

**RELATIONSHIP BETWEEN ACCOUNTING INFORMATION AND
EQUITY SHARE INVESTMENT: EVIDENCE FROM LISTED COMPANIES
IN NIGERIA.**

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**A thesis submitted in partial fulfillments of the requirements for the award of
the Degree of Doctor of Philosophy in Accounting of Jomo Kenyatta University
of Agriculture and Technology.**

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other university.

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DEDICATION

This thesis is dedicated to my family. My dad particularly for teaching me to follow my dream till I gain my ground.

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ABBREVIATIONS

CBN.	Central Bank of Nigeria
CFOPS.	Cash Flow from Operation per Share
EPS.	Earnings per Share
FRCN.	Financial Reporting Council of Nigeria
IASB.	Accounting Standard Board
IAS.	International Accounting Standards
IFRS	International Financial Reporting Standards
NBVPS.	Net Book Value per Share
NSEC.	Nigerian Securities and Exchange Commission
NSE.	Nigerian Stock Exchange
OECD.	Organisation for Economic Cooperation and Development
ROE.	Return on Equity

DEFINITION OF KEY TERMS.

Accounting information: Accounting information is any data or information obtains from the accounting system of a firm whether contained in a financial statement, a special report, or verbal statement (William, 1968).

Earnings per Share (EPS): These are the monetary value of earnings per each outstanding share of a company's equity share. Earnings per share are measured as Net profit after tax and preference share dividend divided by number of outstanding equity shares issued (IAS 33).

Book Value per Share (BVPS): This is a measure used by the owners of equity shares in a firm to determine the level of safety associated with each individual share after debts are paid accordingly (Srinivasan, 2012)

Return on Equity (ROE): This is the ratio of net income of a business during a year to its stockholders' equity during that year. It is a measure of profitability of stockholders' investments (Traub, 2001)

Cash Flows from Operating Activities (CFO): An accounting item indicating the money a company brings in from ongoing, regular business activities, such as manufacturing and selling goods or providing a service (Liu, Nissan, & Thomas, 2007).

ABSTRACT

This study examined empirically the relationship between accounting information and equity share investment in listed Nigerian companies. The study used earnings per share, net book value per share, return on equity, and cash flow from operation per share as proxies for accounting information. The main objective of this study is to establish the effect of financial accounting information on the equity share investment in companies listed on the Nigerian Stock Exchange Market. Specifically, the study establish the effect of earnings per share, book value per share, return on equity and cash flow from operation per share on the equity share investment. The study adopted descriptive and explanatory research designs. Simple and multiple linear regression analysis methods, using panel data Model, were employed to determine the relationship between the dependent variable and the explanatory variables. Both primary and secondary data were used to carry out the study. The primary data were collected through questionnaires administered on the respondents. Secondary data was collected for all variables for a period of ten years (2005 to 2014) and was obtained from the Nigerian Stock Exchange fact book, Published annual financial reports of listed companies in Nigeria and the Nigerian Stock Market annual reports. Correlation and regression methods were used to carry out the inferential analysis. Statistical t-test and F- test were used to test the significance of explanatory variables on dependent variable. Data analysis was carried out using R Software Version 15. The results of the study revealed that there is a significant relationship between accounting information and equity share investment in companies listed on the Nigerian Stock Exchange. All accounting information variables considered in this study significantly influenced equity share investment. Earnings per share have the highest correlation coefficient with equity share

investment, followed by net book value per share, return on equity and then cash flow from operation per share. The study recommends that all listed companies in Nigeria should prepare and disclose accounting information indices that are relevant for equity share investment decisions makings alongside with the mandatory financial statements to meet the needs of equity share investors. Furthermore, accounting regulatory bodies and government should impose strict compliance with accounting standard guidelines on listed companies in their preparation and presentation of financial statements. Sanctions should be imposed on the managers who failed to adhere to the accounting standard guidelines in the preparation and presentation of their company's financial statements.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Reilly and Brown (2006) define investment as a commitment of funds for a period of time in order to derive a rate of return that will compensate the investor for the time during which the funds are invested, for the expected rate of inflation during the investment horizon and for the uncertainty involved. Investment decision is an exchange between current spending and deferred spending so as to enjoy greater benefit in future.

Sultana and Pardhasaradh (2012) claim that investing in equity shares is like investing into ownership of a company, which no other investment instrument can give; unlike any other investment instrument that either gives fixed income or meager returns and no ownership, equity investment gives an opportunity to become a part of the company ownership and also gives regular returns on investment as dividend income or through appreciation in share price. Investing in equity also allows investor to enjoy the flexibility of staying invested as long as he/she wish to, take advantage of the price movements and thus utilize the liquidity. Equity share investors are the primary and major capital providers in the listed companies in Nigeria and they are the owners of the firm. An equity share investment generally refers to the buying and holding stock of shares on a stock market by individuals and firms in anticipation of income from dividends and capital gains, as the value of the stock rises (Okechukwu, 2004).

With the development of Nigerian capital market, the functions and impacts of Nigerian listed companies have been very significant in the Nigerian economy because an economy cannot develop if the real sector is not active (Abubakar, 2012). For a firm to grow, it requires permanent capital. Equity share is the source of permanent capital to a firm and is the most important essential element for the growth of a firm (Mathew & Odularu, 2009).

The basic questions arising now are: what are the main factors that investors considered when investing in the equity share of a company? It has been claimed in the literature that accounting information disclosed in firms' financial statements is the main factor that most investors considered when making equity share investment decisions (Wang & Liang, 2000; Eleke & Opoku, 2013; Wang, Gang & Chao, 2013). Babalola (2012), in his study, 'Significance of accounting information on corporate values of firms in Nigeria,' claims that the accounting information plays an important role in reflecting investment in the equity share of listed companies in Nigeria.

Srinivasan (2012) conducted a study on the determinants of equity share prices in India. The study employs panel data consisting of annual time series data over the period 2006-2011 and cross-section data pertaining to 6 major sectors of the Indian economy. He claims that accounting information data of the industry are essential and immense helpful to investors and analysts in assessing the better stocks that belong to different industry groups. Accounting data provide critical information to shareholders and/or investors as far as the company's past performance is concerned, and are used extensively in forecasting future performance and valuations of equity (Moniz, Kruger, & Nthoesane, 2011).

Financial accounting information is normally used to measure and communicate economic activities of a firm. It is used for managing a business, making investment decisions or monitoring the inflows or outflows of individual or organization income. According to Meyer (2007), accounting information plays a significant role within the concept of generating and communicating wealth of companies. Smith (2006) submits that the main objective of financial accounting information data is to provide information about the company's economy to different users inside and outside the company. Accounting information is a fundamental factor in investment decision making and in the determination of the worth of a firm. Eleke and Opoku (2013) state that accounting information released to the general public by firms directly or indirectly has a major influence on investors' perceptions of the business, hence its value and both individual and institutional investors attach great importance to

information in the selection of portfolios of equity securities, bonds and other investments

This study carried out an investigation into the relationship between accounting information and equity share investment in listed companies in Nigeria with a view to providing accounting information that will aid investors' equity share investment decisions. The accounting measures used in this study to model the relationship between financial accounting information and equity share investment are: earnings per share, net book value per share, return on equity and cash flow from operation per share. Volume (Units) of equity share traded at the Nigerian Stock Exchange was taken as dependent variable and accounting information variables: earnings per share, net book value per share, return on equity and cash flow from operation per share were the independent variables.

Despite, the fact that there are other financial accounting information variables affecting investment decisions, such as, leverage, dividends, liquidity, among others, this study selected earnings per share, net book value per share, return on equity cash flow from operation per share accounting information variables establishing the relationship between accounting information and equity share investment on the basis that they are the main tool in attracting investment. Previous researchers have examined the effect of some important financial accounting information variables in their studies. Most of the Literature selected the earnings per share (EPS), book value per share (BVPS), return on equity (ROE), and cash flow from operation (CFO) among others as the information variables affecting the investors' equity share investment decisions ((Meringa, 2002; Babalola, 2012; Srinivasan, 2012; Shehzad & Ismail, 2014). In fact, investors' perception of variability of earnings, book value, and return on equity and cash flow from operation contribute immensely to their decision to buy or hold or to sell a security. Investment decisions could be made on the basis of the evaluation of the performance of companies. Earnings per share, net book value per share, return on equity and cash flow from operation per share are normally used as tools to appraise operating performance, financial performance, financial stability and liquidity of a company. They help investors to make investment

decisions among companies by using them to compare the performances of companies. A company's accounting parameters can be used to identify stocks that have not been properly evaluated and the book value and earnings form the primary accounting variables which are used to interpret stock prices (Ou & Penman 1989; Ohlson, 1989, 1995; Penman; 1996).

However, the ability of accounting information to affect investors' equity share investment decision has been questioned. Override (2011) states that in the wake of the recent accounting scandals and economic meltdown where billions of naira of investment and retirement wealth has disappeared, the very integrity and survivability of the relevance of accounting information has been called to question.

Novak (2008) claimed that accounting may fail to convey useful information because it is biased, because it is not timely or because it is manipulated. It is sometimes suggested that accounting can hardly convey useful information to investors because it fails to reflect the economic conditions in a timely manner (Base, 1997). Earnings management may be performed by the managers with a view to temporarily achieving favourable performance information. Manipulated earnings may send misleading signals about the company's economic position to investors (Novak, 2008).

1.1.1 Moderating Variable.

According to Baron and Kenny (1986), a moderating variable is a qualitative (e.g., sex, race, class) or quantitative (e.g., level of reward) variable that affects the direction and/or strength of the relation between an independent or predictor variable and a dependent or criterion variable. Specifically within a correlational analysis framework, a moderator is a third variable that affects the zero-order correlation between two other variables. In this study, accounting regulation is the moderating variable between accounting information and equity share investment.

Accounting regulations are general rules (accounting standards- IFRSs) formulated by accounting regulatory bodies (IASB, FRCN) and which should be followed by

the preparers of financial reports in the preparation and presentation of a company's financial statements.

The objective of accounting regulation is to ensure that users of financial statements receive a minimum amount of information that will enable them make meaningful economic decisions regarding their interests. Accounting regulation serves as a moderating variable between accounting information data and equity share investment. These regulatory requirements usually have effect on accounting information disclose in firms' financial reports and equity investment decision makings by influencing the information contains in a firm's financial statements through mandatory disclosure requirements, prescription of items of income and expenses to be recognized and how those items are to be presented in the firm's financial statements.

A company's financial statements present its current financial condition and future prospects to investors. To be useful, a company's financial statements need to be accurate, understandable and easily compared with the statements of other companies (Roddick, 2015). Baldwin and Cave (1999), argue that regulations are necessary so as to avoid windfall profits, to prevent profit-skimming and to avoid free rider effect. Regulations on financial reporting are very important especially now that the Nigerian Government is calling for foreign direct investment (FDI) in the private sector from international investors and Nigerians in Diasporas to invest in the country. Investors and other financial statement users need information to enable them to decide where to invest. Adequate supply of such information made possible will reduce adverse selection and moral hazard problems so that investors are protected (Abdulkadir, 2014).

1.1.2 Accounting Regulatory Framework in Nigeria

The institutions responsible for accounting regulations in Nigeria are often statutory agencies such as: Nigerian Accounting Standards Board now Financial Reporting Council, Central Bank of Nigeria, Securities and Exchange Commission, Nigerian Stock Exchange, and Professional accountancy bodies. Accounting regulations in

Nigeria are carried out through the pronouncements of these regulatory bodies and the provisions of Companies and Allied Matters Act (CAMA), 1990.

The Nigerian Financial Reporting Council is in charge of the accounting standards of nongovernmental organizations. The council establishes guidelines for companies to follow to ensure proper financial reporting. By following these national standards, companies publish more accurate and uniform financial statements. This makes it easier for investors to review and compare the status of different companies.

The Companies and Allied Matters Act, 1990 is a comprehensive securities law for the country. It deals with a wide range of issues such as invitation of public to a securities offer, registration of securities, prospectuses, allotment, unit trusts, reconstructions, mergers and takeovers as well as insider trading. The Act requires directors of every company to prepare financial statements in respect of each year of the company and gives detail of the contents and information to be included in a company's financial statements.

The Nigerian Securities and Exchange Commission (SEC) and The Nigerian Stock Exchange (NSE) specify and regulate financial reporting and disclosure requirements of listed companies in Nigeria (Odiannson, 2011). The goal of the Securities and Exchange Commission is to ensure that investors have access to all information relevant to an investment decision. This is done by requiring all public companies to release accurate and timely financial information. The Nigerian Stock Exchanges sets listing and post-listing requirements for companies seeking quotation. The post-listing requirements of the Nigerian Stock Exchange laid emphasis on the timely release of information. Quoted companies are required to provide the market with information about their operations to the public. This information includes quarterly, half-yearly and yearly financial accounts (Oyerinde, 2011).

The Central Bank of Nigeria (CBN) is in charge of the supervision and regulation of banks in Nigeria. The Central Bank of Nigeria prescribes minimum instructive disclosure requirements pertinent to banks financial statements and the appointment of statutory auditors.

1.1.3 Accounting Information and Equity Share Investment in Developed Countries.

In developed countries many studies have been undertaken to explore the relationship between accounting information, share price and investment in equity (Ali & Hwang,2000; Hung, 2001; Arce& Mora,2002; Black & White, 2003; Gjerde, Knivsfla & Sættem, 2010). All these studies show that accounting information: earnings and book value are significant factors in evaluation of corporations and that these variables are significantly related to share prices and thus investment decisions. Abayadeera (2010) tested for the value relevance of financial and non-financial information in high-tech industries in Australia with a sample size of 91 companies running through various sectors of the Australian economy. His studies showed that value relevance declined in earnings but increase in book value and the book value is the most significant factor and earnings are the least significant factor in deciding equity share investment in high-tech industries in Australia.

King and Langli (1998) in their study, 'Accounting Diversity and Firm Valuation', carried out a study on the relationship between financial accounting information(book value of the equity and the earnings per share) and the stock prices of listed companies in three European countries, Germany, Norway and the United Kingdom. The results of their study revealed that both the book value and the earnings per share have significant relation with the stock price and hence equity investment decision. Investigating the difference between the inspected countries they found that book value was more relevant in Germany and Norway, whereas earnings per share were the more relevant factor in the United Kingdom.

Gornik-Tomaszewski, and Jermakowicz, (2001) investigated the relationship between the book value per share, earnings per share, and stock prices of 77 stock exchange companies of Poland between 1996-1998. The results of their study showed that both book value per share and earnings per share have significant and strong relation with stock prices. Furthermore, they stated that the explanatory book value is stronger than that of earnings per share.

