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INFORMATION AND SHARE PRICES OF CONSUMER GOODS COMPANIES IN NIGERIA

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Abstract

Financial markets rely on accurate and relevant accounting information to guide investment decisions. However, concerns persist regarding the extent to which financial statements influence share prices, particularly in Nigeria's consumer goods sector. Hence, this study investigated the effect of the value relevance of accounting information on share prices in the Nigerian consumer goods industry from 2012 to 2022. A total of 13 industries were selected using purposive sampling. The study employed panel multiple regression with a fixed-effects model alongside the Dumitrescu and Hurlin panel causality test to analyze the data. The findings revealed that earnings per share, book value of equity, and cash flow from operations have a significant and positive impact on share prices. Additionally, the causality test established a unidirectional causality running from these accounting measures to share prices, confirming that financial information drives stock performance rather than the reverse. Based on these findings, the study recommends that investors, regulators, and policymakers prioritize accurate, transparent, and timely financial reporting to enhance market efficiency and investor confidence. Strengthening financial disclosure standards and corporate governance practices will further ensure the reliability of accounting information in influencing share price movements.

Keywords: *earnings per shares, book value of equity, cash flows, share prices, consumer goods.*

Introduction

The efficient functioning of capital markets relies heavily on the availability and reliability of financial information, as it helps investors make informed decisions regarding the value of firms. The Nigerian stock market has witnessed heightened volatility in recent years, with frequent fluctuations in share prices reflecting broader economic uncertainties (Pole & Cavusoglu, 2021; Oloruntoba, 2024). This instability is particularly evident in the consumer goods sector, where factors such as inflation, exchange rate fluctuations, and economic downturns contribute to erratic market behavior. In such an unpredictable environment, the relevance and reliability of accounting information have become crucial for investors and other stakeholders making financial decisions (Mesioye & Bakare, 2024; Rashid & Sabir Jaf, 2023). Accurate and transparent financial reporting enhances market confidence and enables investors to assess the true value of firms. As financial markets evolve, there is an increasing focus on evaluating how well accounting information aligns with the actual worth of companies and its influence on share prices.

The relationship between accounting information and share prices has gained considerable attention, particularly in the Nigerian consumer goods industry. As financial markets become more complex, understanding the extent to which financial reports influence investment decisions is vital. In Nigeria's growing economy, ensuring accurate financial reporting is essential for the stability and efficiency of capital markets. However, concerns persist regarding the extent to which accounting figures reflect a firm's actual financial health and how these figures influence stock price fluctuations. Share prices are influenced by various factors, including a company's financial performance, market conditions, and investor sentiment. When stock prices deviate significantly from their expected values, it raises concerns about potential mispricing, which may result from market inefficiencies, asymmetric information, or investor behavior (Ratih et al, 2023; Dhingra, 2024).

Accounting information serves as a fundamental tool for decision-making in financial markets, ensuring that investors, analysts, and policymakers have access to reliable data for evaluating corporate performance. However, the quality and relevance of accounting disclosures may vary due to regulatory differences, economic conditions, and managerial discretion. In Nigeria, financial reporting is governed by regulations such as the Companies and Allied Matters Act (CAMA) and oversight from the Financial Reporting Council of Nigeria (FRCN). Despite these regulatory frameworks, variations in accounting policies can lead to inconsistencies in reported financial data, affecting investor perception and stock valuation. Some firms may employ aggressive accounting strategies to present higher earnings, while others may adopt conservative measures, resulting in lower reported profits. These differences can lead to discrepancies in how investors interpret financial information, contributing to share pricing anomalies (Ahmed et al, 2023).

Over the years, studies on the value relevance of accounting information and its impact on share prices have yielded inconclusive results. While some researchers argue that accounting information positively influences share prices by providing investors with relevant and reliable financial data, others contend that its impact is insignificant or even misleading. For instance, Muhammad and Yahaya (2024), Khalaf et al (2023) and Hameedi et al (2021) found that earnings per share and book value of equity are significant determinants of stock prices, reinforcing the notion that accounting data plays a crucial role in investment decisions. Conversely, studies such as Adeshina et al (2024), Uniamikogbo, et al (2018) and Olaoye and Ekundayo (2022) suggest that the relevance of accounting information has declined over time due to market inefficiencies, information asymmetry, and changes in financial reporting standards. These conflicting findings raise the critical question: what effect does accounting information have on share prices in Nigeria? In light of this debate, the objective of this paper is to examine the effect of value relevance of accounting information on the share prices of Nigerian consumer goods firms and also determine the direction of causality.

