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Value Relevance of Accounting Information and Share Rate: A Study of Manufacturing Companies in Nigeria

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ABSTRACT

This research work determined the impact of value relevance of accounting information on the stock price of manufacturing companies in Nigeria. More specifically, the study determines the impact of earnings per share and dividends on the stock price of Nigerian manufacturing companies. Ex post facto research and data were obtained from twenty audited annual reports and financial statements. This study used the ordinary least squares (OLS) estimation from 2012 to 2021 and covered ten years with the help of E-view 9.0 data analysis revealed that there is a positive insignificant relationship between stock dividends, earnings per share and stock price in the manufacturing sector in Nigeria.

Keywords: Share price; Earnings per share; Dividend per share

1. Introduction

Economic managers were especially interested in the equity marketplace due to its capability to offer buyers returns and get admission to capital for groups at low hazard ^[1]. In line with Nirmala, Sanju, and Ramachandran ^[2], equity markets play a vital position in maintaining enterprise boom as well as the financial system of a nation as a whole. Addition-

ally, equity markets function as a gauge for ability growth. The fairness market, as described by Irfan and Nishat ^[3], is the marketplace wherein shares of public corporations are issued and traded over the counter or through exchanges. Fairness investments are solely dependent on percentage charges because they serve as indicators of whether or not investors must put money into a particular percentage. How-

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ever, fair investments offer some additional blessings, including dividend profits, capital benefits, constrained liability, management, and possession. In step with Sharma, Kumar, and Singh ^[4], indexed corporations use accounting information to speak with buyers and the majority, that's one cause why fee relevance research is being carried out everywhere in the international. But, studies carried out in advanced and evolved international locations have suggested that the price relevance of corporation financial statements is diminishing ^[4].

Accounting is used by businesses to tell all stakeholders of their operating overall performance and function at a specific time. The marketplace's belief of a company's overall performance determines its fee, and accounting disclosures offer the essential statistics to aid this perception. Profits consistent with percentage (EPS), book value of equity in step with proportion (BVPS), and coins flows have all been the issue of numerous studies examining their cost relevance. Consistent with such research, earnings and e-book values incorporate sizable data for a corporation's fairness valuation ^[5].

Consistent with an overview of worldwide reviews on the motive and content of accounting records published considering 1970, the point of interest is on the wishes of external users and the usefulness of accounting information for making decisions. In step with Olugbenga and Atanda ^[6], the value relevance of accounting records has received a growing amount of interest within the accounting literature over the past ten years. One of a kind tactics to wealth creation have emerged over time because of the ever-changing environment in which accounting operates. In keeping with Lamberg ^[7], those environments consist of the statistics age, enterprise, and agriculture. To be able to produce accounting statistics that are beneficial for making financial decisions, the proper accounting model become used for every wealth-advent method. Consistent with Kargın ^[8], selection-makers ought to locate the accounting information in economic statements useful. Monetary statements need to meet a few essential necessities so as to provide this. Financial records can simplest

be beneficial if they're accurate, up-to-date, and applicable to the problem at hand. Financial information is extra useful while it may be comparable, verifiable, updated, and easy to understand.

Mbekomize and Popo ^[9] used records from groups indexed at the Botswana stock trade from 2012 to 2018 to observe the statistical relationship between 4 sets of accounting statistics and marketplace percentage expenses. The facts were analyzed using the regular least squares regression method. In keeping with the findings, the most fee-applicable records for proportion fees are earnings, followed by dividends and e-book costs.

Recent research has modified its concern with increasing the book value of shares ^[10]. Many studies have been conducted to relate stock market values or stock market returns to accounting variables with similar or different results. Examining the aforementioned relationship tends to yield results that can be classified as significant or insignificant. The term value relevance has been used in previous studies to indicate the ability of accounting data to reflect changes in stock market values, while the literature focuses on developed stock markets in North America and Europe to examine the value relevance of accounting information, but emerging stock markets, especially in Middle Eastern countries, have been neglected ^[11,12].

However, all of the previous research on profits according to percentage associated with a sure time frame and given the dynamic nature of accounting, and given the opportunity of window dressing and doctoring of money owed generally among reporting companies. Pushpa, Bhatt and Sumangala; Balasundaram; Ikhatua, ^[13-15] pronounced that Cadbury's present case can have an effect on the integrity of accounting information and of price relevance. Bankole and Ukolobi ^[16] found that percentage rate and agency length are positively and significantly correlated. DPS, EPS, CFO, BVS, and SP all have negative and not significant. Rahmana and Liua's ^[17] reaction of the inventory rate is undoubtedly correlated with profitability, liquidity, and operational performance. There may be critical want for an updated look to fill

the gaps of what is currently recognised about the country of value relevance of accounting statistics on earnings per percentage in Nigerian companies.