Kobana, Vijay, and Bruce (2000) tested the relative importance of the financial statement variables in explaining equity valuation in Canada. The results of their study reveal that the most important financial statement variables in terms of equity valuation in Canada are book value and earnings related variables. Kobana *et al* further state that there are differences in the relative importance of variables across industries, as well as across firms, depending on financial performance.

1.1.4 Accounting Information and Equity Share Investment in Emerging Economies.

Emerging economies are those economies that are rapidly growing and progressing toward becoming advanced. The sample of emerging economies consists of Argentina, Brazil, Chile, China, Colombia, Egypt, India, Indonesia, Israel, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, South Africa, Thailand, Turkey, Venezuela and African countries.

Wang *et al* (2013) empirically analyzes the relationship between accounting information, stock price and investor's decision making with a few accounting information indexes, based on 60 listed companies in Shanghai Stock Exchange for 2011. The results of their study show that a positive relationship exists between accounting information and stock price, and that the accounting information of the listed companies has an important effect on the quoted companies' stock price and investors' behaviour in the market, but the significant degree varies. Earnings per share and return on equity have the most significant correlation with stock price and investors' decisions.

Vijitha and Nimalathan (2014) examined the relevance of accounting information such as earning per share (EPS), net assets value per share (NAVPS), return on equity (ROE) and price earnings ratio (P/R) to investors' investment decision in listed manufacturing companies in Colombo Stock Exchange (CSE), Sri Lanka. Findings of their research revealed that accounting information has the significant impact on investors' investment decision and accounting information is significantly correlated with equity share investment decision.

Shehzad and Ismail (2014) investigated the relevance of accounting information in banking sector of Pakistan. The study employed the pooled regression technique on nineteen private banks from the period of 2008 to 2012. Their findings showed that earning per share are more value relevant than book value, and that accounting data explains a high proportion of the investors' equity share investment decisions.

Glezakos, Mylonakis, and Kafouros (2012) studied the impact of earnings and book value on the stock prices and investors' investment decisions of a sample of 38 companies listed in the Athens Stock Market during the 1996-2008 periods. The results concluded that the joint explanatory power of the above parameters in the formation of stock prices increases over time. The study further claimed that the impact of earnings is diminishing, compared to the book value, while investors strive towards analyzing the fundamental parameters of businesses.

Sanjeet (2011) carried out a study on the determinants of equity share investment decision in India. The study examine the empirical relationship between equity share prices and explanatory variables such as: book value per share, dividend per share, earnings per share, price- earnings ratio, dividend yield, dividend pay-out, size in terms of sale and net worth for the period 1993-94 to 2008-09. The results revealed that earning per share, dividend per share and book value per share has significant impact on the equity share investment decision. Further, results of study indicated that dividend per share and earnings per share being the strongest determinants of equity share investment.

AL- Shubiri (2010) carried out a study of the determinants of equity share investment at Amman Stock Exchange, Jordan. The sample of their study includes the 14 commercial banks of Amman Stock Exchange for the period 2005 -2008. Simple and multiple regression analyses were conducted to find out the relationship between microeconomic factors and the equity' investment. The result of the study showed that there is highly positive significant relationship between equity share investment and net asset value per share; market price of stock dividend percentage, gross domestic product, and negative significant relationship on inflation and lending

interest rate but not always significant on some years of Amman Stock Exchange in Jordan.

Suward (2009) investigated the nature of the relationship between accounting numbers and equity share investment in firms listed on the Jakarta Stock Exchange for the period 1992-2001. The study used dynamic modelling principles in addition to the more usual cross sectional analysis. The results of this study show that the accompanying equilibrium correlation relationship between equity share investment and book values for firms listed on the Jakarta Stock Exchange (JSX) can often be identified using accounting regressors. The result of the study showed that in Indonesia, compared to similar models estimated using US data, the book value of net assets seems to have a stronger relationship with stock investment. And it was argued that this may be a function of the relative importance of financial statements as a source of information on the JSX.

Kiremu, Galo, Wagala, and Mutegi (2013) conducted study on the effect of annual earnings announcement at the Nairobi Securities Exchange (NSE) by analysing changes in share prices and trading volumes for the period from 2006 to 2010. Abnormal returns during the event window of 91 days were determined using the event study methodology employing the market model on data from 5 listed companies. Further, the volume reactions were examined by use of the trading activity ratio (TAR). Inferential and descriptive statistics were used to test for significant effect on TAR and price changes. The results obtained indicate that the abnormal returns and TAR were not significant at 5% probability level. Thus the NSE is of semi-strong efficiency, whereby it is not possible to earn abnormal returns in the NSE using the publicly available information

1.1.5 Accounting Information and Equity Share Investment in Nigeria.

According to Oyerinde (2011), there is little known about the role of accounting information in terms of its ability to explain changes to the security prices and equity share investment of listed companies on the Nigerian Stock Exchange (NSE). Almost all evidence in this area is obtained from the United States or Western European countries which have sophisticated markets compared to most developing countries.

Uwuigbe, Olowe, and Godswill (2012) examined the determinants of share prices in the Nigerian Stock Exchange Market. A total of 30 listed firms in the Nigerian Stock Exchange Market were selected and analyzed for the study using the judgmental sampling technique. The study basically modelled the effects of financial performance, dividend pay-out, and financial leverage on the share price of listed firms operating in the Nigerian stock exchange market using the regression analysis method. The results of the study revealed a significant positive relationship between firms' financial performance and the market value of share prices of the listed firms in Nigeria. Consequently, they concluded that firms' financial performance, dividend pay-outs, and financial leverage are strong determinants of the market value of share prices, which thus influenced equity share investment decision making in the listed companies in Nigeria.

Pyemo, (2011) examined the stock market reaction to annual earnings information releases using data on the Nigerian Stock Exchange. Using the event study method, the speed of reaction of the market to annual earnings information releases for a sample of 16 firms listed on the exchange is tested. Significant abnormal price reactions around earnings announcements suggest the earnings announcements contain value-relevant information. The study found that the magnitude of the cumulative abnormal returns is dominated by significant reactions 20 days before the earnings release date which suggests that a portion of the market reaction may be due to private acquisition and, possibly, abuse of information by insiders. The persistent downward drift of the cumulative abnormal returns, 20 days after the announcements is inconsistent with the efficient markets hypothesis, and therefore suggests that the Nigerian stock market does not efficiently adjust to earnings information for the sample firms within the study period.

Olugbenga and Atanda (2014) in their study, 'The relationship between financial accounting information and market values of quoted firms in Nigeria', examined value relevance of accounting information in the Nigerian Stock Exchange Market with a view to determining whether accounting information has the ability to significantly affect share prices and investors' investment decisions in quoted firms.

The findings of their study revealed that there is a significant relationship between accounting information and share prices of firms listed on Nigerian Stock Exchange. They asserted that information on earnings, book value, dividend, and cash flows can be used to predict share prices of firms in Nigeria.

Oshodin and Mgbame (2014) conducted a comparative study on the relevance of accounting information in the Nigeria banking and Petroleum sectors. 10 companies were randomly selected from each of these sectors. Data were collected on the Market Price per Share (dependent variable), Earning per Share, Book Value of Equity, and Leverage (independent variables) for the period 2007-2011, from the annual financial reports of the selected companies. The study hypothesized that there is no difference in the value relevance of accounting information in both the banking and oil and gas sectors. The study compares the value relevance of accounting numbers in these sectors. The study revealed that the earnings per share information is the most considered by investors when deciding the share price and that the financial information in the oil and gas is more relevant compare to the financial information disclosed by companies in the banking sector

1.2 Statement of the Problem

In Nigeria, there is no availability of accounting information that provides an indication of the association between accounting information disclosed in firms' financial statements and equity share investments in the listed companies. And furthermore, there is no accounting information that indicates the influence of accounting information on equity share investment in listed companies in Nigeria(Oyerinde, 2011; Oshodin & Mgbame, 2014).Information on the relationship (association and influence) between accounting information and equity share investment is a key factor in investment decision makings (Babalola, 2012).

Non availability of information on the association of accounting information with /and its influence on equity share investment in listed companies in Nigeria is a problem to investors in making equity share investment decisions (Olugbega & Atanda, 2014). This is because equity share investors rely on accounting information

when making investment decisions (Babalola, 2012; Eleke &Opoku, 2013).

Furthermore, the wanting of information on the relationship between equity share investment and accounting information variables that could aid potential, existing and foreign investors in making equity share investment decisions has been a great hindrance to: equity share investment in the Nigerian listed companies; identification and selection of the viable firms'/sectors of listed companies in which equity share investors could place their investment; and flows of foreign direct investment to Nigeria. This situation has stifled the growth of listed companies and the pace of economic growth in Nigeria. Goddy (2010)claims that the investors in Nigeria have suffered untold hardship due to lack of regular and reliable accounting information on the relationship between accounting information and equity share investment in the listed companies in Nigeria.

Accounting information has been considered to be a major factor influencing equity share investment in listed companies in Nigeria (Babalola, 2012;Oshodin&Mgbame, 2014).Eempirical research on the relationship between accounting information and equity share investment in listed companies in Nigeria is limited (Obamuyi, 2013). One is not aware of any expansive study that has explored the relationship of accounting information and equity share investment in Nigeria (Oyerinde, 2011). It has not been comprehensively researched primarily because of problems with data availability (Negah 2008).Unavailability of information on the relationship between accounting information and equity share investment in listed companies in Nigeria is due to the paucity of empirical studies on the subject(Goddy, 2010; Oyerinde, 2011). Given these mentioned conditions, a gap has been created in literature for a study on the relationship between accounting information and equity share investment. In order to fill the gap in the literature, there is the need to carry out a study on the relationship between accounting information and equity share investment in listed companies in Nigeria.

Ascertainment of the association of accounting information with/ and its influence on equity share investment is paramount for equity share investment decision makings; therefore, there is the need to carry out a study that will provide the

information on the association of accounting information with /and its influence on equity share investment in listed companies in Nigeria. This study examined the relationship between accounting information and equity share investment in the listed companies in Nigeria with a view to establishing the association of accounting information with / and its influence on equity share investment. This study will provide empirical accounting information indices that will assist equity share investors in making investment decisions.

1.3 Objective of the study

1.3.1 General Objective

The general objective of this study is to determine the relationship between financial accounting information and the equity share investment in the companies listed on Nigeria Stock Exchange.

1.3.2 Specific objectives:

1. To establish the relationship between earnings per share (EPS) and the equity share investment in the listed companies in Nigeria.
2. To identify the extent of the relationship between net book value per share (NBVPS) and the equity share investment in the listed companies in Nigeria.
3. To examine the relationship between return on equity (ROE) and the equity share investment in the listed companies in Nigeria.
4. To determine the influence of cash flow from operation per share (CFO) on the equity share investment in the listed companies in Nigeria.
5. To examine the moderating effect of accounting regulation on the relationship between accounting information variables and equity share investment in the listed companies in Nigeria.

1.4 Hypotheses of the Study.

H₀₁: There is no significant relationship between earnings per share (EPS) and the equity share investment in the companies listed on Nigerian Stock

Exchange.

H₀₂: There is no significant relationship between net book value per share (NBVPS) and equity share investment in the companies listed on Nigerian Stock Exchange.

H₀₃: There is no significant statistical relationship between the return on equity (ROE) ratio and equity share investment in the companies listed on Nigerian Stock Exchange.

H₀₄: There is no significant relationship between Cash flow from operation per share (CFOPS) and equity share investment in the companies listed on Nigerian Stock Exchange.

H₀₅: There is no moderating effect of accounting regulation on the relationship between accounting information variables and equity share investment.

1.5 Justification of the Study.

The main purpose of this study is to find empirical evidence establishing the relationship between financial accounting information and equity share investment in the companies listed on the Nigerian Stock Exchange (NSE). The significance of this study are summarized below:

The results of this study will assist or guide investors and other stakeholders in making equity share investment decisions in Nigerian listed companies. The results will also be immense helpful to investors and financial analysts/advisers in identifying the specific accounting information variable(s) that significantly affect equity share investment in listed Nigerian companies. It will also be a guide to foreign investors who may want to invest in equity share in Nigerian listed companies.

The results of this study may be used to test the existing theories on the relationship between accounting information and equity share investment under extreme conditions not present in developed economies where most of the prior studies were carried out. The findings will assist the investors and corporate managers in

understanding the factors that affect investment in equity share and they will be better informed on how to make rational investment decisions. Furthermore, the findings will assist financial analysts, banks and other financial institutions to offer better financial advice and products to investors who seek funding to finance share purchases. In addition, scholars and researchers will find this study useful if they wish to use the findings as a basis for current and further research on the subject.

The findings and conclusion may enable the national accounting standards setters to know the nature of demand placed on accounting information by their local investment community, stakeholders and public before they rush into adapting a unified set of accounting standards. The work will be important to the Financial Reporting Council of Nigerian as it acts as a feedback channel to the council on which accounting number is most significant for equity share investment decision makings in Nigeria.

1.6 Scope of the Study.

This study analyses how accounting information is related to equity share investment in the listed companies in Nigeria. More specifically, the study analyses the relationship between earnings per share, book value per share, return on equity ratio, and cash flow from operation per share and equity share investment. For the analysis, the study used the financial accounting information extracted from the companies' annual financial reports, covering a period of ten (10) years from 2005-2014. Furthermore, the study considers the total population of 192 companies listed in the Nigerian Stock Exchange (NSE) market. These companies are located in all the six geopolitical zones of Nigeria and all the zones are selected to have a full coverage of all the companies. The zones are North Central, North Eastern, North Western, South Eastern, South-South and South Western.

The companies are selected based on the following criteria:

(I) the company had been listed on the Nigerian Stock Exchange during the period and

(ii) The firm has the necessary financial statement data.

This study will fill the gap in literature by empirically analysing the relationship between financial accounting data and the equity share investment in quoted companies listed on the Nigerian stock market. The results will provide useful evidence to other emerging stock markets.

1.7 Limitations of the Study.

Due to the nature of the study, there is limitation of scope as a result of non-availability of data; therefore, the study focussed on the period (2005 to 2014) .The study was limited to one hundred and ninety two (192) companies listed on the first tier stock market of the Nigerian Stock Exchange during the period of the study. The study focused on only quantitative financial accounting information to examine the relationship between accounting information and equity share investment and considered only long term association between accounting information and equity share investment. The study is mainly on the relationship between financial accounting information and the equity share investment in the listed companies in Nigeria.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the views from other researchers who had carried out their research on the relationship of financial accounting information with equity share investments. This study specifically covers the theoretical and empirical discussions, conceptual framework and research gap.