Aside from the introduction, the remainder of the paper is organized as follows: Section 2 reviews the relevant literature, Section 3 outlines the methodology employed, Section 4 presents the results, and Section 5 offers conclusions along with suggested recommendations

Literature Review

Conceptual Review

Value Relevance

The concept of the value relevance of accounting information refers to the extent to which financial data, as reported in a company's financial statements, influences investors' decisions and stock prices (Ogbodo & Osisioma, 2020). According to Barth, Beaver, and Landsman (2001), value relevance is defined as the degree to which accounting information is associated with stock prices or returns, meaning that accounting measures such as earnings, book value, and cash flow provide reliable indicators of a company's financial health and future performance. On the other hand, Holthausen and Watts (2001) define value relevance as the ability of financial statement information to reflect the true economic value of a company, with the implication that if accounting data is highly relevant, it should significantly affect the valuation of the firm in the market. Both definitions emphasize that for accounting information to be valuable, it must be timely, accurate, and capable of influencing investor perceptions and, ultimately, the pricing of a company's shares in the stock market.

Share prices refer to the current value at which a company's stock is traded in the financial markets, and they represent the price that investors are willing to pay for a single share of the company at a given point in time. According to Fama (1970), share prices are a reflection of the collective market sentiment and are determined by the interaction of supply and demand in the stock market, with various factors—such as company performance, market conditions, investor expectations, and macroeconomic indicators—affecting their movement. In another definition, Black (1986) describes share prices as the present value of expected future cash flows and profits, indicating that the price of a stock is determined by investors' perceptions of the company's ability to generate future earnings, discounted to reflect the risk associated with those earnings. Both definitions highlight that share prices are dynamic and influenced by both internal financial performance and external market conditions, with investors continuously adjusting their valuations based on new information and expectations about the company's future prospects.

Theoretical Review

The study anchored its theoretical framework on Signaling Theory, which was primarily proposed by Michael Spence in 1973. This theory suggests that in situations of asymmetric information, one party (typically a company) sends signals to the other party (investors or the market) to convey important information about its quality or performance. The firm uses these signals such as financial disclosures, earnings reports, and other forms of accounting information to reduce uncertainty and enhance investor confidence in its financial health and future prospects. In the context of the consumer goods industry, these signals are crucial in shaping how investors perceive a company's potential, which ultimately affects stock prices.

Signaling Theory is highly relevant to this study as it provides a framework to understand how accounting information acts as signals that influence investor decisions and stock price movements. It is believed that signaling a firm's profitability, asset strength, and growth potential through these accounting metrics, can attract investors and increase their market valuation to a company.

The strength of Signaling Theory lies in its ability to explain how market participants use available information to make investment decisions despite uncertainty. It helps illustrate the process by which investors interpret accounting data as signals of firm value and quality. This framework is particularly powerful in understanding how a company's financial performance, as reflected in key accounting metrics, can influence market perceptions and stock prices. Additionally, Signaling Theory emphasizes the importance of transparency and the effective communication of financial health, which are critical in capital markets.

Empirical Review

Mutalib et al. (2024) investigated the moderating role of real Gross Domestic Product (RGDP) on the relationship between accounting information and share prices, extending the Ohlson model by incorporating RGDP and analyzing its impact on the association between accounting fundamentals and share prices of listed manufacturing firms on the Nigeria Exchange Group (NGX) from 2012 to 2021, using an ex-post facto research design and robust Ordinary Least Squares (OLS) methodology; their findings revealed that Earnings Per Share (EPS), Net Book Value Per Share, and Price Earnings Ratio are positively and significantly related to share prices, while Return on Equity (ROE) is insignificantly related, with RGDP showing a significant moderating role on the relationship between Net Book Value Per Share and share prices, a negative influence on the relationship between EPS, P/E ratio, and share prices, but a positive and insignificant relationship between ROE and share prices.

Soje and Tanko (2024) examined the nexus between book value and share prices of listed firms on the Nigerian Exchange Group, with a focus on inflation as a mediating variable. Utilizing book value per share as the independent variable, share prices as the dependent variable, and the inflation rate as the mediating variable, the study employed regression analysis to assess direct effects and a structural equation model to evaluate the mediating effects, using data from company financial statements and capital market records for the period 2011-2020. The findings revealed that book value per share has a negative and insignificant effect on share prices, while inflation significantly mediates the relationship between book value per share and share prices.