In Nigeria, there's a constrained take a look at that has explored dividend per share variable as proxies for accounting facts to the pleasant of the researcher's understanding. The earlier findings have been characterised by uncertainty and previous research on the difficulty remembering related to a certain time body, there may be a want to revisit the dynamic nature of accounting data. This examination consequently determines the effect of value relevance of accounting data on the percentage rate of manufacturing corporations in Nigeria. In particular, the study intends to:

- 1) Determine the effect of earnings according to proportion on the percentage fee of producing companies in Nigeria.
- 2) Compare the impact of dividend in line with share on share fee of manufacturing corporations in Nigeria.

2. Literature review

2.1 Value relevance

The primary goal of monetary reviews is to provide data for making funding choices. According to Ghayoumi, Nayeri, Ansari, and Raeesi^[18], the usefulness of the information in financial reviews depends on how useful it is for making investment choices. According to Glezakos, Mylonakis, and Kafuoros^[19], statistics is applicable from the point of view of traders if it affects the investor's selections concerning equity investments. Relevance and dependability are vital additives of beneficial accounting records. In keeping with Halonen, Pavlovia, and Pearson^[20], applicable accounting records should be able to persuade the investor's choice.

Price relevance of accounting data changed is also defined by Chen, Chen, and Su^[21] because of the potential of financial declaration records to seize and summarize company fees. In line with Muhammed^[22], the statistical relationships among statistics supplied in monetary statements and inventory

marketplace values or returns can be used to measure fee relevance.

2.2 Earnings per share (EPS) and share price

The market price of an equity percentage is impacted using a number of things, one in all that's profits. An agency that sells items and services that are valuable to humanity's residents and makes money to cover its fees of production provides to and grows its reserve (retained earning reserve). When a successful enterprise starts constructing reserves, it'll additionally search for methods to amplify its operations and, as an end result, earn more money. In step with Sharma, Kumar and Singh^[4], as soon as an enterprise begins incomes an appealing sum, there will be a growth in call for equity stocks, in order to result in a boom inside the fairness's market value.

Profits consistent with earnings per share (EPS) and book value per share (BVPS) had been recognized as the two most large accounting measures which have an enormous advantageous affiliation with organization's market cost, as measured by means of percentage prices^[23-25].

Earnings are the objective of every enterprise, and it is often used as a basis for comparing overall performance. Businesses that are capable of improving the well-being of investors are visible as profitable by way of traders. The quantity of profit primarily based on the wide variety of first-rate shares of the agency is known as earning per proportion. This income is the ratio used to evaluate the control's potential to generate earnings for shareholders. Profitable operations display management's skill ability in capital management.

Ragab and Omran^[26] additionally regarded the fee relevance of profits and e-book values in the Egyptian market between 1998 and 2002. They determined that profits per percentage EPS and BVPS had been all applicable and explained approximately 40% of the version in stock costs the use of both returns and charge fashions. The share of an enterprise's income allocated to each high-quality proportion of not unusual inventory is known as income in step with EPS. A business enterprise's profitability is

indicated by using earnings according to shares.

It is far greater accurate to apply a weighted average variety of shares extremely well over the reporting time period whilst calculating profits per percentage. $EPS = \text{net earnings} - \text{dividend on preferred inventory average excellent shares}$. In maximum instances, the single most sizable aspect in determining the rate of a proportion is income in step with percentage. The fee-to-earnings valuation ratio is based heavily on it as nicely ^[27].

2.3 Dividend per share and share price

Even though dividend policy is one of the subjects in finance that receives the most research, managers, policymakers, and researchers have debated for years whether or not dividend coverage influences inventory prices. Buyers, managers, lenders, and other stakeholders all rely upon dividend coverage. It is a method for figuring out whether or not the business can generate cash. The dividend yield, which is calculated as the annual dividend earnings in step with share divided by means of the modern share charge, is something that many buyers enjoy preserving an eye on. The earnings acquired when it comes to the proportion price is measured by using the dividend yield. When compared to different groups in its industry, the agency's low dividend yield can suggest two matters: Both companies are in hassle and can't manage to pay for to pay reasonable dividends or the share charge is excessive due to the fact the marketplace believes the company has mind-blowing potentialities and is not overly worried about dividend bills. However, excessive dividend yield can also imply a failing business and a low share fee. For boom organizations, dividend yield is of little importance because retained profits might be reinvested in expansion possibilities, ensuing in capital gains for shareholders.