2.2 Theoretical Framework.

The theoretical approach to the relationship between financial accounting information and equity share investment can be discussed in terms of, accounting theories and theory of equity share investment. There are many financial accounting theories. Theories of financial accounting consider such things as people's behaviour and/or people's needs as regards financial accounting information, or the reasons why people within organisations might elect to supply particular information to particular stakeholder groups (Deegan, 2006). This study looked at accounting theory, decision usefulness theory of accounting information and signalling theory of accounting information among others theories.

2.2.1 Accounting Theory.

Accounting theory is defined as the basic assumptions, definitions, principles, and concepts that underlie accounting rule making by a legislative body and it also includes the reporting of accounting and financial information (Deegan, 2006). The basic theories of accounting are held together by the conceptual framework of accounting. The conceptual framework establishes objectives of financial reporting by businesses. By understanding how some basic accounting theories fit into the conceptual framework, one can determine the theoretical underpinnings of financial accounting rules and principles (Freedman, 2015).

Financial Accounting Standards Board (FASB, 1976) defines accounting theory as a coherent system of interrelated objectives and fundamentals that can lead to consistent standards. Watts and Zimmerman (1986) posit that accounting theory

seeks to explain and predict accounting practice. Hendriksen (1982) describes an accounting theory as logical reasoning in the form of a broad set of principles that (1) provide a general frame of reference by which accounting practice can be evaluated and (2) guide the development of new practices and procedures. According to him, an accounting theory should provide a general frame of reference against which sound accounting practices can be evaluated. A theory encompasses a set of statements or propositions connected by rules of logic or inferential reasoning. The statements must include testable hypotheses or premises and a conclusion, although one or more of the premises may be based on explicit value judgements. The primary test of a theory, however, is its ability to explain or predict (Quintus, 2007).

2.2.2 Decision Usefulness Accounting Information Theory.

The underlying purpose and theory of financial accounting and reporting is that financial accounting information, in the form of financial statements, should provide information that is useful for making business and economic decisions. Because the purpose of financial accounting is related to making business and economic decisions, financial accounting is more of an externally focused process than many business owners realize (Freedman, 2015). Accounting theories that prescribe the accounting information that should be provided to particular classes of stakeholders on the basis of their perceived information needs are often referred to as decision usefulness theories (Deegan, 2006),

Accountants have decided that investors are the major users of accounting information and as a result turn to various theories in economics and finance, particularly to the theories of decision and investment, to understand the type of accounting information investors need (Scott, 2003). The decision usefulness theory of accounting information first appeared in the American Accounting Association (AAA) monograph in 1966. The decision usefulness approach to accounting theory takes the view that if it is not theoretically possible to prepare correct financial statements, at least, it is essential to make historical cost-based statements more useful (AAA Monograph, 1966). This was reinforced by the 1973 Trueblood Commission. International Financial Reporting Standards (IFRS, 2007) further reinforced the

decision usefulness theory of accounting information in its framework by stating that the objective of financial statements is to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions.

According to Germon and Meek (2001), financial accounting information provides information that is useful for investors and creditors in making resource allocation decisions. Investors are interested in making judgments about the value of equity of companies and about potential returns from investing in stocks. The primary purpose of the financial statements is to provide information about a company in order to make better decisions for users particularly the investors. Neringa (2002) claims that accounting numbers are supposed to facilitate the prediction of firm's future cash flows and help the investors assess future securities' risk and returns. Beisl and (2009) reinforced Neringa's claim by suggesting that "an objective of financial reporting is to assist investors in valuing equity.

Shehzad and Ismail (2014) suggest that investors' decisions to buy or not to take stock depend upon accounting information and the more investors use accounting information, it is expected that rational decisions are made. Accounting information represents an important predictor of a company's future cash flow; it serves to assess the risk of stock investments and reflects the economic and financial reality of a company during a given period. It relates to the systematic risk of an investment, which justifies the use of the information for decisions related to the composition of a stock portfolio (Amorin, Lima, & Murcia, 2012) Srinivasan (2012) stated that accounting information data is essential and immense helpful to investors and analysts in assessing the better stocks.

However, the decision usefulness accounting information theory has been subjected to criticism. MacNeal (1939) argues that the function of accounting is to report economic truth. But financial statements do not present truth. They are misleading to the investors and creditors. In particular, he says that the historical cost principle and the conservatism convention prevent financial statements from presenting true financial position and the operating results of the firm.

2.2.3 Signaling Accounting Information Theory.

Research using signalling theory of accounting information in the context of equity share investment has shown its relevance in a number of contexts such as IPO and acquisition market (Gulati & Higgins, 2003). According to the signalling theory, financial information acted as a means of passing information from managers to stockholders or investors (Bird & Smith, 2005). Investment in equity share may be strongly influenced by information asymmetries. Through signals of firms' accounting information to the stock market, there may be absence of asymmetric information in the market, this may help investors to diagnose financial conditions, operating conditions and future prospect of a firm when making equity investment decision. Signalling theory suggested that information asymmetry could be reduced by sending signals to interested parties (Yi, Davey, & Eggleton, 2011).

Accounting information usually signals information about firm quality, earnings prospects for growth opportunities to the market thereby allowing investors to discriminate between high-quality and low-quality companies. Accounting information improves real investment decisions by signalling information to investors in the market or to its shareholders (Meyer, 1989). Ross (1977) states that the capital-structure decision signals information about firm quality to the market, thereby allowing investors to discriminate between high-quality and low-quality companies.

The short track record of firms by which the quality is assessable, possess a challenge for the evaluation to investors (Amity, Brander, & Zot, 1998). The uncertainty surrounding the prospect of a firm may hinder the acquisition of equity share investment from investors; since investors only have ambiguous and scarce direct information about the quality of the firm (e.g. track record of sales, revenue streams), they rely on observable attributions (accounting information) that are signals of unknown firm's quality to appraise a company (Mohammadi, Shafizadeh & Johan, 2014). Mohammadi et al (2014) state that a quality signal plays a central role in reducing information asymmetry, assisting investors to mitigate adverse selection

problem. Firms possessing more quality signals are desirable to investors, and are more likely to receive higher valuations (Hsu & Ziedonis, 2013).

Accounting information is inherently “noisy. It is artificially constructed and therefore has the power to reconstruct economic reality (Lau, 2008). Accounting information is able to represent only some of the facets of a firm’s economic reality (Mattessich 1995; Shapiro 1997; Mattessich 2003; Mouck 2004). Shapiro (1997) claims that the extent to which accounting information is able to represent economic reality is constrained by pragmatic factors, such as cost-benefit trade-offs. Even when accounting information can be presented in a manner that fully reflects economic reality, such an effort has to be abandoned if the costs involved are not justifiable. In other words, noise is inherent in accounting information. Yet, many decision-makers are dependent on accounting numbers to keep them informed of business performance and in ensuring problems that need to be solved are quickly identified.

Lau (2008) argues that the presence of noise in accounting information is contingent upon the extent to which the facets of economic reality represented matches decision-makers’ information needs. The greater the match between accounting representation and information needs, the easier it is for decision-makers to identify the signals that require attention in the task at hand. Conversely, the greater the mismatch between accounting representation and information needs, information presented becomes “noisier” and the more difficult it is for decision-makers to see the signals.

Mouck (2004) suggests that two key accounting summaries of a firm’s economic reality, net income and net assets, have been called “noisy” signals of wealth due to the different options available in the measurement of the accounting numbers(e.g. LIFO versus FIFO in inventory valuation, straight-line depreciation versus reducing balance depreciation) to meet a diversity of information needs. However, according to Mattessich (1995; 2003), being “noisy” does not nullify the usefulness of

accounting information. Accounting information is useful as long as decision makers are conscious and wary of the noise within the information.

Empirical evidence indicates that having to discriminate signals from noise in accounting information is not easy. In addition to noise inherent in accounting information, the manner in which information is presented can also inadvertently produce noise. More specifically, decision-makers have been found to succumb to the influence of noise introduced as a result of the sequence in which information is presented (Ahlawat 1999; Arnold & Collier, 2000; Monroe & Ng, 2000; Trotman & Wright, 2000).

The extant literature suggests that decision-makers have difficulties discriminating signals from noise. This is true particularly when the facets of economic reality relevant to the tasks at hand are not explicitly represented and thus can result in the misinterpretation of noise as signals. Yet, decision-makers need to recognize the signals that suggest the presence of a problem before they are able to respond to the problem. When decision-makers fail to differentiate between signal and noise, they do not even know that a problem exists (Lau, 2008).

2.3 Theory of Equity Share Investment.

Several theories of equity share investment selections are suggested in finance literature such as fundamental analysis theory, technical analysis theory, and efficient market hypothesis theory among others.

2.3.1 Fundamental Analysis Theory of Equity Share Investment.

Baker and Harlem, (1973) argue that investors are primarily concerned with expectations about the future, considering earnings projection and historical data to be of high interest to investors. Financial practitioners employ variety of tools and methods to achieve better results of their decision making in investment. There are an endless number of investment strategies that are very different from each other, yet almost all use the fundamentals (McClure,2010).The selection of an investment will start with fundamental analysis and the unique nature of capital market instruments forces investors to depend strongly on fundamental factors in their investment decisions (Suresh, 2013).

According to McClure (2010), fundamental analysis is the cornerstone of investing. In fact, some would say that you aren't really investing if you aren't performing fundamental analysis. McClure (2010) states that fundamental analysis is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. He submits that fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The term simply refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

Elleuch (2009) claims that the end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (under-priced = buy, overpriced = sell or short). By looking at the balance sheet, cash flow statement and income statement, a fundamental analyst tries to determine a company's value. In financial terms, an analyst attempts to measure a company's intrinsic value. In this approach, investment decisions are fairly easy to make – if the price of a stock trades below its intrinsic value and in such a situation it will result into a good investment. Although this is an oversimplification, fundamental analysis goes beyond just the financial statements (Keerti&Gururaj, 2013).

Venkates, Madhu, and Ganesh (2012) claim that fundamental analysis is a method of finding out the future price of a stock which an investor wishes to buy. It relates to the examination of the intrinsic worth of a company to find out whether the current market price is fair or not, whether it is overpriced or under-priced. Lewellen et al (1977) explored that the major source for gathering information by investors for equity share investment is by the means of fundamental analysis.

Risk perception of an investor is comparatively low if the value of the stock increased recently (Antonides & Van Der Sar, 1990). In developed capital markets

fundamental analysis is focused more rather than portfolio analysis by institutional investors (Lui & Mole, 1998; Wong & Cheung, 1999). Fundamental analysis is an investing approach wherein an investor tries to choose winning stocks by studying a company's earnings history, balance sheet, management, product line and other factors that will affect its profitability and growth. Fundamental analysis seeks to determine future stock prices by understanding and measuring the objective "values" of the equity (Keerti & Gururaj, 2013).

Fundamental analysis gives an idea of what a company's future prospects are likely to be. Large institutional investors like to buy shares in companies with good fundamentals. The timing of the financial statements used with fundamental analysis can sometimes cause problems. If you get the information too late you might end up buying the stock after it leaves the buy zone. Fundamental analysis is useful for stock selection. It is not ideal for determining entry and exit points, and for this reason, it is mostly used by the long-term buy and hold crowd (Financial Spread Betting, 2015).

2.3.2 Technical Analysis Theory of Equity Share Investment

With a view to making equity investment decision, investor needs to understand the stock market behaviour and stock price trend in the stock market and ask why the stock market behaves in a certain way. For investors not to go wrong in investment decision, investors need to develop a bird's view over the market and analyse every factor why the stock market behaved in a certain way with tools and techniques. According to Keerti and Gururaj (2013), one of the tools that may be used by the investor for the analysis of the stock market behaviour and stock price trend in the stock market is technical analysis. Keert and Gururaj (2013) state that technical analysis helps to study the market action, primarily through the use of charts, for the purpose of forecasting future price trends. The movement of the scrip price and its behaviour can be explained in a more illustrative form by using the technical analysis. It provides better insight to make decisions on the stock investments. It considers only the actual price behaviour of the market or instrument. Keert and Gururaj (2013) submit that technical traders believe that there are no reasons to

analyse a company's fundamentals because these are all accounted for in the stock's price.

Cory, Chad and Casey(2015) state that technical analysis is a method of evaluating securities by analysing the statistics generated by market activity and that it is based on three assumptions: 1) the market discounts everything, 2) price moves in trends and 3) history tends to repeat itself. Murphy (1999) claims that technical analysis maintains that all information required about a stock is reflected already in the price of the stock and that Investors' emotional responses to price movements lead to recognizable price chart patterns.

Milton (2015) avers that technical traders use trading information (such as previous prices and trading volume) along with mathematical indicators to make their trading decisions. This information is usually displayed on a graphical chart and is updated in real time throughout the trading day. Technical traders believe that all of the information about a market is already included in the price movement, so they do not need any other fundamental information (such as earnings reports).

Using technical analysis, the investors study the trend and momentum in a stock's price and volume. Based on the trends, investors (traders) can determine when to buy or when to sell shares of that stock. In technical analysis the investors are guided on the right time to enter or exit based on the past and current trend of prices and volume of trade. Not only is technical analysis of more short term than fundamental analysis, but the goals of purchase (or sale) of a stock are usually different for each approach. In general, technical analysis is used for a trade, whereas fundamental analysis is used to make an investment.

Investors buy assets believing that the stock prices may increase in value, while traders buy assets believing that they can sell it to somebody else at a greater price (Keert and Gururaj, 2013). Technical analysis is based on objective data. You can look at a stock chart and plainly see what's happening right now. You can see which direction the price is moving in. You can see how popular the stock is based on its volume characteristics (Financial Spread Betting, 2015).

Criticism of technical analysis stems from the efficient market hypothesis, which states that the market price is always the correct one, making any historical analysis useless. The efficient-market hypothesis (EMH) contradicts the basic tenets of technical analysis by stating that past prices cannot be used to profitably predict future prices. Fama (1970) says that the evidence for technical analysis is sparse and is inconsistent with the weak form of the efficient-market hypothesis. The evidence in support of the efficient markets model is extensive, and (somewhat uniquely in economics) contradictory evidence is sparse. EMH advocates say that if prices quickly reflect all relevant information, no method (including technical analysis) can "beat the market." Developments which influence prices occur randomly and are unknowable in advance (Fama, 1970). Malkiel (2003) said that technical forecasting tools such as pattern analysis must ultimately be self-defeating: "The problem is that once such regularity is known to market participants, people will act in such a way that prevents it from happening in the future.