Chouaibi and Mutar,(2024) investigated the impact of International Financial Reporting Standards (IFRS) on the value relevance of accounting information among a sample of banks listed on the Iraq Stock Exchange. The study analyzed the information content of annual financial statements from 15 banks, selected from a total of 46, for the period 2012-2021. These banks were chosen based on the availability of financial statements for 2021 and consistent data disclosure during the specified years. The independent variable, IFRS, was measured by assigning a value of 1.0, while value relevance, the dependent variable, was assessed using the Ohlson (1995) model. Statistical analysis conducted using Stata revealed a positive and significant relationship between the adoption of IFRS and the value relevance of accounting information. The findings suggest that increased adherence to IFRS is associated with higher levels of value relevance in published accounting information. The study recommended that the Central Bank of Iraq mandate IFRS compliance for banks listed on the Iraq Stock Exchange to reduce information asymmetry and enhance the relevance of accounting information for investors

Amedu and Orji-Okafor (2023) investigated how financial reporting quality affects the share price movements of selected consumer goods manufacturing firms listed on the Nigeria Exchange Group, focusing on earnings per share, dividend per share, return on equity, and return on assets. Using an ex post facto research design, they analyzed data from sixteen purposively selected firms over the period from 2012 to 2021, employing a fixed effect regression model. The study found that earnings per share had a significant positive impact on share prices, while dividend per share had a positive but non-significant effect. Return on assets was shown to negatively impact share prices significantly, and return on equity also had a positive but non-significant effect. The study concludes that maintaining profitability, prudent capital allocation, transparent financial reporting, and engaging effectively with investors are key to positively influencing share prices and enhancing stakeholder value.

Okonewa (2023) empirically investigate the value relevance of environmental sustainability information disclosure of listed oil and gas firms in Nigeria, this study made use of Ohlson 1995 Valuation Model and a fifteen (15) year time period beginning from year 2006 to year 2020. Further, the study applied carbon emission information disclosure data as the non-financial information and hypothesized that carbon emission information disclosure is value irrelevant in Nigeria. In this study, ex-post facto and descriptive research design based on a panel data set secondarily sourced from annual financial reports of eight (8) listed oil and gas firms in Nigeria was employed. Robust least square regression analysis technique was employed to test the formulated hypotheses. Results obtained from the descriptive statistics reflects a poor carbon emission reporting situation in Nigeria. The result reveals that on average about 2% of the sampled firms disclosed information relating to carbon emission during the period under study. Specifically, the notion that investors perceive the control of carbon emission as severe cost rather than profit was established. This is due to the outcome from the regression result which suggest that stock market investors reactions towards carbon emission disclosure of oil and gas firms in Nigeria is negative.

Arfianti, et al (2023) investigate the value relevance of fair value measurements for assets and liabilities at different levels, and examine whether institutional ownership enhances the value relevance of fair value measurements at these levels. The study was conducted on a sample of 90 banking companies listed on the Indonesia Stock Exchange during the period of 2018-2020, selected using purposive sampling method. The panel data linear regression method was used to analyze the data. The findings of the study reveal that the value relevance of fair value measurements differs depending on the level of the asset or liability. Specifically, the fair value of level 3 assets is more relevant than those at levels 1 and 2, whereas the fair value of liabilities at levels 1 and 2 is more relevant than those at level 3. Moreover, the study does not support the hypothesis that the fair value information at levels 1 and 2 is more relevant than that at level 3 for making investment decisions. Furthermore, the study examines the impact of institutional ownership on the value relevance of fair value measurements for assets and liabilities at different levels, and finds that institutional ownership does not significantly increase the value relevance of fair value measurements at any of the levels.

Ighosewe, (2022) make a comparison of the value relevance of accounting information between pre- and post-IFRS adoption periods for listed non-financial firms in Nigeria and South Africa. The study's use of panel data and pooled OLS methodology is appropriate for this type of research. The study's finding that book value per share, earnings per share, firm size, leverage, and cash flow have higher value relevance in the post-IFRS periods than in the pre-IFRS periods for Nigerian firms is noteworthy. It suggests that the adoption of IFRS has increased the quality and comparability of financial reporting in Nigeria. Similarly, the finding that book value per share, earnings per share, and firm size have higher value relevance in the post-IFRS periods than in the pre-IFRS periods for South African firms is interesting, although it seems that the effect is less pronounced than for Nigerian firms. The study's conclusion that accounting information is more value relevance amongst Nigerian firms than South African firms is also noteworthy.