In the history of monetary control, dividend coverage has been the problem of several controversies. This is because dividend policy is notion to have a large impact on how groups pick to finance and invest their money. A most beneficial dividend policy has to be one that is targeted on maximizing the

shareholders' capital gain—shareholders are inquisitive about maximizing their proportion value and dividend charge ^[28]. The agency's ability to spend money on destiny projects relies upon the amount of dividends it will pay to its shareholders, so deciding on an appropriate dividend policy is important. If a business enterprise will pay out greater dividends, fewer funds can be to be had for mission funding. Debtors and lenders are also inquisitive about the quantity of dividend an employer pronounces because, if greater is paid out of the employer's income as a dividend, the agency might have much less money to be had to fulfill its obligations.

In line with Kalama ^[29], common stock valuation is based on dividends which are the only cash fee a stockholder receives at once from the corporation. The reaction of the stock rate to an unexpected announcement of a dividend change, alternatively, is associated with the dividend preferences of the marginal investor in that company ^[30]. In step with Yilmaz, and Gulay ^[31], it is miles expected that an agency's percentage price will both upward push and fall in response to alternate in its dividend coverage. One of the most essential techniques for distributing prices to shareholders is dividend announcement. Alternatively, some shareholders would rather have their reward reinvested in a new project to increase their capital profits. Management, managers, creditors, the government, and other stakeholders all rely upon dividend policy. Dividends are a manner for buyers to assess a corporation from a funding perspective in addition to a supply of income ^[28]. It serves as a foundation for figuring out whether or not the commercial enterprise generates coins. The enterprise's capability to put money into future initiatives is closely stimulated through the dividend payout to shareholders, so selecting the best dividend policy is crucial.

Dividend per share, or DPS, is the sum of the agency's dividend declarations for every great regular percentage. Divide the entire quantity of extraordinary regular stocks issued by the employer by using the total dividends paid by way of the business enterprise, consisting of interim dividends. An organ-

ization's dividend per percentage is calculated using dividends paid inside the maximum current area. The subsequent formulation is used to determine the DPS: Dividend per share (DPS) can be calculated by first deriving the enterprise's net income in keeping with the proportion as (net income divided through first-rate shares) accelerated by the corporation's payout ratio, that's the amount of profits paid in dividends divided by using the entire internet profits. $DPS = \text{total dividends paid out over a period less any special dividend divide by share outstanding}$.

$$DPS = D-S/SD$$

where:

DPS—Dividend per share

D—Sum of dividends over a duration (normally one (1) year)

SD—Special, one-time dividends

S—Shares for the period dividend in keeping with share.

On account of that agency's primary objective is to go back the fee to its shareholders, dividend in line with proportion matters. Dividends and a boom inside the fee of the inventory itself offer prices to buyers. As an end result, shareholder price is driven by a corporation's income and dividend payouts^[27].

2.4 Accounting information and share price

The problem of the relevance of the accounting data is an essential one while considering how accounting data influences share prices. In keeping with Ibadin and Izedonmi^[32], accounting information's relevance enables customers to assess the capability effects of transactions or other activities on cash flows and confirmatory fees. Value relevance, in line with Beisland^[33], is the potential of financial announcement statistics to capture and sum up an organization's price. The usefulness of economic statements in equity valuation is the concern of the price relevance of accounting facts discussion^[34]. In keeping with Beaver^[35], price relevance studies the relationship between a security's fee and a fixed of accounting variables. He says that accounting data is relevant to value if it changes investors' opinions

and moves approximately making an investment in a stock. Therefore, accounting records have to be able to meet the needs of customers, specifically buyers, when making selections.

In step with Chouinard and Youngman^[36], accounting data is important to a powerful marketplace economic system. In keeping with Oyerinde^[23], price relevance is measured by the connection between accounting information and returns on shares or market fee. As a result, accounting information is worthless if it has no big dating with an enterprise's operational performance or security market price. In line with the statement of the Framework for the Guidance and Presentation of Monetary Statements, which was published in 1989^[37], "fact is relevant if it impacts the monetary selections of customers by assisting them examine past, present, and future events." This definition of value relevance is consistent with this announcement. From the factor of view of investors, Katerina^[38] described price relevance as data that impacts traders' selections concerning fairness investments. In step with Katerina^[38], there are two numbers on fee relevance: the dimension perspective and the signaling angle. The size angle measures the market price signs of the enterprise, together with percentage fee, and accounting measures.

Additionally, they have a look at demonstrates that earnings' incremental value relevance has accelerated while e-book value has remained regular at some point of the pattern length. He involves the realization that earnings and e-book fees don't have any impact on incremental price across industries. These consequences had been defined through the character of the businesses in his pattern and the truth that intangible assets were now not covered in the valuation model.