Long-term investors often shun technical analysis because it is thought to be a tool used solely for short-term speculation. Many individual investors have experimented with various charting techniques and have dropped the technical approach after a few "bad" experiences. Professional long-term investors are often completely indoctrinated in the belief that the market is "efficient" and that technical analysis is of no practical value since the day-to-day fluctuations of stock prices are random (Allen 2003).

Technical analysis theory of equity share investment gives no consideration to the company behind the stock. You might want to know what industry the company is in, but apart from that, the underlying company is not really a concern. The company might be carrying more debt than it can handle, its revenues and cash flows might be weak, and it might not even be making a profit – who knows? Technical analysis doesn't concern itself with such matters. For most investors, technical analysis is about "timing" your entries and exits. For traders using technical analysis exclusively (i.e. no fundamental analysis), they also use technical analysis to determine which stocks to buy ((Financial Spread Betting, 2015).

2.3.3 Theory of Efficient Market Hypothesis

Efficient market hypothesis explains that stock prices fully reflect all available information (Fama, 1970). Efficient market hypothesis is based on information and investor rationality. EMH assumes that the investors use all available information to make rational investment decision. The efficient market hypothesis is based on the notion that people behave rationally, maximize expected utility accurately and process all available information (Sheller, 1998). Market efficiency has been defined in many ways in many contexts, and all maintain that capital asset prices are expected to adjust (positively or negatively) to information announcements at any particular time (Abigayle, & Opoku (2013).

According to Jensen (1978) and Ross (1987), a market is efficient if all relevant available information is quickly reflected in the market price, and a market is efficient with respect to publicly available information if it is impossible to make an economic profit by trading on the basis of the information set. An 'efficient' market is where there are large numbers of rational, profit 'maximisers'/investors actively competing, with each trying to predict future market values of individual securities, and where important current information is almost freely available to all participants. In an efficient market, competition among the many intelligent participants leads to a situation where, at any point in time, actual prices of individual securities already reflect the effects of information based both on events that have already occurred and on events which, as of now, the market expects to take place in the future. In other words, in an efficient market at any point in time the actual price of a security will be a good estimate of its intrinsic value (Fama, 1965; Kars 2011).

The efficiency tests consist of measuring the ability of the market to anticipate new information and the speed with which it adjusts to such data. This means that no arbitrage opportunities, after costs, and after risk premium can be tapped using ex ante information as all the available information has been discounted in current prices (Frimpong, & Oteng-Abyie 2007). The accepted view is that when information arises, the news spread very quickly and is incorporated into the prices of securities without delay. Thus, according to Malkeil (2003) neither technical analysis, which is the study of past stock prices in an attempt to predict future prices, nor even

fundamental analysis, which is the analysis of financial information such as company earnings, and asset values, among others to help investors select “undervalued” stocks, would enable an investor to achieve returns greater than those that could be obtained by holding a randomly selected portfolio of individual stocks with comparable risk.

Based on the information set, Fama (1970) categorized and further expanded market efficiency into three definitions depending on the information set that is fully reflected in the security prices. The three types of efficient markets are: weak-form, semi-strong-form, and strong-form efficient. The weak form of capital market efficiency means that prices reflect all historic price information. Prices exhibit weak form efficiency if they always reflect all information about past events, including their own past movements. If a market is weak-form efficient, there is no correlation between successive prices, so that excess returns cannot consistently be achieved through the study of past price movements. In semi-strong form prices reflect all publicly available information and all past information. At this level, the market quickly digests the publication or announcement of relevant new information by moving the price to a new equilibrium level that reflects the change in supply and demand caused by the emergence of that information. A market is semi-strong efficient if all relevant publicly available information is quickly reflected in the market price. If a market is semi-strong efficient, the current market price is the best available unbiased predictor of a fair price, having regard to all publicly available information about the risk and return of an investment.

Fama (1970) defines strong-form efficiency as having absolutely all information, including insider information, reflected in security prices. In its strongest form, the efficient market hypothesis says a market is efficient if all information relevant to the value of a share, whether or not generally available to existing or potential investors, is quickly and accurately reflected in the market price. It explains that if the current market price is lower than the value justified by some piece of privately held information, the holders of that information will exploit the pricing anomaly by buying the shares until the price stabilizes and reaches an equilibrium level where there will be no incentive to continue buying. If a market is strong-form efficient, the

current market price is the best available unbiased predictor of a fair price, having regard to all relevant information, whether the information is in the public domain or not

The efficient-market hypothesis has been challenged by some economists who stress on psychological and behavioural elements of stock-price determination and econometricians who argue that stock returns are, to a considerable extent, predictable on the basis of past stock price patterns as well as certain “fundamental” valuation metrics (Malkeil, 2003). Most enduring critics say that efficient market hypothesis is based on counterfactual assumptions regarding human behaviour, that is, rationality (Blume & Durlauf 2007)

Behaviourists also disagree with the claims of efficient market hypothesis and have offered another explanation for patterns of short-run momentum - a tendency for investors to under react to new information. For example, Shiller (2000) describes the rise in the U.S. stock market during the late 1990s as the result of psychological contagion leading to irrational exuberance. According to Shiller (2003), the anomalies that had been discovered might be considered at worst small departure from the fundamental truth of market efficiency. Grossman and Stieglitz (1980) also argue that perfectly informational efficient markets are impossibility for, if markets are perfectly efficient, there is no profit to gathering information, in which case there would be little reason to trade and markets would eventually collapse.

2.4 Conceptual Framework.

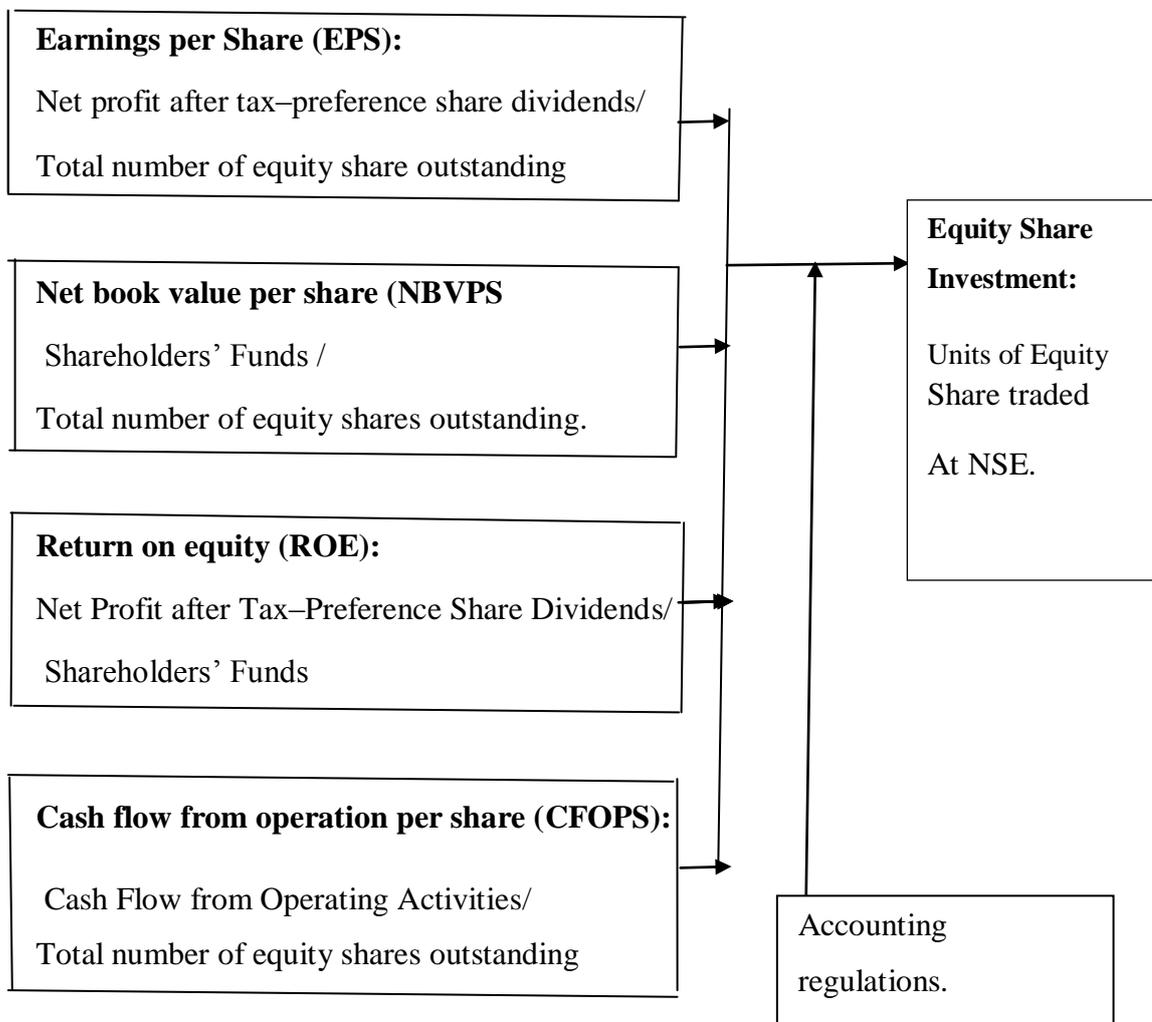
The simple theory of economics states that the price of a product is usually determined by the forces of demand and supply for the product. In the stock market, the price of a share is normally determined by the forces of demand and supply for the share. Base on the literature, it is evident that the accounting information influences investors’ decision makings. Investment in equity share is usually influenced by the accounting information variables. From the literature, it has been argued that accounting information plays significant role in determining investors’ equity investment decisions. Gunathilaka (2014) examines the equity investment decision process of retail investors in Sri Lanka. The study gathered opinions using a

five-point Likert scale survey questionnaire. He claims that the analysis of 168 responses indicates that the firm's perceived value is the most influencing factor in equity selection. The study identifies accounting information, as the most significant factor influencing equity share investment selection in Sri Lanka. Wang and Liang (2000) believe stock investment cannot be done without accounting information.

Sharma (2011) submits that in the stock market, several factors may influence the investors' decisions to invest in a company's share, but the main factor that investors normally consider when making decision to buy or sell a share of a company is the firm financial accounting information. Wang et al (2013) also claim that in stock market, many factors can change the stock price, such as financial policy, monetary policy, industrial policy, foreign trade policy and other macro-economic factors, financial information, investors' expectation, market supervision and other internal factor, but in those factors, financial accounting information is the main factor that most investors usually put. Understanding of the effect of various financial accounting information variables on equity investors' investment decisions is very much helpful to investors and other users of financial accounting information, as it will help them in taking various important decisions. Previous researchers have examined the effect of some important financial accounting information variables in their studies (Neringa, 2002; Babalola, 2012; Srinivasan, 2012; Shehzad & Ismail, 2014). Most of the Literature selected the earnings per share (EPS), book value per share (BVPS), return on equity (ROE) ratio, and cash flow from operation (CFO) among others as the information variables affecting the investors' equity share investment decisions. With a view to facilitating better understanding of the study, the conceptual framework is set out below:

INDEPENDENT VARIABLES

DEPENDENT VARIABLE



Moderating Variable

Figure ; 2.1 Conceptual Framework

2.5 Review of Empirical Literature.

2.5.1 Equity Share Investment and Accounting Information

Baker and Haslem, (1973) argue that investors are primarily concerned with expectations about the future, considering earnings projection and historical data to be of high interest to investors. On the other hand, research by Lee and Tweedie (1975, 1976, and 1977) reveals that the general public faces problems in understanding financial reporting in the corporate sector. The seminal works on the reaction of the stock market to the publication of financial statements (Beaver, 1968) in the U.S. and Firth (1981) in the U.K. found a significant reaction to the publication of annual accounting data in terms of increased share dealing activity and abnormal security returns around the dates of the publication of accounting reports. However, a conclusion of these studies was that the market impounded the information contained in financial statements almost instantaneously. Subsequent evidence (Foster, Olsen, & Shevlin, 1984; Bernard & Thomas, 1990) postulated that this impounding process was not as rapid as earlier works had suggested.

Hussein (2006) reports the factors influencing the UAE investor behaviour on the Dubai Financial Market and Abu Dhabi Securities Market. The questionnaire included thirty-four items that belong to five categories, namely self-image/firm-image coincidence, accounting information, neutral information, advocate recommendation and personal financial needs. More than 50% of total respondents consider that six factors were most influencing factors on investment behaviour. The study claims that the most influencing factor that determines investors' equity share investment decisions by order of importance is "expected corporate earnings.

Merikaset *al.* (2003) adopted a modified questionnaire to analyze factors influencing Greek investor behaviour on the Athens Stock Exchange. The results indicate that individuals base their stock purchase decisions on economic criteria combined with other diverse variables. Their results reveal that most of the variables that were rated important are expected corporate earnings, condition of financial statements, firm status in the industry and possibility of capital appreciation.

Menike and Wang (2013) investigated Stock Market Reactions to the Release of Annual Financial Statements of banks registered in the Colombo Stock Exchange (CSE), Sri Lanka. Their study results showed that the equity share investors' behaviour on the announcement of annual reports was different from that outside the test period and that the positive reactions of investors could be attributed to the favourable information in annual financial reports.

2.5.2 Earnings per share (EPS) and equity share investment.

The importance of financial accounting information in stock market growth can best be appreciated by examining how well accounting information numbers such as earnings explain or impact on equity investment decisions. Research indicates that earnings are a factor that is "priced" in the securities market (Blume&Husic, 1973). Bao and Bao (2004) investigated the influence of operating income versus non-operating income on equity value in the Taiwan Stock Exchange. The results of their study showed that valuation models based on earnings components have a higher explanatory power than those based on earnings alone. The contribution of both operating income and non-operating income are not significantly dissimilar. Investors are counselled to consider operating income as well as non-operating income when analysing firm value in Taiwan Stock Exchange.

Oshodin and Mgbame (2014) carried out a comparative study of value relevance of financial information in the Nigeria banking and petroleum sectors. They adopted multiple regressions analysis for the analysis of the data and the Ordinary Least Square method for estimation. The regression results revealed among the following that: the EPS information is the most considered by investors when deciding the equity share investment and share price and that the financial information in the oil and gas is more value relevant compare to the financial information disclosed by companies in the banking sector.

Mahmoudi, Shirkavand, and Salari (2011) examined the investors' reactions to the announcement of earnings in the Tehran Stock Exchange in Iran. This study investigated the overreaction and under reaction of investors towards positive and negative earnings announcement dividing the sample into two groups. The first

group contains firms which increased their EPS more than 5% rather than the previous EPS announcements. Group 2 contains firms which decreased their EPS more than 5% in comparison to the latest announcements. The results indicate that there is a statistically significant market reaction on the EPS announcement day. Earnings increases induce a significant positive equity share investors' reaction, whereas earning decreases bring about a significant negative equity share investors' reaction.