Felix, (2022) examined the value relevance of accounting information in Nigeria and South Africa before and after the adoption of International Financial Reporting Standards (IFRS). Panel data from listed non-financial firms in Nigeria (from 2007-2016) and South Africa (from 2000-2009) were collected and analyzed using pooled OLS methodology. The independent variables were accounting information variables such as Book value per share (BVPS), Earnings per share (EPS), Firm size (FS), Leverage (LEV), Cash flow (CF) and Current ratio (CURR), while the dependent variable was the share price. The results showed that in Nigeria, Book value per share, earnings per share, firm size, leverage, and cash flow were positively significant to share price and had higher value relevance in the post-IFRS period than in the pre-IFRS period. However, the current ratio had a negative insignificant effect on share price and no value relevance in both periods. Similarly, in South Africa, book value per share, earnings per share, and firm size had a significant positive effect on share price and had higher value relevance in the post-IFRS period than in the pre-IFRS period. However, leverage and cash flow had an insignificant positive effect on share price, while the current ratio had an insignificant negative effect on share price and no value relevance in both periods.

Ogieh and Jeroh (2022) examined the accounting value relevance of book value and earnings in share prices of banks and financial institutions listed in the Tunisian stock exchange. The study used a sample of available banks and financial institutions listed in the Tunisian Stock Exchange from 2010 to 2015 and analyze the documented accounting information in an emergent market context by using stock price of three months after year-end as a dependent variable. The research employs the panel regression technique on 24 banks and financial institutions during the study period. The findings of the study reveal that both earnings and book value are significantly associated with firm value. Furthermore, using these variables together has a positive impact on the firm stock price share. The results demonstrate that book value is statistically more value-relevant than earnings per share models. It is noted that the earnings explain a higher proportion of the stock price for the group of financial institutions than the group of banks, which was expected.

Abubakar et al. (2021) investigated the value relevance of accounting information following the mandatory adoption of IFRS in the Nigerian banking industry. The study focused on the role of financial statements in providing information useful for investment and other economic decisions, highlighting the importance of Generally Accepted Accounting Principles (GAAP) and uniform accounting standards like IFRS in enhancing the quality of financial reports. Employing a correlational research design, the study analyzed a sample of 15 banks over an 8-year period (2008-2015), comparing pre-and-post IFRS regimes using panel regression techniques. The findings indicated that IFRS adoption significantly improved the value relevance, or decision usefulness, of accounting information in Nigerian deposit money banks, particularly enhancing the relevance of book values of equity and accounting earnings. The study recommended that accounting regulators should further investigate the credibility of IFRS implementation within Nigerian banks

Methodology

The research design adopted for this study is the ex-post facto design, which is used to investigate cause-and-effect relationships among variables. Ex-post facto research aims to identify factors associated with specific events, conditions, behaviors, or occurrences by analyzing pre-existing data. This design is particularly useful when studying phenomena where manipulation or control of variables is not possible, and it helps in drawing conclusions based on the observation of past events

Population and Sample Size and Sampling Method

The population for this study consists of the thirteen (13) consumer goods industries listed on the Nigerian Exchange Group (NXG) over the ten-year period from 2013 to 2022. A sampling method was employed to select thirty manufacturing firms from the NSE. The selection of these firms was based on the following criteria: the firms must have been listed on the NSE each year from 2013 to 2022, provided complete financial statements for the year ending December 31, and remained consistently registered with the NXG.

Data and Sources of Data

The data used for this study are accounting information proxied requirements for this study include comprehensive financial metrics and stock price information from the 21 consumer goods manufacturing industries listed on the Nigeria Exchange Group (NGX) from 2012 to 2022. Specifically, the study will require historical data on earnings per share (EPS), book value of equity, and price to earnings (P/E) ratio and corresponding share price data for each company. The data were sourced from the Nigerian Exchange Groups, company annual reports, and financial databases. This choice of data sources is justified by their authoritative and comprehensive nature, ensuring the availability of accurate and consistent financial information essential for longitudinal analysis.