2.5 Empirical review

Shamki^[39] investigated the value and importance of accounting information related to stock market values of Iraqi service companies and stock market performance models, i.e. profit and book value of equity (separate and combined) for Iraqi service companies in four years 2015-2018. The study state

that in relation to the stock market value model, the value importance of profit and accounting value has grown independently; value. The importance of the results has increased, while it is insignificant in relation to the book value. On the other hand, compared to the stock market performance model, the value importance of the result either individually or together increased, while the accounting value decreased. In general, it has been shown that earnings numbers can significantly illustrate fluctuations in stock market values and stock market returns relative to book values. In addition, the results show that income and book value in particular are more value-based in the stock market value model. In contrast, these variables together are more value-based in the stock return model. According to the study, the gain can broadly illustrate changes in the stock market values of Iraqi service companies. Khomidah and Setiawan^[40] examined the relationship between capital markets and accounting information in the banking sector of ASEAN countries, namely Indonesia, Malaysia, Singapore, Thailand and the Philippines. Specifically, this study examines the relationship between earnings per share (EPS) and book value per share (BVPS). This study documents accounting data in an emerging market context using a sample of listed banks from 2017 to 2019, using stock prices three months after year-end as the dependent variable. The sampling method of this study used a special sampling method to obtain 82 samples that met the criteria. This study uses a panel data regression technique. The results of this study show that earnings and book value have a statistically positive effect on stock prices. This study also shows that income is more closely related to value than other variables. A study by Yusuf, O.M., Okon, A.E., Uareme, I.E., et al.^[41] extended Ohlson's model to include the mediating effect of corporate governance on the relationship between the value relevance of accounting information and stock prices of listed companies on the Nigerian Exchange Group (NGX). The study finds that management practices affect the relationship between accounting information and share price of listed companies in Nigeria. Rahmana and Liua^[17]

looked into the relationship between the change in stock expenses and the discharge of financial accounting records. The 1,272 indexed groups' A-proportion markets in Shanghai and Shenzhen inventory trade furnished the information. The ultimate percentage prices from 2009 to 2019 and selected agencies' annual reports from 2008 to 2018 had been used to compile the information. A stepwise regression version was used in this take a look at to select variables that have the ability to have great outcomes and to examine the regression of extra variables and stock rate. The realization became that the accounting range's price was applicable; the reaction of the inventory fee is positively correlated with profitability, liquidity, and operational efficiency. The evaluation indicates that, to the great of the researcher's knowledge, only a small number of studies have investigated dividend in step with share variables as proxies for accounting records. The preceding research on the difficulty was centered on a specific time period, so it is necessary to revisit the dynamic nature of accounting statistics. The previous findings were characterized by means of uncertainty. This examines the value relevance of accounting information on Nigerian manufacturing corporations' percentage charges in light of the aforementioned issues. Mbekomize and Popo^[9] used statistics from agencies indexed on the Botswana inventory alternate from 2012 to 2018 to study the statistical relationship between four units of accounting records and marketplace proportion costs. The facts had been analyzed using the normal least squares regression approach. In keeping with the findings, the maximum cost-relevant facts for proportion expenses are income, followed by using dividends and e-book fee. Greater than another accounting amount combination, the aggregate of dividends and earnings changed into greater relevance to value. Bankole and Ukolobi^[16] checked out the fee reliance on accounting records in 20 monetary service agencies listed on the Nigerian stock alternate between 2012 and 2018. The information that has been accumulated for this has a look at analyzing the usage of E-perspectives 10. We used the least rectangular regression tech-

nique to make our statistical picks. The Hausman check discovered that the random effect version is more appropriate than the constant effect version. Proportion charge and business enterprise length are positively and considerably correlated. DPS, EPS, CFO, BVS, and SP all have a terrible however non-great relationship, Ezejiofor^[42] checked out the volume to which Nigerian production corporations' value relevance of monetary records has progressed on account of those international financial reporting standards (IFRS) changed into carried out. The once a year reviews and bills of the sampled businesses served because of the supply of the records. With the assistance of SPSS model 20.0, the information was analyzed and confirmed using the Chow take a look at and regression analysis statistical equipment. Consistent with the examination, manufacturing businesses in Nigeria's coins drift, market percentage charge, e-book value per percentage, and income per proportion have all multiplied because of the adoption of IFRS. Busari and Bagudo^[43] regarded the relative importance of financial facts for economic establishments' consolidated and separate financial statements. As impartial variables, they used earnings in keeping with proportion, book fee in step with proportion, dividends in keeping with percentage, and coins flows in keeping with percentage. Even though consolidated financial records changed into greater fee relevant than separated financial facts, they observed that common, accounting information on each consolidated and separated financial data had been relevant to price. Mayadunne^[44] studied how accounting information affects traders' choices about an organization's cost. The dreams of the observer had been to decide the connection between the market charge and the price relevance of accounting statistics, as well as the impact that accounting facts have on the decisions made with the aid of buyers. A sample of 21 banking, financial, and coverage corporations from the Colombo stock alternate in Sri Lanka have been used for this examination over a 5-year period from 2009 to 2013. Going back to fairness, earning yield, internet property value in keeping with proportion, and incomes consist-