Mgbame and Ikhatua (2013) investigated the accounting information and stock volatility in the Nigerian Capital Market. The broad objective of the study is to ascertain whether accounting information contributes to stock volatility in the Nigerian Capital Market. Specifically, the study examines if Book value per share, Dividend per share and Earnings per share have a sign effect on stock volatility in Nigeria. The results of the study show that the release of information on book values, earnings per share and dividend per share is found to be related to stock volatility. Frost and Powall (1994) compared the stock market reaction to the annual and quarterly earnings in the U.S. and U.K. They reported greater market reactions to earnings in the U.S. and attribute this to high liquidity and more frequent information disclosure in U.S. market. They also reported that the market reaction to earnings announcements by the same multinational corporation is different between the U.K. and the U. S. Their results suggest that the investors in different countries react to the same earnings announcement in different ways.

However, in recent times, stock markets research in accounting has witnessed increasing attacks on the relevance of accounting information in affecting investors' decisions. A number of literatures in the developed countries have created a widespread notion that accounting numbers have lost their value relevance (Ramesh & Thiagarajan, 1996; Dontoh, Radhakrishnan, & Ronen, 2001). Vaidyanathan and Goswami, (1997), cited in Sanjeet, (2013) examined whether the price to earnings ratio (P/E) was a good criteria on which to base investment decisions. They concluded that P/E ratio may not be an appropriate measure to be used for investment decisions.

Novak (2008) claimed that accounting may fail to convey useful information because it is biased, because it is not timely or because it is manipulated. It is sometimes suggested that accounting can hardly convey useful information to investors because it fails to reflect the economic conditions in a timely manner (Basu, 1997). Earnings management may be performed by the managers with a view to temporarily achieving favourable performance information. Manipulated earnings may send misleading signals about the company's economic position to investors (Novak, 2008). Earnings per share calculation is based on historical facts, hence its usefulness for investment decision making may have been overridden by the current time reality. Earnings per share measurements are normally based on the accrual principle. A high profitability may not be an indication of financial stability of a company. Therefore, investors should not use earnings per share in isolation of other factors which have an effect on investment decisions. Furthermore, earnings per share may be distorted if a company conducts a share buyback. Buyback reduces the number of shares in issue which thus increases the earnings per share figure. The implication of this is a misleading earnings per share figure which will impact wrongly on investment decisions.

2.5.3 Net Book Value per Share (NBVPS) and Equity Share Investment

Bae and Kim (1998), using a sample of Japanese firms, examined the usefulness of the two fundamental products of an accrual accounting system namely accrual earnings and book value of equity for predicting stock returns. Using multivariate regression analysis, the results of their study reveal that both earnings and book value for Japanese firms have the ability to provide for profitability trading strategies or improved portfolio decisions. Their results further stated that the predictive ability of earnings is dominated by that of book value.

Glezakos et al (2012) examines the impact of earnings and book value in the formulation of stock prices and stock investors' decisions. Using a sample of 38 companies listed in the Athens Stock Market during the 1996-2008 period, the results of the study suggest that the joint explanatory power of the above parameters in the formation of stock prices increases over time. However, they argued that the impact of earnings is diminishing, compared to the book value, while investors strive

towards analysing the fundamental parameters of businesses. Graham (2000) examines value relevance of book value per share and current residual income in Indonesia, Malaysia, Phillipine, South Korea, Thaiwan and Thailand. They find that coefficients of these variables are statistically significant for all the countries. The explanatory power of the model ranges from 24% in Thailand to 90% in Philippines.

Olugbenga and Atanda (2014), exploring the functional relationship between earnings, book values, dividends, cash flow and equity share investment decisions in Nigeria. They found that accounting information, earnings, book values, dividends, cash flow from operations, has a direct/positive relationship with equity share investment decisions in Nigeria. They argued that earnings, book values, dividends, cash flow from operations, are statistically significant in explaining variations in equity share investors' behaviours at 5% level of significance. Furthermore, they analyzed empirically the relationship between book values and equity share investment decision and from the results concluded that accounting information on book values has a positive relationship with equity share investment decisions in Nigeria. Babalola (2012) investigates the relevance of accounting information in corporate Nigeria .The study employed simple descriptive statistics coupled with the logarithmic regression models to examine this interaction between the period 1999 and 2009, and taking 40 companies from various sectors of the Nigerian economy as samples.

Babalola stated that relevant information is such that it influences the economic decisions of users by helping them evaluate past, present and future events. The results of the study shows that earnings is more relevant than book values , that is, the earnings dictates more the corporate values of firms in Nigeria than the book value.

Notwithstanding the importance of net book value per share in equity share investment decision makings, the book value per share may be manipulated by company management with a view to presenting favourable value of the company worth. Net book value per share may be manipulated by slowing down depreciation of assets, writing back of depreciation, fraudulent upward revaluation of assets,

buying back of owned share and inclusion of outdate equipment's in the company's asset. Given these situations, the net book value will give an improvement rate which will be misleading to investors for investment decision makings.

2.5.4 Return on equity (ROE) and equity share investment

It pays to invest in companies that generate profits more efficiently than their rivals. Return on equity (ROE) can help investors distinguish between companies that are profit creators and those that are profit burners. By measuring how much earnings a company can generate from assets, return on equity offers a gauge of profit-generating efficiency. Return on equity helps investors determine whether a company is a lean, mean profit machine or an inefficient clunker. The relationship between the company's profit and the investor's return makes return on equity a particularly valuable (McClure, 2015). ROE offers a useful signal of financial success since it might indicate whether the company is growing profits without pouring new equity capital into the business. A steadily increasing ROE is a hint that management is giving shareholders more for their money, which is represented by shareholders' equity. Simply put, ROE indicates how well management is employing the investors' capital invested in the company (Traub, 2001).

Germon and Meek, (2000), in an analysis of Nigerian Stock Market consisting top 30 companies from 2001 to 2004, found that the relationship between equity share investment and earnings per share is high but the return on equity is very low. However, Perrera and Thrikawala (2010), conducted an empirical study of the Relevance of Accounting Information on investor's decisions based on the Colombo Stock Exchange, Sri Lanka. The relevance of accounting data was measured by correlation coefficient with Market Price per Share (MPS) and selected accounting information such as earning per share (EPS), return on equity (ROE) and earning yield (EY). The findings claim that return on equity is significantly related with the share price and investor's decisions.

Wang et al (2013) carried out a study on the accounting information and investors' reaction in Shanghai Stock Exchange, and reported that correlation analysis and regression analysis of accounting information and investors' reaction show that the

accounting information has some effect on equity investors' reaction and stock price, but the significance diversified. They claimed that accounting information of rate of return on stockholders' equity are most significant and that it has direct impact on investors' decisions and share price. Kabajeh et al (2012) examined the relationship between the return on equity(ROE) ratio and Jordanian insurance public companies share prices and equity share investors reactions during the period (2002-2007). The results of their study showed a positive relationship between the ROE ratio and Jordanian insurance public companies share prices. The results also revealed that equity share investors' decisions are positively influenced by the return on equity.

However, according to Damodaran (2007), return on equity (ROE) is not an absolute indicator of investment value. After all, the ratio gets a big boost whenever the value of the shareholder equity, the denominator, goes down. If, for instance, a company takes a large write-down, the reduction in income (ROE's numerator) occurs only in the year that the expense is charged; the write-down therefore makes a more significant dent in shareholder equity (the denominator) in the following years, causing an overall rise in the ROE without any improvement in the company's operations. Having a similar effect as write-downs, share buy-backs also normally depress shareholders' equity proportionately far more than they depress earnings. As a result, buy-backs also give an artificial boost to ROE. Moreover, a high ROE doesn't tell you if a company has excessive debt and is raising more of its funds through borrowing rather than issuing shares. So, the more debt a company has, the less equity it has; and the less equity a company has, the higher its ROE ratio will be.

Another pitfall of ROE concerns the way in which intangible assets are excluded from shareholder's equity. Generally conservative, the accounting profession normally omits a company's possession of things like trademarks, brand names, and patents from asset and equity-based calculations. As a result, shareholder equity often gets understated in relation to its value, and, in turn, ROE calculations can be misleading. A company with no assets other than a trademark is an extreme example of a situation in which accounting's exclusion of intangibles would distort ROE. After adjusting for intangibles, the company would be left with no assets and

probably no shareholder equity base. ROE measured this way would be astronomical but would offer little guidance for investors looking to gauge earnings efficiency.

2.5.5 Cash Flow from Operation per Share and Equity Share Investment.

Cash flows from operations are accounting items indicating the money a company brings in from on-going, regular business activities, such as manufacturing and selling goods or providing a service. Cash flows from operating activities give insights into how a company finances short-term capital. Also, investors will examine a company's cash flow from operating activities separately from the other two components of cash flow - investing and financing activities - to determine from where a company is really getting its money. Investors want to see positive cash flow because of positive income from recurring operating activities (Sloan, 1996). Cheng and Shamsher (2008) suggest that many users, particularly the more naïve investors and shareholders, may take the earnings per se as relevant for revaluation of share prices. However, year-to-year changes from movements of items of current assets and current liabilities can be argued as being relevant to liquidity, solvency and viability of an enterprise. Any liquidity squeeze that might have occurred during the reporting period is not readily apparent from earnings data, but will be clearly apparent from cash flow statement.

Liu, Nissim, and Thomas (2007) in their study: Is cash flow king in valuations?, submit that contrary to the common perception that operating cash flows are better than accounting earnings at explaining equity valuations, recent studies suggest that valuations derived from industry multiples based on reported earnings are closer to traded prices than those based on reported operating cash flows. Dastgir, Sajadi, and Akhgar (2009) investigate the association between components of income statement, components of cash flow statement and stock returns. A sample of 65 companies listed in Tehran Stock Exchange for the time period of 2003-2005. Regression analysis is conducted to test the research hypotheses. Results show that among components of income statements, the net income (loss), and among components of cash flow statement, cash flows from investing activities have a strong relationship with stock returns. However, they claim that there is a stronger association between

stock returns and components of income statements relative to components of cash flows statement.

Cheng and Shamsher (2008) in their study: 'Are Cash Flows Relevant for Stock Pricing in Bursa Malaysia found that changes in cash flows have significant impact beyond that of earnings only if share price changes are measured over a short window of about 3 days and not over a long window of say annual or 51 days windows. They stated that cash flow changes measured over one-year intervals did not affect share prices. To recapitulate, though cash flows appear to have no information content on share prices in the annual and medium windows tests, it does have information content in the short window tests with incremental information content beyond earnings, implying it has relevant value information though investors are more comfortable with earnings announcements for share price valuation.

Watson and Wells (2005) study the association between various earnings and cash flows measures of firm performance and stock returns in Australian Stock Exchange. They report that for profit making firms, earning based performance measures are found to be more loosely associated with stock returns than cash flow based measures. However, for loss making firms, they find that neither earning nor cash flow based measures capture firm performance well. Rayburn (1986) investigates the association of operating cash flow and accruals with security returns. The results of his research support the association of both operating cash flow and aggregate accruals with abnormal returns.

The drawback of cash flow from operation per share developed from the fact that working capital is a component of cash flow from operations. Company can influence or manipulate cash flow from operations by delaying the payment of creditors thereby preserving their cash. Furthermore, the company has a flexibility of determining what items are to or not to be considered capital expenditures. These entire situations may result in misleading cash flow from operation per share figure which will wrongly affect investment decisions.

2.5.6 Accounting Regulations.

Filip (2010) investigated the impact of accounting regulation, the mandatory IFRS adoption, on the value relevance of accounting information in Romania. Findings suggest that the implementation of IFRS increased the value relevance of earnings. Uthman and Abdul-Baki (2014) investigated the effect of IFRS adoption on the value-relevance of accounting information in Nigeria. The IFRS was measured with more disclosure of economic events as well as the fair valuation of economic events under IFRS. The opinions of a number of financial analysts with were sourced. The results of the study show that IFRS adoption has enhanced the value relevance of accounting information in Nigeria. They recommend that more measures should be put in place to ensure full compliance of IFRS by all affected Nigerian entities.

Adebimpe and Ekwere (2015) empirically examined whether the mandatory adoption of IFRS has improved the value relevance of financial information in the financial statements of commercial banks in Nigeria. The study considered a sample of twelve listed banks in Nigeria. Specifically, financial statement figures of 2010 and 2011 (pre-adoption period) and 2012 and 2013 (post-adoption) were utilized. Descriptive statistics and least square regression were conducted to analyze the effect of IFRS adoption on the accounting information quality. The findings reveal that adoption of IFRS (accounting regulation) made earnings reported by Nigerian Commercial banks to become more informative to equity investors in determining the value of banks and that equity value and earnings of banks are relatively value relevant to share prices. The study submits that adopting the International Financial Reporting Standard (IFRS) have been empirically found to improve the quality of accounting information in some countries, thereby increasing its usefulness to stakeholders and recommends that Financial Reporting Council of Nigeria and other accounting standards setters should incorporate more measures to enhance the quality of the financial reporting in order to increase the value relevance of financial statements.

Olawale (2014) examines the impact of International Financial Reporting Standard (IFRS) adoption on Banks performance in Nigeria. The study is based on the appraisal of IFRS compliance and Adoption. Both primary and secondary data were

used in this study. The result of the analysis showed that adoption of IFRS significantly influenced financial reporting of banks in Nigeria and that there is significant relationship between IFRS and banks performance in Nigeria.

Callao, Jarne, and Lainez, (2007) investigate the book-to-market ratio of Spanish companies before and after the IFRS adoption. They interpret the disparity between market value of shareholders equity and book values as value relevance. They report no improvement in Spanish reporting quality after IFRS adoption. Tsalavoutas, Andre, and Evans, (2012) examine the combined value relevance of book value of equity and net income before and after the mandatory transition to IFRS in Greece. Contrary to their expectations, they find no significant change in the explanatory power of value relevance regressions between the two periods. The coefficients on book value of equity and net income are positive and significant in both the pre-IFRS and post-IFRS periods. In Sweden, Paananen, (2008) explores whether the quality of financial reporting has increased after the mandatory adoption of IFRS. The analysis of accounting quality includes measures of earnings smoothing, timeliness and association to share prices. The results suggest a decrease to the accounting quality of the IFRS adoption.

