on these disclosed figures to make informed decisions. The particularly potent effect of EPS underscores the market's acute sensitivity to profitability signals, a phenomenon consistently observed in mature markets by scholars like Barth et al. (2001). However, the pronounced significance of BVPS in this study, even surpassing the influence of cash flows, offers a distinctive emphasis. This can be contrasted with studies in more developed economies where earnings often dominate; here, in the Nigerian context, the tangible assurance of a bank's net asset base appears paramount. This finding resonates with the work of Olayemi and Akinpelu (2023) in Nigeria, who noted that in an environment characterized by volatility and information asymmetry, investors anchor their valuations on more concrete balance sheet items. The significant value relevance of DPS powerfully echoes the tenets of Signaling Theory (Spence, 1973), suggesting that in a market where investor confidence is periodically tested, dividend

announcements serve as a credible and highly valued signal of financial stability and managerial optimism, a point further supported by the empirical work of Ajibade and Ekwe (2022).

The introduction of board characteristics in the moderated model (Model 2) unveils a more intricate layer of the valuation process, directly addressing the research gap concerning corporate governance's role. The model's enhanced explanatory power (R-squared increasing from 0.68 to 0.72) is a clear indicator that governance structures are not merely symbolic but have tangible informational value. The most compelling finding is the significant positive moderating effect of board independence on the relationship between EPS and share price. This result provides strong empirical support for Agency Theory (Jensen & Meckling, 1976), demonstrating that independent directors effectively mitigate agency costs by enhancing the credibility of reported earnings. The market, it appears, discounts earnings information from banks with less independent boards, while placing a premium on earnings certified by robust, objective oversight. This finding directly aligns with the conclusions of Ogunleye and Adedoyin (2022), who argued that board independence is a key pillar for ensuring financial reporting integrity in Nigerian banks.

Conversely, the role of board size presents a more complex picture, leading to a partial contradiction with some existing literature. The finding that board size strengthens the value relevance of earnings (as shown by the significant  $EPS \times BSZ$  interaction) can be explained by Resource Dependence Theory. It suggests that larger boards in Nigerian banks may provide a wider array of expertise and networks, which improves the quality and scrutiny of financial reporting, thereby making earnings figures more trustworthy. This aligns with the views of Ajibade and Ekwe (2022), who posited that larger boards bring diverse skills. However, this stands in contrast to studies like that of RISIS International (2023), which found that larger boards could impair financial stability due to coordination problems. The contradiction may

be context-specific; in the complex and highly regulated Nigerian banking environment, the benefits of diverse oversight for financial reporting quality might, in this specific domain, outweigh the potential drawbacks of bureaucratic inertia. Furthermore, the non-significant moderating effect of board size on book value (BVPS×BSZ) is conceptually logical. BVPS, representing audited net assets, is inherently less susceptible to managerial discretion compared to accrual-based earnings. Therefore, it requires less "certification" from a large board, as its value is perceived to be more objectively verifiable. This nuanced result underscores that the moderating effect of governance is not monolithic but is contingent on the nature of the accounting information being assessed.

In conclusion, this study demonstrates that while the fundamental value relevance of accounting information in the Nigerian banking sector is unequivocal, its potency is not absolute. The credibility and therefore the market impact of this information are significantly filtered through the lens of corporate governance. The evidence strongly suggests that a governance structure rich in independent oversight is instrumental in bridging the gap between accounting numbers and market value, assuring investors of the integrity of the figures upon which they base their critical decisions.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

This final chapter synthesizes the entire research endeavor, providing a concise summary of the key discoveries, the overarching conclusions drawn from them, and their broader implications. It outlines the study's unique contributions to academic thought, proposes actionable recommendations for industry practice and policy, and suggests productive pathways for future scholarly inquiry.

#### **5.1 Summary of Findings**

The empirical investigation conducted in this study yields several pivotal findings. Firstly, the analysis offers robust confirmation that bottom line accounting information of earnings per share, book value per share, and dividend per share retains significant value relevance in the Nigerian banking sector. These metrics collectively demonstrate a powerful capacity to explain variations in the market share prices of listed banks, with earnings per share emerging as the most potent individual determinant. Secondly, and more critically, the study reveals that the link between accounting figures and market value is not automatic but is perceptibly influenced by the quality of corporate governance. Specifically, the independence of the board of directors was found to be a significant moderating force, enhancing the credibility and thus the value relevance of reported earnings. The size of the board also displayed a moderating effect, though this was more nuanced and specific to earnings information, indicating that the influence of governance mechanisms is contingent on the type of financial data being assessed.

#### **5.2 Conclusion**

In conclusion, this research affirms that the financial statements of Nigerian banks are indeed crucial documents for investor decision-making. However, it firmly establishes that their informativeness is not a given. The reliability that investors place in accounting numbers,

particularly earnings, is substantially augmented by the presence of strong, independent oversight on the board of directors. Therefore, the journey towards deeper and more efficient capital markets in Nigeria is a dual endeavor, requiring not only the continued adoption of high-quality accounting standards like IFRS but also an unwavering commitment to enforcing substantive corporate governance practices. The integrity of the numbers is ultimately guaranteed by the integrity of the guardians.

### **5.3 Contributions to Knowledge**

This research contributes to the existing body of literature in several distinct ways. It provides contemporary, sector-specific evidence on value relevance in the Nigerian banking industry, highlighting the pronounced role of book value in a capital-intensive and highly regulated context. Furthermore, it moves beyond establishing mere correlation to elucidate the moderating role of governance, empirically demonstrating that board independence acts as a critical certifier of earnings quality. The study also offers a nuanced perspective by revealing that the moderating effect of board characteristics is not uniform but varies depending on the accounting metric in question. Lastly, it helps reconcile contradictory findings in prior studies by suggesting that the benefits of larger boards for financial reporting credibility may be particularly salient in complex emerging market environments like Nigeria's.

### **5.4 Recommendations**

Based on the evidence presented, several practical recommendations are proposed. For regulators such as the Central Bank of Nigeria and the Financial Reporting Council, it is recommended to intensify focus on the substantive implementation of board independence requirements, moving beyond compliance checkboxes to ensure directors possess the expertise and autonomy for effective oversight. For the boards and management of banks, this study underscores the need to view a robust and independent board not as a regulatory formality, but as a strategic asset that directly enhances market confidence and valuation.

Investors and financial analysts are encouraged to systematically integrate assessments of board governance quality, particularly independence, into their valuation models and investment decisions. Finally, professional accounting and governance bodies should deepen the integration of corporate governance principles into continuous education programs, emphasizing its tangible impact on financial reporting quality and market trust.

### **5.5 Suggestions for Further Studies**

To build upon the foundation laid by this research, future studies could explore several promising avenues. One would be to expand the scope of governance inquiry by examining the role of other factors such as audit committee financial expertise, board gender diversity, or shareholder activism. Another fruitful path would be a cross-sectoral comparative analysis to determine if the moderating effects of board characteristics identified in banking hold true in other sectors of the Nigerian economy. A longitudinal study assessing the value relevance of accounting information before and after a major governance reform would also provide powerful evidence of policy impact. Finally, employing qualitative methodologies to interview directors, investors, and regulators could yield rich, contextual insights into the perceptions and processes that underpin the quantitative relationships established here.

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