ent with percentage were used as independent variables, with market charges serving because of the based variable. The belief was that the connection between marketplace rate and going back on equity, earning according to share, and net belongings value according to percentage is giant and superb. Moreover, there may be no significant connection between marketplace price and income yield. In addition, the findings tested that the marketplace fee is significantly stimulated by way of the return on fairness, incomes in line with share, and net belongings price in keeping with proportion. Muhammad^[45] investigated the impact of IFRS adoption on accounting records' fee relevance. A fee regression version primarily based on Ohson's model (1995). The based variable, accounting facts proxy by using e-book cost in line with proportion, income per proportion, dividend in keeping with proportion, coins waft from operations, and IFRS adoption, turned into regressed the use of everyday least rectangular regression with the unbiased variable. They have a look at used sampled information from 20 insurance corporations that have been listed in the Nigeria stock change between 2009 and 2014. Whilst the observer's findings imply that the adoption of IFRS has reduced the mixed value relevance of accounting information for the indexed insurance agencies, the unbiased variables that have been not stimulated via the adoption of IFRS were: After the adoption of IFRS, e-book cost consistent with percentage, earnings in line with proportion, dividend in keeping with share, and cash float from operations have an advantageous relationship with the charge of a marketplace proportion. By way of analyzing the relationship between income and proportion expenses, Uwuigbe, O.R., Uwuigbe, U., Jafaru, J., et al.^[46] investigated the fee relevance of financial statements on the percentage prices of Nigerian businesses. Secondary information from the reality books of the Nigerian inventory trade and posted audited economic statements of indexed banks from 2010 to 2014 have been used within the look at to accomplish the purpose of the studies. The study used a purposive sample consisting of 15 banks that have been listed in the Nigerian inventory

trade during the study's time frame. The study found that profits consistent with proportion EPS and percentage change are extensively and positively correlated. The aim of Webster's ^[47] has a look at of the value relevance of accounting records turned into to decide the connection between the inventory price of non-monetary agencies indexed on the Nairobi securities exchange and the extent of unfastened cash flows. The 42 non-economic agencies that were listed at the Nairobi stock change made up the population of the study; the study spans was 5 years, from 2011 to 2015. More than one linear regressions had been used for statistical analysis of the study's facts. The statistical regression end result confirmed a connection between the firms' proportion prices and loose cash go with the flow levels. Stock expenses have been discovered to be encouraged positively by way of unfastened cash waft. Samuel and Pradeep ^[48] got down to find out the factors that agencies use to set their proportion marketplace fees. Fourteen (14) agencies that were indexed on the Johannesburg stock change among 2009 and 2013 have been chosen for the study according to its goal. The statistical device referred to as more than one regression evaluation was used to study the secondary statistics about the companies. Dividend in keeping with share, income in step with share, and the price-profits ratio had been the look on independent variables, and proportion charges were the have a look at is established variable. According to the study, the price-earnings ratio, dividend consistent with proportion and earnings consistent with proportion account for about fifty-seven. 8% of marketplace proportion charge modifications. The ratio of unbiased variables became observed to have a fine and sizeable correlation with the structured variable, proportion fees. This study's findings advocate that companies can increase price-earnings, dividends consistent with share, and income per percentage to create value for shareholders. Zahid ^[49] regarded how company governance impacts firms' accounting information's value relevance on Kenya Stock Exchange (KSE). The study made use of secondary facts from 90 non-monetary groups that have been indexed on the trade for 11

years, from 2005 to 2014. The panel statistics estimation method and glued impact model were used to regress the independent variables over the established variable. The findings found that accounting facts on cost relevance are drastically encouraged by means of corporate governance. The income per percentage is positively and extensively impacted with the aid of board independence and board length, according to the personal correlation of the variables. Profits according to share are unaffected by means of audit quality, at the same time as e-book price in keeping with share is unaffected by way of board independence, board length, and audit first-class. Within the rising capital markets, Arkan, T. ^[50] investigated the importance of financial ratios derived from economic statements in predicting stock rate trends. The price relevance of accounting records to stock fee has been the problem of numerous studies, every with its very own specific set of findings. Using their accounting facts for the 2011/2012 fiscal 12 months, Oloidi and Bolade ^[51] analyzed the principal variables that affect the costs of equity stocks held by using organizations that might be listed on the Nigerian stock alternate. They used normal least square regression to evaluate the quoted price of the agency's stocks as of January four, 2011, with the alternative explanatory variables prior year percentage change, profits, and dividends—in their examination of eighty groups. The study findings showed that dividends per share had a high-quality and considerable impact on fairness percentage change at = 0.014, that profits according to share had a terrible effect at = 0.05, and that the share rate of the previous year had a sizable and fine have an impact on fairness percentage price at = 0.000. With an adjusted R-rectangular fee of 0.969, the studied variables' combined explanatory electricity (earlier year share price, income, and dividends) explained the equity share charge variant. This proved that these 3 explanatory variables have been chargeable for explaining about ninety seven% of the elements that decided the costs of fairness stocks. Umobong and Akani ^[52] looked into the differences in accounting statistics nice between production groups in Nigeria earlier than and