2. 6 A Critique of the Past Studies/Empirical Review

This section discusses the empirical literature. It reviews previous studies on the relationship between accounting information and equity share investment decisions/ stock prices in listed companies in Nigeria. Studies on this area will be compared and contrasted in terms of methodology, objectives, variables, conclusions and research gaps.

Oshodin and Mgbame (2014) conducted a comparative study on the value relevance of accounting information in the Nigeria banking and Petroleum sectors. 10 companies were randomly selected from each of the sectors. Data were collected on the Market Price per Share (dependent variable), Earning per Share, Book Value of Equity, and Leverage (independent variables) for the period 2007-2011, from the annual financial reports of the selected companies. Multiple regressions analysis was adopted for the analysis of the data and the Ordinary Least Square was the method of

estimation. The regression results revealed among the following that: the earnings per share (EPS) information is the most considered by investors when deciding the share price and that the financial information in the oil and gas is more value relevant compare to the financial information disclosed by companies in the banking sector.

The study provides some valuable insights into the relevance of accounting information for equity share investors' decision making and other stakeholders in the firm. Based on previous studies' approaches and the data structure of this study, this study aims to extend previous research on relevance of accounting information and investors' decision makings and cross-sectional variation of the effect of accounting information variables on equity share investment decisions across listed companies in Nigeria.

However, the study does not use primary data .It uses only secondary data for the investigation. The results arrived at from secondary data analysis may not capture investors' personal perceptions of the difference in the relevance of accounting information variables across banking and oil and gas sectors. There are other financial accounting information variables (return on equity, cash flows from operation, size of the firm ,and divided among others) that may affect equity share investment decisions in a firm other than the three accounting information variables (book value per share, earnings per share and leverage) considered in this study. Consideration of three accounting information variables under this study limits its scope.

Srinivasan (2012) examined the fundamental determinants of share price in India. The study employs panel data consisting of annual time series data over the period 2006-2011 and cross-section data pertaining to 6 major sectors of the Indian economy, namely, Heavy and Manufacturing, Pharmaceutical, Energy, IT and ITES, Infrastructure and Banking. The companies that belong to respective industry groups are listed in the National Stock Exchange (NSE) and are considered for the study. The panel data techniques, viz. Fixed Effects model and Random Effects model has been employed to investigate the objective. The study employed Ordinary Least Square multiple regression to analyse the combined effect of all accounting variables

on the stock price. The dependent variable for the study is stock price and the independent variables are earnings per share, dividend per share, book value per share, size of the firm and price earnings ratio. The study gives an insight into the importance of the fundamental accounting information variables as being essential and immense helpful to investors and analysts in assessing the better stocks that belong to different industry groups. However, the study contribute to knowledge by providing empirical data on the differences of the influence of accounting information variables across different industries in the manufacturing sector in India but it is limited in scope because it is restricted to only the industries in the listed manufacturing sectors. Furthermore, the study did not consider the effect of multicollinearity of earnings and dividends on the results of the study. The empirical results revealed that the dividend per share has a negative and significant impact on the share price of manufacturing, pharmaceutical, energy, and infrastructure sectors. Earnings per share and price-earnings ratio are being the crucial determinants of share prices of manufacturing, pharmaceutical sector, energy, infrastructure, and commercial banking sectors. Size is being a significant factor in determining the share prices of all sectors under consideration except manufacturing. Moreover, the book value per share positively influences the share prices/investment of pharmaceutical, energy, IT & ITES, and Infrastructure.

Glezakos et al (2012) examine the impact of accounting information on stock prices and equity share investors' decisions on a sample of 38 companies listed in the Athens Stock Market during the 1996-2008 periods. A sample of 38 companies listed in the Athens Stock Exchange was randomly selected for the period 1996 to 2008. The data have been collected from the DataStream database. For each company, the logarithms of the yearly stock prices, earnings per share and book values per share have been used throughout the examined period. The companies' share Prices (P); annual Earnings per Share (EPS) and annual Book Value per Share (BVS) for the 13 year period (1996-2008) constitute the observations which were utilized for the purposes of the research. The study employed a linear regression model to measure the contemporaneous ability of earnings per share (EPS) and book values per share (BVS) to explain stock prices and a methodology focusing on the coefficients of

determination of the performed regressions. With a view to enhancing normality, the accounting information variables for analysis were converted into their logarithmic counterparts.

The analysis was based on the Ohlson's (1995) model. It expresses the stock price as a function of the earnings per share and the book value per share. The study examined joint effect and individual effect of earnings per share and book value per share on the dependent variable. The key findings of this study suggest that the explanatory power of earnings and book value in the formulation of stock prices increases over time but the impact of earnings is diminishing compared to the book value. The study provides equity investors with the fundamental parameters of businesses that could be used to make equity investment decisions. The results of the study are coherent with the corresponding results of many relevant empirical studies, which were carried out in several stock markets of developed and developing countries

Oyerinde (2011) investigates the value relevance of accounting data in the Nigerian stock market, with a view to determining whether accounting information has the ability to capture data that affect share prices of firms listed on the Nigerian Stock Exchange and equity share investment decision in listed companies in Nigeria. The study also examines the difference in perception of institutional and individual investors about the value relevance of various items of financial statements in equity valuation. The study used secondary and primary data to carry out its investigation of the value relevance of accounting numbers. The secondary data used were obtained from the Nigerian Stock Exchange Fact book, Annual Financial reports of companies quoted on the Nigerian Stock Exchange, the Nigerian Stock Market Annual and primary data were obtained through survey questionnaires administered on the respondents. The methods used for gauging information content of various accounting numbers were Ordinary Least Squared (OLS), Random Effects Model (REM), Fixed Effects Model (FEM) and Independent - Samples t-Test.

The dependent variable of the study is the share prices of the listed manufacturing companies in Nigeria and the explanatory variables of the study are accounting

information numbers earnings per share, dividend per share and net book value per share. The study contribute to knowledge by indicating empirically that when book value is a poor indicator of worth of firm, dividends have the greatest value relevance of the three measures and that it is more appropriate to use book value to evaluate firms with small-sizes, intangible-intensities and reported negative earnings than using earning. The research extends the emerging academic literature on value relevance of accounting information in the developing world and introduces important insights from the accounting literature. It also contributes to knowledge in the area of capital research related to emerging markets. However, the study is limited in scope because it only examines 68 of the companies listed on the First tier market of the Nigerian Stock Exchange market from 2002 to 2008. The research could have been extended to examine the relevance of accounting information in affecting equity share investment decisions in companies listed on second tier and emerging market of the Nigerian Stock Exchange.

In addition, the research is limited in scope as it covers a short period of seven years from 2002 to 2008. The scope could have been increased to cover more period of about ten years. The conclusions of survey study are based on the opinions of Stock brokers, Investment Advisers, Portfolio Managers, Accountants and others. Only few participants in survey study are non-professional. The research could have considered also the opinions of non-professional investors about their perception on the relevance of accounting information in affecting equity share investment decision in Nigeria listed companies. The study focuses on long term association between accounting information and firms' market values, the research could have extended study to cover relevance of accounting information in short term event window. There are other factors that affect equity share investors' investment decisions and share prices, like rumour, insider trading government macroeconomic policies, investors' sentiments, and noise among others. The relevance of these factors in affecting equity share investment decisions and stock prices were not considered in the study.

Furthermore, the study did not consider the effect of multicollinearity that may be present between earnings and dividend in its investigation. Nevertheless, the study's

findings show that there is a significant relationship between accounting information and share prices of companies listed on the Nigerian Stock Exchange. Dividends are the most widely used accounting information for investment decisions in Nigeria, followed by earnings and net book value. The accounting information of manufacturing companies is more informative in the Nigerian Stock Exchange. The study also finds that a significant negative relationship exists between negative earnings and share prices of companies listed on Nigerian Stock Exchange. It equally observes that there is no significant difference between the perception of institutional and individual investors about the value relevance of accounting information. The study therefore suggests that the firms should improve the quality of earnings as manipulated earnings (of which dividends are sub-sets) may have large misleading effects on equity share investors' decisions and share prices.

Sumangala (2012) study the impact of earnings per share on the market value of an equity share in the Indian context. The study is based on data of 50 companies over a period of 5 years. The 50 companies that have been selected are the first 50 companies in the list of India's most valuable companies as per the Business Today Survey of 2010. The study used data available in capital line database and considered the average closing price of equity market value of the selected companies. The study considered earnings per share value for the sample companies and collected data about earnings per share and market value of equity share of 50 companies for 5 years from 2006-07 to 2010-2011. The study is based on the cross – sectional time – series data of 50 companies. Correlation and regression analyses were employed for analysis of data. OLS multiple regression model were used. The objectives of the research is to see whether earnings per share impacts the equity market value and stock investors' decisions, in the Indian context and to find out the relationship between earnings per share and market value of equity share.

Finding based on the research conclude that earnings per share impacts the market value of an equity share in the Indian context. However, the study needs to be extended to longer time period to be able to describe the exact statistical relationship between earnings per share and market value of an equity share. Further, earnings per share cannot explain, on an average, total variation in market value of equity

share. There are a number of accounting variables impacting market value of an equity share other than earnings per share. When these variables are considered together, the explanatory power of the multiple regression equation will certainly improve. The study is limited in scope as the conclusions are based on an analysis of only five year data. To make generalizations of dependence, there is the need to take samples of companies over about 25 -30 years, and run a panel data regression.

2.7 Research Gaps

A review of the extant literature, in Nigeria, on the relationship between accounting information and equity share investment indicates a gap in the research related to a general examination of the relationship between accounting information variables and equity share investment in Nigerian listed companies. There has not been awareness of a study or related study in Nigeria on the relationship between accounting information and equity share investment in the listed companies (Oshodin & Mgbame, 2013). Empirical research on the relationship between accounting information and equity share investment in listed companies in Nigeria is limited (Obamuyi, 2013). One is not aware of any expansive study that has explored the relationship of accounting information and equity share investment in Nigeria (Oyerinde, 2011). It has not been comprehensively researched primarily because of problems with data availability (Negah 2008).

The existing studies in Nigeria (Oyerinde, 2011; Pyemo, 2011; Babalola, 2012; Mgbame & Ikhatua, 2013; Olugbenga & Atanda, 2014) are all on the value relevance accounting information. These studies examined the value relevance of accounting information and stock prices of firms listed on Nigerian Stock Exchange and not the relationship between accounting information and equity share investment. They provide no significant validity of existing empirical evidence of the relationship of accounting information with equity share investment in the Nigerian listed companies.

Researches on the relationship between accounting information and equity share investment have been conducted by several researchers in various countries but

findings on these researches are contradictory. Some studies show that there exist a strong relationship between accounting information and equity share investment and that accounting information disclosed in firms' financial statements is the main factor that most investors considered when making equity share investment decisions (Wang & Liang, 2000; Eleke & Opoku, 2013; Wang, Gang &Chao, 2013: Babalola ,2012). Some other studies questioned the ability of accounting information to affect investment decision makings (Ramesh & Thiagarajan, 1996; Basu, 1997;Dontoh, Radhakrishnan& Ronen, 2001; Novak, 2008). These contradictory positions created a gap in literature that required investigation.

Researches on the effect of accounting regulation on the information disclosed in a company financial reports have been conducted by several researchers (Olawale 2014; Adebimpe&Ekwere,2015 ; Filip & Raffournier,2010; Aljifri & Khasharmeh ,2006;Callao, Jarne, & Lainez, 2007 ; Paananen,2008). Findings on these researches are very mixed; some studies show that accounting regulations (IFRS) positively impacts information disclosed in firms' financial reports (Olawale, 2014; Adebimpe&Ekwere,2015; Filip & Raffournier, 2010; Aljifri & Khasharmeh, 2006). Some studies find that it negatively impacts the information(Callao, Jarne, &Lainez, 2007, Paananen, 2008). These contradictory submissions created a gap in literature which needed to be filled.

Given the above mentioned situations, there exist a gap in the literature on the relationship between accounting information and equity share investment in the listed companies in Nigeria. This study attempts to fill the gap by investigating the relationship of accounting information (earnings per sharps, return on equity, book value per share, and cash flow from operation per share) with equity share investment in the Nigerian listed companies.

A study to ascertain the association and the degree of the association between accounting information and the influence of accounting information on equity share investment in the listed companies in Nigeria is of great importance and relevance for investment decision makings to equity share investors, financial analysts, capital market operators, foreign investors, researchers and efficient functioning of the

Nigerian capital market. The implications are enormous for foreign and local investors who make their decisions based on accounting information. Stakes are equally high for policy makers who consider information as very important to capital market development and the stock market as the primary vehicle for transforming the Nigerian economy to economic prosperity (Ologunde, Elumilade & Asaolu, 2006),

2.8 Chapter Summary

The above chapter review the various theories that explain the independent and dependent variables. The reviewed theories are then critiqued for relevance to specific variables. The chapter also explored the conceptualization of the independent and the dependent variables by analyzing the relationships between the two set of variables. In addition, an empirical review was conducted where past studies both local and global were reviewed in line with the following criteria, title, scope, methodology resulting into a critique. From these critiques the research gap is identified.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, the discussion on the method and procedures that were employed in carrying out the research and achieving the research objectives was carried out. A research methodology is the study of how research is done, how we find out about things, and how knowledge is gained (McGregor & Murname, 2010). Newing (2011) states that a research methodology is concerned with what you will actually do in order to address the specific objectives and research questions you have developed. This involves deciding the research design structure, choosing the specific methods, developing a sampling strategy and describing what analyses will be carried out.

This chapter covers research design, population, sampling technique, sample size, instruments, pilot test and data analysis. The objective of this research work is to establish the relationship and the degree of the relationship between financial accounting information variables and equity share investment in listed Nigerian companies.

3.2 Research Philosophy

Research philosophy is the foundation of knowledge upon which important assumptions and predispositions of a study or research are based. It is a belief about the way in which data about a phenomenon should be gathered, analyzed and used (Denzin & Lincoln, 2003). Coopers & Schindler, 2004 state that in social sciences, there are two main research philosophies, that is; the positivism (scientific) and phenomenology (interpretivism). This may also be viewed in terms of two perspectives, that is; quantitative and qualitative approaches. Researcher's whose quantitative tools, techniques that emphasize measuring and counting, are called positivists. The positivist approach involves scientific principles, causal relationships,

highly structured methodology, large samples, quantification and incremental contribution to theory. Babbie, (2005) claims that the positivist position is characterized by the testing of propositions developed from existing theory, with empirical verification then sought (hence deductive or theory testing) through measurement of observable social realities. This position presumes that knowledge is valid only if it is based on observations of external reality and that universal laws or theoretical models can be developed that are generalizable and which can explain cause and effect relationships. According to Travers (2001) positivism focus purely on facts, gathered through direct observation of people behaviour and experience and measured empirically using quantitative methods. Such quantitative methods include surveys and experiments as well as statistical analysis.