Model Specification

This study followed after the model by Ogbodo and Osisioma, (2020) with slight modification. The functional form of the model is specified as:

$$SP_{it} = f\ (EPS_{it},\ BVE_{it}, PER_{it}, FS_{it}, LIQ_{it},) \quad (1)$$

Where:

SP_{it}= Share price for individual firm i at period t

EPS_{it} = Earning Per Shares for individual firm i at period t

BVE_{it} = Book value of equity for individual firm i at period t

PER_{it} = Price per earnings ratio for individual firm i at period t

FS_{it} = Firm Size of firm *i* in period *t*

LIQ_{it} = Liquidity of firm *i* in period *t*

Equation 1 is reformulated in econometric form as follows:

$$SP_{it} = \beta_0 + \beta_1 EPS_{it} + \beta_2 BVE_{it} + \beta_3 PER_{it} + \beta_4 FS_{it} + \beta_5 LIQ_{it} + \varepsilon_{it} \quad (2)$$

Where β_0 is the intercept or constant term, $\beta_1 - \beta_5$ are the coefficients or slopes of the independent variables, and ε is the stochastic error term that captures the unobserved factors affecting the dependent variable.

$$logSP_{it} = \beta_0 + \beta_1 logEPS_{it} + \beta_2 logBVE_{it} + \beta_3 logPER_{it} + \beta_4 logFS_{it} + \beta_5 logLIQ_{it} + \varepsilon_{it} \quad (3)$$

Method of Data Analysis

This study employed Panel Multiple Regression with a fixed-effect model, along with the Dumitrescu-Hurlin causality test, to analyze panel data from 2013 to 2022. Regression analysis was applied to estimate the impact of accounting information on share prices while the Dumitrescu-Hurlin causality test was utilized to determine the direction of causality between the variables.

Results

Descriptive Statistics

Table 1 presents the descriptive statistics for the variables utilized in this study. The average share price (SP) across the sampled firms is ₦38.246, representing the mean stock price over the study period. The share price exhibits variability, with a standard deviation of ₦0.760, indicating fluctuations around the mean. The lowest recorded share price is ₦20.110, while the highest reaches ₦347.400. The mean Earnings Per Share (EPS) is 1.774, signifying that, on average, the firms in the sample generated ₦1.774 in earnings per share during the study period. The highest EPS recorded is ₦6.500, while the lowest is -₦5.595, showing that some firms incurred losses during the period. Similarly, the Book Value of Equity (BVE) varies among the sampled companies. The average BVE is ₦3.418, representing the mean value of shareholders' equity per share. The maximum BVE observed is ₦4.680, whereas the minimum is ₦1.220, showing differences in firm equity values within the consumer goods sector. The Price-to-Earnings Ratio (PER) has an average value of 0.387, meaning that investors, on average, are willing to pay ₦0.387 for every ₦1 of earnings generated by the firms. The highest PER recorded is 7.100, while the lowest is -10.120. Firm Size (FS), has a mean value of 7.795. The largest firm in the sample has a size of 3.065, whereas the smallest is -0.318 suggesting the presence of firms with negative equity or financial distress during the period. Liquidity (LIQ) indicate an average value of 4.850, suggesting that the firms generally maintain a reasonable level of liquid assets relative to their liabilities. The highest recorded liquidity level is 19.630, while the lowest is -0.670, highlighting firms that faced liquidity constraints during the study period.

Table 1: Descriptive Statistics

	SP	EPS	BVE	PER	FS	LIQ
Mean	38.246	1.774	3.418	0.387	7.795	4.850
Median	23.33	1.501	3.612	1.010	9.600	5.070
Maximum	347.400	6.500	4.680	7.100	3.065	19.630
Minimum	20.110	-5.595	1.220	-10.120	0.318	-0.670
Std. Dev.	0.760	1.975	0.908	2.352	34.978	4.151
Skewness	3.510	-0.532	-1.089	-2.475	-10.711	0.744

Source: Author, 2024

Correlation

Table 2 presented the results of the correlation analysis, which examined the relationships between stock prices and various financial indicators. The findings indicated a positive and statistically significant correlation between stock prices and Earnings per Share (EPS), with a coefficient of r = 0.184* ($\rho < 0.05$). This suggested that companies with higher EPS tended to have higher stock prices, as investors perceived greater profitability as a positive signal of financial stability and growth potential. The analysis further revealed a strong and significant positive correlation between stock prices (SP) and Book Value of Equity (BVE), with a coefficient of r = 0.338** ($\rho < 0.05$). Similarly, the correlation between stock prices and the Price-to-Earnings Ratio (PER) was also positive and significant (r = 0.274**, $\rho < 0.05$), indicating that firms with higher PERs tended to have higher stock prices. On the other hand, the relationships between stock prices and both Firm Size (FS) and Liquidity (LIQ) were weak and not statistically significant, with correlation coefficients of r = 0.031 ($\rho > 0.05$). and r = 0.090 ($\rho > 0.05$), respectively.