after IFRS adoption. For the 5 years 2009-2013, secondary information from the monetary statements of a sample of 4 listed cement production groups and seven listed breweries businesses became collected. The cross-sectional area survey turned into used, accounting variables were the challenge of multiple regression analysis, and equality of mean turned into tested to compare pre- and submit-IFRS results. The usage of incomes control, cost relevance, and well-timed loss popularity as independent variables, examined reveals a decline in accounting nice. Earnings and fairness e-book value are found to be much less relevant to price, and loss popularity is much less timely inside the publish-IFRS period than it becomes in the pre-IFRS duration. To determine the price relevance of accounting statistics in Nigeria, Omokhudu, O.O., Ibadin, P.O. ^[53] rent each the essential Ohlson's model (1995) and a changed version that includes dividends and cash flow from operations. Within the regression of proportion price and returns on accounting numbers, the examiner uses pooled and panel records. Ordinary least squares (OLS) estimation and dynamic version estimation with random and fixed results editions were employed. In keeping with the findings in their research, there has been a statistically good sized dating between company cost and earnings, coins float, and dividends, however there was no statistically huge courting among e-book value and company value. Investors should region more emphasis on income, dividends, and coins flows, instead of e-book values, according to these findings. Further, making an investment public should be knowledgeable of the accounting data used for investments; additionally, this sort of records wishes to be of excessive best to maintain traders from making negative choices about investments that can harm the economic system as an entire.

3. Methodology

3.1 Research design

Ex-Post-Facto research layout was the research design that became hired in this study. An *Ex-Post-*

Facto study controls the cause-impact courting of variables. *Ex-Post-Facto* pursues the discovery factors which are allied with positive prevalence, circumstances, and activities through scrutinizing previous procedures.

3.2 Population and sample size

The research work used purposes sampling technique to select twenty (20) quoted industrial firms on the Nigerian Exchange Group at the end of 2021 fiscal year. This quoted consumer goods manufacturing firms are presented in the appendix (**Table A1**).

3.3 Source of data

Data were sourced from annual reports and accounts of the listed companies, particularly from the sampled firms' financial statements, as well as fact books and publications of the Nigerian Exchange Group served as sources for the data from 2012 to 2021 were used to calculate both the dependent and independent variables, using the companies whose data is available and the periods that covered the implementation of IFRS in Nigeria.

3.4 Model specification

The researcher adopted Ohlson's price model (1995) from two financial reports indicators (financial position and comprehensive income) being used to test the value relevance of financial reporting.

By the Ohlson's Model (1995) :

$$MKTP_{jt} = \beta_0 + \beta_1 BVSH_{jt} + \beta_2 EPS_{jt} + \epsilon_{jt}$$

where, $MKTP_{jt}$ = the market price per share (SP) of firm j at time t ;

$BVSH_{jt}$ = book value per share of firm j at time t ;

EPS_{jt} = earnings before extraordinary items per share of firm j at time t ;

β_0 = constant or intercept;

β_1-3 = coefficients of explanatory variables;

ϵ_{jt} = error term.

In empirical models, the stock price is a linear function of earnings per share and dividend per share. Significant estimates of the regression coeffi-

cient of the control variables indicate a relationship between the variables. For this, the researcher modified the model of Ohlson (1995) as follows:

$$SHP_{it} = \beta_0 + \beta_1 EPS_{it} + \epsilon_{it} \tag{1}$$

$$SHP_{it} = \beta_0 + \beta_2 DPS_{it} + \epsilon_{it} \tag{2}$$

where,

SHP_{it} = share price for firm *i* at the end of year *t*;

EPS_{it} = earnings per share for firm *i* at the end of year *t*;

DPS_{it} = dividends per share for firm *i* at the end of year *t*;

ε = error term (part of the share price which is not interpreted by the model);

β₀ = the intercept;

β₁-β₂ = coefficient of explanatory variable.