Phenomenology paradigm (Interpretivism) on the other hand, argues that understanding of the social world is possible from the point of view of the people we are studying. The Phenomenology paradigm follows the qualitative tools of observation, questioning, and description. It is associated with qualitative approaches to data gathering (Eriksson & Kovalainen, 2008; Weinstein et al. (2009).

Under this paradigm, the world is perceived to be socially constructed and subjective, observer is considered a part of the object of observation, and ideas are developed by induction from data. According to Weinstein, Henn and Foard, (2009); Denzin and Lincoln, (2003) participants are allowed to provide an account of their world in their own words. The researchers role is to work with others in order to understand their points of view, and to interpret these experiences in the context of the researchers academic experience and hence is inductive or theory building (Hatch & Cunliffe, 2006). This paradigm is thus highly contextual and hence is not widely generalizable. This study adopted positivistic approach in the use of quantitative tools and techniques that emphasize measuring and counting, use of questionnaires and establishing possible relationships that existed among the identified variables.

3.3 Research Design

Orodho (2003) defines research design as the scheme outline or plan that is used to generate answers to research problems. Research design is the overall plan for

connecting the conceptual research problems to the pertinent (and achievable) empirical research. In other words, the research design articulates what data is required, what methods are going to be used to collect and analyse this data, and how all of this is going to answer your research question (Wyk, 2013). Descriptive and inferential research designs were utilized in this study. Descriptive research design is useful when the researcher objectives include determining the degree to which one variable (independent) affect the other variable (dependent) (Joseph, Robert, & David, 2006).

3.4 Population of the study

Burns and Grove (2003) states that population includes all elements that meet certain criteria for inclusion in a study. Kothari (2014) refers to population as the total of items about which information is desired and is also known as the ‘universe’. The geographical location of this study is Nigeria. The study population comprises of all the listed companies on the Nigerian Stock Exchange. The total numbers of one hundred and ninety two (192) companies were listed on the Nigerian Stock Exchange as at 2013 (The Nigerian Stock Exchange, African Markets, 2013). The study population for the survey research were Stockbrokers, Investment Advisers and Portfolio Managers in two hundred and twenty five registered stock brokerage firms in Nigeria. There are a total of two hundred and twenty five (225) registered and active brokerage firms in Nigeria as at 2013 (The Nigerian Stock Exchange, African Markets, 2013).

3.5 Target Population

Target population consists of all members of a real or hypothetical set of people, events or objects from which a researcher wishes to generalize the results of their research while accessible population consists of all the individuals who realistically could be included in the sample (Orodho (2003). The target population of this study comprises all one hundred and ninety two (192) listed companies in Nigeria and all two hundred and twenty five (225) Nigerian Stock Market registered stock brokerage firms.

3.6 Sampling Frame

In statistics, a sampling frame is the source material or device from which a sample is drawn. It is a list of all those within a population who can be sampled, and may include individuals, households or institutions. A sampling frame is a list of population from which a sample is drawn (Leary, 2001). For the purpose of this study, the sampling frame was all one hundred and ninety two listed companies in Nigeria and all two hundred and twenty five registered stock brokerage firms in Nigeria. The Stock Broker, Investment Advisers and Portfolio Managers in all stock brokerage firms formed part of the study sample frame because equity share investors are numerous and disperse. The views of institutional and individual investors about accounting data and equity share investment were obtained from the Stock brokers, Investment Advisers and Portfolio Managers in the stock brokerage firms. The Stock brokers, Investment Advisers and Portfolio Managers are the primary users of financial accounting information for investment decision making on behalf of the investors and if accounting information is relevant to them in the equity share investment decision making, then, it will be considered as relevant to other institutional and individual investors (Mangena, 2004).

3.7 Sampling Techniques

According to Kothari (2014) a sample design is the architecture or the strategy used to select study participants or respondents. Sampling refers to the systematic selection of a limited number of elements out of a theoretically specified population of elements. For the purpose of sample selection, listed companies were segregated into three strata namely: financial service sector, manufacturing sector and general service sector. The number of companies in each stratum was: financial service sector (52), manufacturing sector (74) and general service sector (66). The sample selection was based on stratified sampling technique. In this situation, the sample selection was based on the proportion of the number of elements in each sector of listed companies to the total elements in the population of all listed companies. The stratified sampling technique was adopted in order to have good representation from each individually homogeneous group of listed companies. Within each of the strata, simple random sampling was used to select individual firms that were considered for

investigation. For the selection of samples of stock brokerage firms and respondents from the firms, random sampling and purposive sampling techniques were used. Simple random sampling technique was used to select stock brokerage firms while selection of respondents from the sampled firms was based on purposive sampling technique. The purposive sampling technique was adopted because of the technical nature of information to be derived from the respondents.

3.8 Sample Size

Kombo and Tromp (2009) and Kothari (2014) describe a sample as a collection of units chosen from the universe to represent it. Marczyk, Dematteo, Festinger (2005) and Yang (2008) defined a sample as subset of the population to be studied. Its main advantages are cost, speed, accuracy and quality of the data. The sampling process comprises of defining the population, sampling frame, sampling method, sample size and sample plan (Lavrakas, 2008).

A total number of one hundred and ninety two (192) companies were listed on the Nigerian Stock Exchange as at 2013(The Nigerian Stock Exchange, African Markets, 2013) and there was a total of two hundred and twenty five (225) registered and active brokerage firms in Nigeria as at 2013 (The Nigerian Stock Exchange, African Markets, 2013).

For secondary data collection, this study considered a sample of fifty eight (58) companies listed on the Nigerian Stock Exchange during the period 2005 to 2014 for investigation. The sample collected constitutes thirty percent (30%) of the total population of the listed companies (192). The fifty eight (58) sampled companies were selected, using stratified sampling technique, among the one hundred and ninety two listed companies as follows:

Table 3.1: Sample Selection Distribution

Sector	No of Companies	Samples
Manufacturing	74	22
General Service	66	20
Financial	52	16
Total	192	58

For the survey study, a sample of sixty eight (68) stock brokerage firms was considered for the study using random sampling technique. Three respondents were considered in each of the stock brokerage firms hence, a total number of two hundred and four (204) copies of questionnaire were distributed to the respondents. Within each of the stock brokerage firms sampled, purposive sampling technique was used to identify an individual respondent who was issued with a questionnaire to respond to research statements. This was adopted because of the technical nature of information to be derived from the respondents and the possibilities that those respondents have adequate knowledge about accounting information and equity share investment. The sample size for both secondary and primary data collections constitute thirty percent (30%) of the population. The sample size is determined based on Mugenda and Mugenda (2005) sample selection recommendation.

3.9 Data Collection Instruments

Data collection instruments refer to methodologies used to identify information sources and collect information during an evaluation (OECD, 2002). This study used both primary and secondary data. Two sources of data collections were explored: the questionnaire source and secondary data source. The main instrument of primary data collection was questionnaire. The primary data was accessed through the use of questionnaire administered on the respondents. Questionnaire was used to obtain data from respondents on the relationship between financial accounting information data and equity share investment in listed companies in Nigeria.

Structured questionnaire was used to gather information from the respondents. Questionnaires were used as instrument for data collection. According to Bobbie(2010), one of the data collection methods appropriate to collect qualitative data is a structured questionnaire. The structured questionnaire has also been given other advantages: it gives easily analyzable findings, it is cheap and easy to administer and can be attended to in the absence of the researcher (Bobbie, 2010). The researcher therefore considered structured questionnaires appropriate for data collection. Oyerinde, (2011); Aregbeyen and Mbadiugha, (2012); Obamuyi, (2013) used structured questionnaire to collect data for similar studies in Nigeria.

The questionnaires were distributed individually to the respondents personally and through e-mail and took one month to collect. The questionnaire contained a combination of closed and open-ended questions and it was used to collect information on bio-data of respondents (sex, age, qualifications, profession and work experience) and information from respondents on the effect of financial accounting information variables on equity share investment in listed Nigerian companies.

The users of accounting numbers were asked to rank each item of financial accounting information data based on the attached scale of perceived effect of accounting data on the equity share investment by the user. A five-point Likert-type scale was used following my burgh (2001). The scales adopted were: Strongly agreed (5); Agreed (4); Neutral (3); Disagreed (2) and strongly disagreed (1). Respondents were asked to specify their choices by ticking one of these alternatives.

The secondary data were collected from the financial statements of listed companies and Nigerian Stock Exchange Market. The secondary data: earnings per share, net book value per share, return on equity and cash flow from operation per share were obtained from the published Annual Financial Reports of companies quoted on the Nigerian Stock Exchange, Nigerian Stock Exchange Fact- book, and the Nigerian Stock Market Bulletins. The data on units of equity share investment were collected from the Nigerian Stock Exchange database and Stock Market Reports. Only companies with at least a number of the accounting figures such as annual earnings,

book value, cash flows from operation and total assets or shareholders' equity and whose shares were traded on the Nigerian Stock Exchange Market were included in the investigation.

3.10 Data Collection Procedure

Data collection is the precise, systematic gathering of information relevant to the research sub-problems, using methods such as questionnaire, interviews, participant observations, focus group discussion, narratives and case histories (Burns & Grove, 2003). The study used both primary and secondary data. The primary data were collected from direct responses of the respondents (Stock Brokers, Investment Advisers and Portfolio Managers) in each of the sixty eight (68) sampled registered stock brokers' firms in Nigeria through the use of structured questionnaire. The questionnaires were distributed personally to the respondents and through e-mail and took one month to collect. According to Kothari (2014), primary data are those which are collected afresh and for the first time, and thus happen to be original in character.

The secondary data for the study were collected from the listed companies' annual reports and Nigerian Stock Exchange Market Statistics. Kothari (2014) defines secondary data as data that is already available, referring to the data which has already been collected and analyzed by someone else. The length of observations may vary- they could be daily, quarterly, yearly- but yearly observations will be used in this study, which is the most typical measure used by researchers (Francis & Shipper, 1999; Beisland, 2009). This study covered a sample period (2005 to 2014) of ten years. Data were collected from the fifty eight (58) sampled companies over the period of 10 years. The period of 10 years is adopted to fit in the regression fully.

3.11 Pilot Test

The term pilot study is used in two different ways in social science research. It can refer to so-called feasibility studies which are "small scale version(s), or trial run(s), done in preparation for the major study" (Polity, Beck, & Hungler, 2001). However, a pilot study can also be the pre-testing or 'trying out' of a particular research instrument (Baker, 1994). One of the advantages of conducting a pilot study is that it

gives advance warning about where the main research project could fail, where research protocols may not be followed, or whether proposed methods or instruments are inappropriate or too complicated (Teijlingen & Hundley, 2001). In the words of De Vaus (1993) 'Do not take the risk. Pilot test first'. In this study, a pilot study was carried out in order to check the validity and reliability of the questionnaires to be used in gathering the data.

Baker, Veit, and Powell (2001) state that the size of a sample to be used for pilot testing varies depending on time, costs and practicality, but the same would tend to be 5- 10 per cent of the main survey. In this study, data collection instrument which is questionnaire was tested on 10% of the sample of the questionnaires to ensure that it is relevant and effective. In the study conducted by Fasina (2013), the pilot test of 10% was used to confirm the suitability of the instrument for measuring the variables of the study. In this study, the questionnaire was administered to thirty (30) respondents which is approximately 10% of the total expected respondents in different brokerage firms in Lagos State of Nigeria because that is where the greater number of the firms are located.

3. 12 Validity of Research Instrument.

Validity is the amount of systematic or built-in error in measurement (Norland, 1990). Validity test of questionnaire is carried out with a view to determining whether the questionnaire measure what it intended to measure. In this study, validity tests was carried out to check the ability of the research instrument to measure the variable it was intended to measure. Both face validity and content validity were employed. Face validity involves an analysis of whether the instrument appears to be on a valid scale and contained the important items to be measured. Content validity on the other hand, evaluates the degree to which a test appears to measure a concept analysis of the items in order to ensure an adequate coverage of the scope of study by the measuring instrument (Oyerinde, 2011). To achieve this, the questionnaire was given to the supervisors and experts in the field to review the content and appropriateness of the questions in relation to the stated objectives of the study.

3.13 Reliability of Research Instrument

In this study, reliability of the questionnaire using a pilot test was carried out. Reliability refers to random error in measurement and it indicates the accuracy or precision of the measuring instrument (Norland, 1990). Reliability is basically the ability of the research questionnaire to produce the same results under the same condition. Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Borg, Gall & Gall, 2003). Reliability refers to the ability of the instrument to produce consistent and stable measurements hence its accuracy or lack of accuracy (Bagozzi, 1994). To ensure stability, dependability and predictability of the research instrument, reliability test is required to determine if the scale consistently reflects the construct it was measuring. It has to do with accuracy, precision or consistency of a measuring instrument. In this study, reliability tests were performed as the tool of analysis to test the relationship between the dependent and the independent variables and to ensure the items collectively measured their intended construct consistently (Saunders, Lewis & Thornhill, 2003).

In this study, the Cronbach's Alpha reliability was used to measure the reliability of the data gathered from the field. Cronbach's Alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability (Zinberg, 2005). According to Zinbarg (2005), an alpha coefficient of 0.70 or higher indicated that the gathered data is reliable as it has a relatively high internal consistency and can be generalized to reflect opinions of all respondents in the target population. Generally 0.70 or higher value is considered to be an acceptable value for Cronbach Alpha reliability (Serakan, 2003).

The study consists of four independent variables and one dependent variable. The independent variables consist of earnings per share, net book value per share, return on equity, cash flow from operation and the dependent variable is equity share investment measured as the units of equity share in the listed companies. The reliability tests were carried out for all variables in used this study

The Cronbach Alpha reliability results of the constructs of equity share investment, earnings per share, net book value, and return on equity and cash flow from operation were summarized in Table 3.2. All constructs variables showed Cronbach's Alpha values that are above the value of 0.7 as suggested by Zinbarg (2005); hence the gathered data on the study variable were reliable

Table 3.2: Reliability Test

Variable	Cronbach's Alpha	Number Of Items
Equity Share Investment	0.726	6
Earnings Per Share	0.703	5
Net Book Value Per Share	0.829	5
Return On Equity	0.767	5
Cash s from Operation Per Share	0.840	5

3.14 Data Processing and Analysis.

According to Shamoo and Resnik (2003) Analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data. Various analytic procedures “provide a way of drawing inductive inferences from data and distinguishing the signal (the phenomenon of interest) from the noise (statistical fluctuations) present in the data’. Data analysis refers to the application of reasoning to understand the data that has been gathered with the aim of determining consistent patterns and summarizing the relevant details revealed in the investigation (Zikmund, Babin, Carr, & Griffin, 2010). To determine the patterns revealed in the data collected regarding the selected variables, data analysis will be guided by the aims and objectives of the research and the measurement of the data collected.