Table 2: Correlation Matrix

Variables		SP	EPS	BVE	PER	FS	LIQ
SP	Pearson Correlation	1.000					
	Sig. (2-tailed)						
EPS	Pearson Correlation	.184*	1.000				
	Sig. (2-tailed)	(0.028)					
BVE	Pearson Correlation	.338**	.530**	1.000			
	Sig. (2-tailed)	(0.000)	(0.000)				
PER	Pearson Correlation	.274**	.235**	.415**	1.000		
	Sig. (2-tailed)	(0.001)	(0.005)	(0.000)			
FS	Pearson Correlation	0.031	.292**	0.098	0.048	1000	
	Sig. (2-tailed)	(0.712)	(0.000)	(0.242)	(0.568)		
LIQ	Pearson Correlation	0.090	0.057	0.114	0.118	0.077	1.000
	Sig. (2-tailed)	(0.288)	(0.499)	(0.175)	(0.161)	(0.363)	

Source; Author, 2024

Unit Root Test

Table 3 presented the results of the Im, Pesaran, and Shin (IPS) panel unit root test, which was conducted to examine the stationarity properties of the variables. The results indicated that stock price (SP) and price-to-earnings ratio (PER) were stationary at levels, as evidenced by their statistically significant test statistics at the 5% significance level ($\rho < 0.05$). This implied that these variables did not require differencing to achieve stationarity, suggesting that their mean and variance remained stable over time. In contrast, earnings per share (EPS), book value of equity (BVE), firm size (FS), and liquidity

(LIQ) were non-stationary at levels, as their exceeded the 0.05 threshold, indicating the presence of unit roots. However, after taking the first difference, EPS, BVE, FS, and LIQ became stationary, as shown by their highly significant test statistics ($\rho < 0.05$). This suggested that these variables exhibited unit roots in their original form but became stable once transformed by differencing.

Table 3: Im, Pesaran and Shin Panel Unit Root Test

	Levels I(0)	First Difference I(1)
SP	-7.151***	
	(0.000)	
EPS	-0.742	-14.130***
	(0.229)	(0.000)
BVE	0.092	-2.572***
	(0.537)	(0.005)
PER	-3.063***	
	(0.001)	
FS	0.198	-3.029***
	(0.579)	(0.001)
LIQ	0.620	-5.014***
	(0.732)	(0.021)

Source: Author, 2024

Effect of Accounting Information on Share Prices

Table 4 presented the results on the effect of accounting information on share prices. The findings showed that, holding all other factors constant, a 1% increase in Earnings Per Share (EPS) resulted in a 0.129% increase in share price. This relationship was statistically significant at ρ<0.05, indicating that EPS had a substantial effect on stock prices. The positive correlation suggested that investors place greater value on companies with higher earnings per share, interpreting this as an indicator of stronger profitability and financial health, which in turn influences market confidence and stock valuation. These findings were consistent with the results reported by Bustani et al. (2021) and Lawal et al. (2024).

Book Value of Equity (BVE) had a statistically significant positive effect on share price. Specifically, holding all other factors constant, a 1% increase in BVE led to a 0.202% rise in share price, with ρ<0.05.

This result indicated that investors valued companies with stronger equity positions, as reflected in higher BVE, and perceived them as more financially stable, thereby influencing stock price positively. The findings supported the outcome by Akpor et al (2024) as well as Koleosho et al (2022).

The Price-to-Earnings Ratio (PER) also demonstrated a positive and statistically significant effect on share price. A 1% increase in PER resulted in a 0.675% increase in share price, with $\rho<0.05$. This suggests that higher PER values were associated with increased stock prices, as investors were willing to pay a premium for firms with higher expected future earnings, indicating optimism in their profitability and growth prospects. The findings supported the outcome by Gharaibeh et al (2022) and Amedu and Orji-Okafor, (2023).