3.5 Method of data analysis

This research work engaged regression analysis to evaluate and provides proof of the nature of courting among accounting records and proportion fee via E-view 9.0 statistical software program, the usage of coefficient of correlation which is a good measure of association amid variables, in order to expose the power of courting and the route of association as nicely.

3.6 Decision rule

Accept the alternative hypothesis (H1) if the p-value of the test is less than 0.05, else reject it.

4. Data analysis

From **Table 1**, SHP = company’s share price, EPS = company’s earnings per share, and DPS = company’s dividends per share. The descriptive statistics of the variables show that the average SHP of the tested companies is 3.368. First, it was found that on average for nine (9) years (2012-2021), the sampled companies were characterized by positive accounting information (EPS = 5.77 and DPS = 0.54). The large difference between the maximum and minimum values of earnings per share (EPS) and dividend per share (DPS) indicates that the com-

panies sampled in this study are not dominated by a high market price. Jarque-Bera (JB), which tests variables for normality or the presence of outliers or extreme values, shows that all our variables are normally distributed and significant at the 5% level, and the result can be generalized. This also means that least squares regression can be used to estimate pooled regression models.

Table 1. Descriptive statistics.

	SHP	EPS	DPS
Mean	3.034000	5.772000	0.542000
Median	3.185000	7.385000	0.510000
Maximum	5.870000	7.830000	1.090000
Minimum	0.780000	1.820000	-0.120000
Std. Dev.	1.862520	2.454741	0.375642
Skewness	0.047838	-0.563298	-0.078852
Kurtosis	1.634927	1.528459	2.356861
Jarque-Bera	0.780241	1.431105	0.182708
Probability	0.676975	0.488922	0.912695
Sum	30.34000	57.72000	5.420000
Sum Sq. Dev.	31.22084	54.23176	1.269960
Observations	10	10	10

Source: Researcher’s computation using E-Views 9.0, 2023.

4.1 Pearson correlation matrix result

Table 2 shows an assessment of correlation analysis on the based and impartial variables. Primarily based on **Table 2**, SHP has a weak tremendous correlation with EPS. SHP has a bad correlation with DPS, however suggests a terrible correlation with SHP. Ordinary correlation evaluation on a sample of publicly listed businesses in Nigeria indicates no collinearity trouble primarily based on the significance of the correlation. Therefore, the overall model shows no collinearity problem for the countries.

Table 2. Pearson correlation matrix on variables for sample of manufacturing companies in Nigeria.

	SHP	EPS	DPS
SP	1		
EPS	0.10474	1	
DPS	0.07407	0.18404	1

Source: E-Views 9.0 Correlation Output, 2023.

4.2 Test of hypotheses

Hypothesis 1

Ho1: There is no significant relationship between earnings per share and stock price of industrial companies.

H1: There is a significant relationship between earnings per share and stock price of industrial companies.

The association between stock price and earnings per share was examined using least squares regression analysis as shown in **Table 3**. The coefficient of determination, known as the adjusted R-squared, expresses the variation in the dependent variable caused by variance in the independent variable. The results in **Table 3** show that the adjusted R-squared value was 0.213, indicating that changes in earnings per share accounted for 21% of the variation in stock price and that strange variables not included in the model accounted for 79% of the variation. This is indicated by the probability of the slope coefficients; P (0.7734 > 0.05). A t-value of 0.297897 indicates a positive relationship between EPS and SP, which is

statistically significant at 5%.

The absence of serial correlation in the model is indicated by the Durbin-Watson statistic 0.721461. The null hypothesis was rejected and the alternative hypothesis was accepted as the F statistic for the EPS regression was 0.088743 and the associated F-probability was 0.773371.

4.3 Decision

As Prob (F-statistic) 0.773371 is greater than the critical value of 5% (0.05), there is no significant relationship between earnings per share and the share price of listed manufacturing companies on NSE at a 5% significance level.

Hypothesis two

Ho₂: There is no significant relationship between dividends and the share price of NSE listed manufacturing companies.

H₂: There is a significant relationship between stock dividends and the share price of NSE listed manufacturing companies.

Table 3. Regression analysis output of SHP and EPS of listed manufacturing companies in Nigeria.

Dependent Variable: SP				
Method: Least Squares				
Date: 07/28/23 Time: 21:54				
Sample: 2012 2021				
Included observations: 10				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.492720	1.660466	2.103458	0.0686
EPS	0.079473	0.266781	0.297897	0.7734
R-squared	0.020971	Mean dependent var		3.034000
Adjusted R-squared	0.212657	S.D. dependent var		1.862520
S.E. of regression	1.964635	Akaike info criterion		4.365346
Sum squared resid	30.87831	Schwarz criterion		4.425863
Log likelihood	-19.82673	Hannan-Quinn criter.		4.298959
F-statistic	0.088743	Durbin-Watson stat		0.721461
Prob(F-statistic)	0.773371			

Source: E-Views 9.0 output, 2023.

The association of share price (SHP) and dividend per share (DPS) was evaluated using the least square regression method in **Table 4**. The coefficient of determination known as adjusted R squared revealed the variation in the dependent variable caused by variations in the independent variable. According to the results presented in **Table 4**, the adjusted R squared value was 0.219, indicating that changes in DPS were responsible for 22% of the variation in SHP, while strange variables that were not included in the model were responsible for 78% of the variation. That is shown by the probability of the slope coefficients; $P (= 0.839 > 0.05)$. DPS has a positive relationship with SHP, as indicated by the t-value of

0.210087, which is statistically significant at 5%.

The absence of serial correlation in the model is suggested by the Durbin-Watson Statistic of 0.724746. The null hypothesis was rejected and the alternative hypothesis was accepted because the DPS regression's F-statistic was 0.044137 and the associated F-probability was 0.838851.

4.4 Decision

As Prob (F-statistic) 0.838851 is greater than a critical value of 5% (0.05), there is no significant relationship between dividends and the share price of manufacturing companies listed on NSE at a 5% level of significance.

Table 4. Regression analysis output of SHP and DPS of listed manufacturing companies in Nigeria.

Dependent variable: SP				
Method: Least squares				
Date: 07/28/23 Time: 21:56				
Sample: 2012 2021				
Included observations: 10				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.834939	1.133978	2.499994	0.0369
DPS	0.367271	1.748186	0.210087	0.8389
R-squared	0.015487	Mean dependent var		3.034000
Adjusted R-squared	0.218827	S.D. dependent var		1.862520
S.E. of regression	1.970074	Akaike info criterion		4.370876
Sum squared resid	31.04954	Schwarz criterion		4.431393
Log likelihood	-19.85438	Hannan-Quinn criter.		4.304489
F-statistic	0.044137	Durbin-Watson stat		0.724746
Prob (F-statistic)	0.838851			

Source: E-Views 9.0 Co-integration output, 2023.

5. Discussion, conclusions and recommendations

The intention of these studies was to determine the association among the share costs of producing sector businesses which might be indexed on the NSE from 2012 to 2021 and the cost relevance of accounting facts. Consistent with the literature, researchers have now not yet reached a consensus concerning the relationship between the percentage charge and the fee relevance of accounting data. As a

result, the relationship continues to be in its infancy. In step with facts evaluation, income per share had a poor and insignificant relationship with percentage price, whilst dividend consistent with share had a bad and good sized relationship with percentage fee in Nigeria's production quarter.

The outcome is constant with these findings: Omokhudu OO, Ibadin PO., Uwuigbe and co-workers, Oloidi and Bolade ^[53,46,51] who located a sizable bad courting between profits per share and proportion price, have been contradicted by means of

Mayadunne and Oloidi ^[44,51] who both observed that income per proportion EPS has a fantastic giant dating with percentage fee. Daye's findings are in keeping with this result even as Samuel, T.E., Pradeep ^[48] found a considerably terrible correlation among income consistent with percentage and proportion charge.

The following policy tips had been proffered from the findings and end of this observation:

The control of companies needs to make a public offering of ordinary shares and if in any respect possible, an advantage provides so one can improve funds for their shareholders because earnings consistent with share is notably correlated with the proportion price. As a result, organizations might also have greater opportunities to diversify their investments and notice a boom in their profits in step with percentage, which in flip will increase the cost of their shares.

The popularity that dividend payments have an effect on traders. For the reason that dividends have been found to have an effect on the fee of stocks, dividend coverage must allow for the charge of everyday dividends. This is due to the fact traders depend heavily on dividends.

Conflict of Interest

There is no conflict of interest.

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Appendix

Table A1. Names of sampled manufacturing companies in Nigeria.

7-Up Bottling Company Plc
Cadbury Nigeria Plc
Champion Brew. Plc
Dangote Flour Mills Plc
Dangote Sugar Refinery Plc
DN Tyre & Rubber Plc
Flour Mills Nigeria Plc
Golden Guinea Brew. Plc
Guinness Nig Plc
Honeywell Flour Mill Plc
International Breweries Plc
Multi-Trex Integrated Foods Plc
Nig. Flour Mills
Nascon Allied Industries Plc
Nestle Nigeria Plc
Nigerian Brew. Plc
Nigerian Enamelware Plc
PZ Cussons Nigeria Plc
Unilever Nigeria Plc
Union Dicon Salt Plc
Source: Nigerian Stock Exchange Website (2021).