For Firm Size (FS), the relationship with share price was not statistically significant, with $\rho<0.05$. The result showed that a 1% increase in firm size led to a 0.113% increase in share price. However, the insignificance of the result indicated that, while firm size was positively related to share price, it was not sufficient to significantly influence stock prices. This suggests that firm size, in isolation, did not have a strong impact on market valuation in this study.

Similarly, Liquidity (LIQ) showed a significant positive effect on share price. A 1% increase in liquidity resulted in a 0.075% increase in share price, with $\rho<0.05$. This indicates that companies with higher liquidity were valued more highly in the market, as liquidity is often associated with a company's ability to meet its short-term obligations and navigate financial challenges, thus boosting investor confidence and stock prices.

The R-squared value of 0.744 suggests that approximately 74.4% of the variation in stock prices can be explained by the accounting variables (EPS, BVE, PER, FS, and LIQ) included in the model. This indicates a good fit for the model, with the independent variables accounting for a significant portion of the variation in share price. The adjusted R-squared value of 0.725 further confirms that the model is reliable, taking into account the number of predictors and sample size.

Table 4: Effects of Accounting Information on Share Price

Variable	Coefficient	Std. Error	t-Statistic	Prob.

EPS	0.129***	0.05	2.561	0.004
BVE	0.202***	0.094	2.148	0.014
PER	0.675***	0.322	2.092	0.029
FS	0.113	0.011	-1.803	0.274
LIQ	0.075***	0.021	3.506	0.002
R-squared	0.744	Mean dependent var		1.237
Adjusted R-squared	0.725	S.D. dependent var		0.785
S.E. of regression	0.726	Sum squared resid		60.155
Long-run variance	0.472			

Source: Author, 2024

Causality Test

Table 5 presents the results of the Dumitrescu-Hurlin Panel Causality Test, which examined the direction of causality between accounting information and share price (SP). The results indicate that Earnings Per Share (EPS) Granger causes share price, as evidenced by the significant W-statistic of 9.903 and the Z bar-statistic of 8.556 (ρ<0.05). This suggests a unidirectional causality, where EPS influences stock prices. However, the reverse causality (SP does not Granger cause EPS) is not significant, with a Z bar-statistic of 2.0344 and ρ>0.05. indicating no causal effect from stock prices to EPS. Similarly, the causality test for the Book Value of Equity (BVE) shows that BVE Granger causes share price (W-stat = 4.144, Z bar-stat = 5.099, ρ<0.05), but share price does not Granger cause BVE (W-stat = 1.897, Z bar-stat = 1.056, ρ>0.05.). A similar unidirectional causality is observed between the Price to Earnings Ratio (PER) and share price, where PER Granger causes SP (W-stat = 4.650, Z bar-stat = 3.895, ρ<0.05), but share price does not Granger cause PER (Z bar-stat = 1.345, ρ>0.05.). These findings suggest that in each case, accounting information (EPS, BVE, and PER) influences share price, but not the other way around.

Table 5: Dumitrescu-Hurlin Panel Causality Test

Causality Path	W-Stat	Z bar-Stat	Prob
EPS does not Granger cause SP	9.903	8.556***	0.000
SP does not Granger cause EPS	1.562	2.0344	0.674

BVE does not Granger cause SP	4.144	5.099***	0.000
SP does not Granger cause BVE	1.897	1.056	0.786
PER does not Granger cause SP	4.650	3.895***	0.001
SP does not Granger cause PER	2.012	1.345	0.234

Conclusion and Recommendations

The study investigated the impact of the value relevance of accounting information, specifically Earnings Per Share (EPS), Book Value of Equity (BVE), and Price-to-Earnings Ratio (PER), on share prices in Nigeria's consumer goods industry. The results showed that all three accounting variables had a positive and statistically significant effect on share prices, suggesting that higher EPS, BVE, and PER were associated with higher stock valuations. Additionally, the causality tests confirmed that these accounting measures drove share prices, rather than share prices influencing these variables. This finding emphasized the significance of financial performance indicators in shaping market perceptions and stock valuation within the consumer goods sector. Therefore, regulators and companies are encouraged to prioritize the transparency and accuracy of financial reporting, as this information had a substantial impact on investor decisions. The study recommended that firms in the consumer goods industry should focused on improving these key measures to enhance their market standing and investor confidence.

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