In this study, both descriptive and inferential statistics were used for analysis. Descriptive statistics include mean, percentage, tables, frequencies, graphs and bar charts. The inferential statistics include Pearson’s correlation and regression analysis. The primary data and secondary data collected were presented in tabular forms for meaningful analysis and interpretation.

The primary data were analyzed using descriptive statistic: mean percentage and standard deviation. The secondary data were analyzed using panel model. This study employed random effects panel model for modeling and analysis of the relationship between accounting information variables and equity share investment in the

companies listed on Nigerian Stock Exchange. It is often said that the Random Effects Model is more appropriate when entities in the sample can be thought of as having been randomly selected from the population (Brooks, 2008). Random Effects Model, which, besides incorporating the firm-specific effects, takes into consideration the time effects and is an appropriate specification if we are drawing N individuals randomly from a large population (Maddala, 2005; Baltagi, 2003).

Furthermore, multiple linear regressions were used to establish the influence of accounting information on equity share investment in listed companies in Nigeria. . A regression model is a model with one dependent variable and one or more independent variables. Multiple linear regressions are used in situations where the number of independent variables is more than one (Faraway, 2002). Multiple regression analysis is also valuable for quantifying the effect of various simultaneous influences upon a single dependent variable. Further, because of omitted variables bias with simple regression, multiple regressions are often essential even when the researcher is only interested in the effects of one of the independent variables. Using multiple regression analysis, the effects of multiple explanatory variables (rather than a single explanatory variable) on the dependent variable can be measured.

In this study, information was sorted, coded and input into the R Software Version 15 statistical package for production of graphs, tables, descriptive statistics and inferential statistics. Simple and multiple linear regression models were used to test the significance of the influence of the independent variables on the dependent variable. In an effort to study the relationship between accounting information variables (Earnings per share, Net book value per share, Return on equity, and Cash flow from operation per share) and equity share investment in Nigerian listed companies, the panel data techniques have been employed.

3.15 Variables of the study.

3.15.1 Independent Variables. The independent variables of the study are financial accounting information data: earnings per share, net book value per share, return on

equity and cash flow from operation per share in listed firms in Nigeria. The explanatory variables were the average of accounting information data (earnings per share, net book value per share, return on equity and cash flow from operations per share) for each listed company for ten years period (2005-2014).

Earnings per Share (EPS). This refers to the ratio of the profit of a company after tax and payment of preference dividend for any financial year and the number of equity share outstanding during the financial year. The equity shareholders are the sole claimants to the net earnings of the corporation after making payment of dividend to the preference shareholders. The significance of this ratio flows from the fact that the higher the earnings per share, the more are the scope for a higher rate of dividend and also of retained earnings. $EPS = \frac{\text{Net Profit after Tax} - \text{Preference Dividend}}{\text{Number of outstanding shares}}$ (Malhotra & Tandon, 2013).

Net Book Value per Share (NBVPS). This ratio measures the amount of assets, which the corporation has on behalf of each equity share. It shows the net investment per share made in the business by the shareholder. It is the value at which an asset is carried on a balance sheet. A high net book value per share usually indicates that the company has a good record of past performance. i.e., high reserves therefore high market price. $\text{Net Book value per share} = \frac{\text{Equity share capital} + \text{shareholders reserves}}{\text{Total no. of equity shares outstanding}}$ (Srinivasan, 2012)

Return on Owner's Equity (ROE). This ratio is calculated as net profit after tax divided by the total shareholders' equity. This ratio measures the shareholders rate of return on their investment in the company. Return on equity (ROE) is measure as follows: $\text{Return on equity (ROE)} = \frac{\text{Net profit after taxes}}{\text{Total shareholders' equity}}$ (Kabajeh, 2012).

Cash Flow from Operations per Share (CFO). These are cash receipts and cash payments primarily derived from principal revenue producing activities of the entity (IFRS, 2007). $\text{Cash flow from operations (CFO)} = \text{Earnings} + \text{adjustments for elements of earnings not affecting working capital (depreciation, etc.)} - \text{Change in non-cash current assets from operation (stock, debtors and other current assets)} +$

Change in current liabilities from operations (creditors and other current liabilities) (Cheng ,&Shamsher 2008).

3.15.2 Dependent Variable. The dependent variable of the study is the units of equity share investment. Units of equity share investment is the total units of equity shares of companies traded at the Nigerian stock exchange market proxies by the natural logarithm of the number of shares.

3.16 Model Specification.

In this study panel model was used because the data comprise both time series and cross- sectional elements. The panel data regression model is given as: $y_{it} = \alpha + \beta_i x_{it} + \xi_{it}$, where y is the dependent variable, x is the independent variable, α and β are coefficients, i and t are indices for individuals and time, ξ_{it} is the error term.

The panel estimator technique employed to investigate the relationship between accounting information and equity share investment in listed companies in Nigeria was Random Effects Model (REM).

The panel data model defining the joint effect of accounting information variables (earnings per share, net book value per share, return on equity, cash flow from operation) and equity share investments given as follows:

$$V_t = \beta_0 + \beta_1 (EPS_t) + \beta_2 (NBVPS_t) + \beta_3 (ROE_t) + \beta_4 (CFOPSt) + \omega_t$$

Where:

$$\omega_t = \mu_t + \xi_{it}$$

μ_t = Unobserved random effect error that varies across companies but not over time. $\mu_t \sim N(0, \sigma_\mu^2)$

ξ_{it} = Individual error term, $i=1, \dots, N$, $t = 1, \dots, T$. $\xi_{it} \sim N(0, \sigma_\xi^2)$

V_t = Units of equity share of companies traded at the Nigerian Stock Exchange market proxies by the natural logarithm (V_t) of number of shares.

EPS_t = Earnings per share

$NBVPS_t$ = Net book value per share

ROE_t = Return on equity per share

$CFOPS_t$ = Cash flow from operations per share t = time dimension ($t= 1 \dots \dots \dots N$)

β_0 = Model intercept

β_1 = Earnings per Share beta coefficient

β_2 = Net Book Value per Share beta coefficient

β_3 = Return on Equity beta coefficient

β_4 = Cash Flow from Operation per Share beta coefficient

w_t = Residuals in the model/error term which is assumed to be normally distributed with mean zero and constant variance

A Hausman Model specification test was carried out in order to select appropriate model to be used between Random Effects Model and Fixed Effects Model. Hausman test can be also used to differentiate between fixed effects model and model in panel data. In this case, Random Effects Model (REM) is preferred under the null hypothesis due to higher efficiency; while under the alternative fixed effects (FE) is at least consistent and thus preferred.

The null hypothesis for Hausman test is: $H_0 : \beta_{RE} = \beta_{FE}$, where β_{RE} and β_{FE} are coefficient vectors for the Random Effects Model (REM) and Fixed Effects Model (FEM) explanatory variables respectively. If the null hypothesis is accepted, Random Effects Model is preferred because it gives a more efficient estimator. If the null hypothesis is rejected, we conclude that REM is inconsistent, and the Fixed Effect Model is preferred

This study used panel data which is a combination of time series and cross-sectional elements. The data used span over ten years from 2005-2014 for 58 listed companies on the Nigerian Stock Exchange. The equity share investment (measured by the total numbers of the company's shares traded at NSEM) is the dependent variable and earnings per share, book value per share, return on equity, and cash flows from operations per share are the explanatory (independent) variables. Multiple regression, t-test and correlation were used to analyse the quantitative aspect of the study. The

financial accounting information variables were regressed against equity share investment in listed Nigerian companies. The regression was subjected to multicollinearity and stationary tests.

Since the objective of this research is to examine the relationship between accounting information data and equity share investment in listed Nigerian companies, the choice of descriptive and inferential research designs were considered more appropriate. The regression model was tested on how well it fits the data and also subjected to linearity test. The significance of each independent variable was also tested. F-statistics was used as a measure of the significance of the model. The conclusion was based on p value, where if the null hypothesis of the beta is rejected then the overall model is significant and if null hypothesis is accepted the overall model is insignificant. In other words if the p-value is less than 0.05 then it is concluded that the model is significant and has good predictors of the outcome and that the results are not based on chance. If the p-value is greater than 0.05 then the model will not be significant and cannot be used to explain the variations in the dependent variable. Correlation between the variables will be tested. The test of the goodness of fit of the model will be obtained for model summary which determines the R- square (coefficient of determination) which will measure the proportion or percentage of the total variation in the dependent variable (volume of equity share investment) explained by the regression model.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This study investigated the relationship between financial accounting information and equity share investment in listed companies in Nigeria. The study considered earnings per share, net book value per share, return on equity and cash flow from operation per share as independent variables and equity share investment, measured by the units of equity share of the listed companies traded at NSEM, as the dependent variable. This chapter presents the background information, including the response rates, age and gender of respondents among other aspects. It also discusses the findings of the study after the data analysis in line with the research objectives. The results were analyzed using R software version 15. The tests performed include normality tests, reliability tests, factor analysis, and multicollinearity test, correlation analysis, regression analysis, analysis of variance (ANOVA), F- tests and t- tests.

4.2 Response Rate

Table 4.3 shows the response rate of the 204 copies of the questionnaires distributed for primary data. The study sampled 204 respondents from 68 stock brokerage firms and questionnaires were self-administered to the 204 respondents. The total number of questionnaires returned was 180, while 24 were not returned. This means that the analysis of primary data was based on 88% response rate. The response rate is measured by the number of the questionnaires retrieved from the sampled respondents divided by the total number of the questionnaires distributed to the sampled respondents. The response rate was calculated as: $180/204 \times 100 = 88\%$. Bailey (2000) asserts that a response rate of 50% is considered good, and response greater than 70% is considered very good. Babbie (2002) supports Bailey's assertion by claiming that a response rate of fifty per cent (50%) and above is adequate for analysis. Given Bailey's and Babbie's claims, the response rate of 88% is considered

adequate for the purpose of this study. The high response rate can be attributed to the elaborate data collection procedures, the researcher personal administration of the data collection instruments and a good follow-up with the respondents. Geus (2004) claims that self-administered questionnaires give high response rate and bring about gathering of accurate and reliable information on the study subject.

Table 4.3: Response Rate of questionnaire distribution.

	Frequency	Percent
Questionnaire Returned	180	88
Questionnaire not Returned	24	12
Total	204	100

4.3 Respondent Background Information

4.3.1 Gender of Respondents

The findings (Figure 4.2) show that 156 of the respondents were males representing approximately 87% of the samples, while 24 respondents were females representing about 13% of the samples giving a total of 180 respondents. The wide gap of 132 male to female is due to the fact that in the professions of respondents, males usually outnumber females. The female minority in these professions is as a result of gender-based differences and Nigerian culture and among other reasons (Oyerinde.2011). However, the difference in the number of respondents does not have statistical significance on the result because the questions were not gender sensitive.

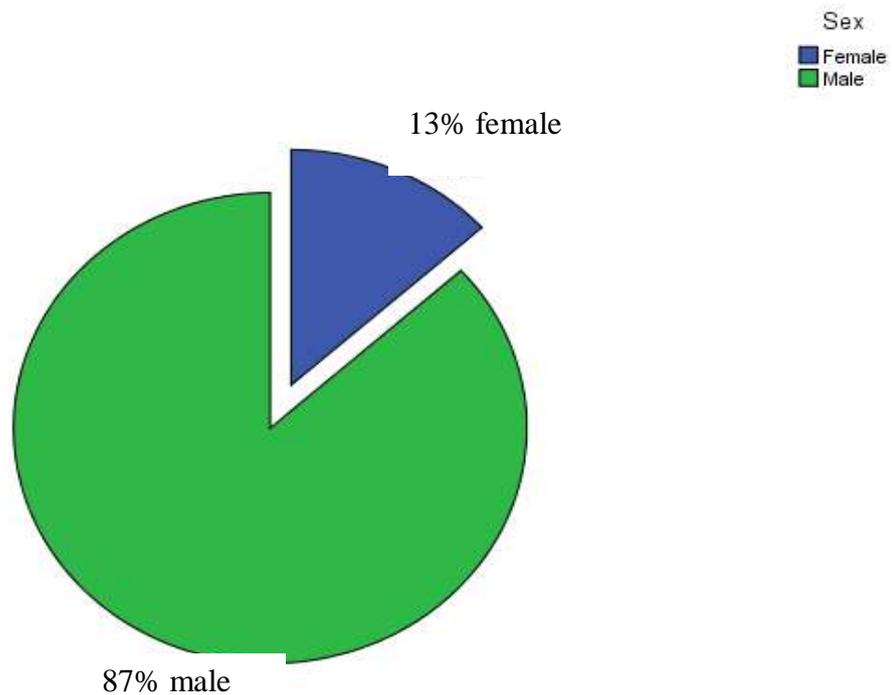


Figure 4.2 Genders of Respondents:

4.3.2 Ages of Respondents

The findings (Table 4.4) in respect of respondents' age revealed that most of the respondents, approximately 73% (132), were aged between 36 and 50 years. The findings also show that 46 respondents representing almost 26% of the total respondents were aged between 21 and 35, while 2 respondents, that is about 1% of the total respondents, were aged below 20 years. The study findings show that majority of the respondents are at the mature age of 36-50 years. This implies that the respondents have wealth of experiences which make them to be in a better position to provide credible information on accounting information and equity share investment.

Table 4.4 Ages of Respondents

Year	Frequency	Per cent
Below20 years	2	1
21 - 35 years	46	26
36 - 50 years	132	73.
36 - 50 years	180	100

4.3.3 Respondent Level of Education

The findings (Table4.5) in respect of the level of academic qualifications of the respondents indicated that 1(one) respondent, about 1%, has Higher National Diploma (HND), 27 respondents (15%) have BSc/BA, while 152 respondents slightly above 84% have MSc/MA/ MBA/PHD. The result shows that the respondents are well educated. The data on educational qualifications revealed that most of the respondents have either first or both first and second degrees and are professionally competent to understand the content of the questionnaire and express unbiased opinion regarding significance of accounting information in equity share investment decision making. The high level of respondents' academic qualification enables the researcher in achieving good and quality responses.

Table 4.5: Educational Qualification of the Respondents

	Frequency	Percent
HND	1	1
BSc/BA	27	15
MSc/MA/MBA / PHD	152	84
Total	180	100

4.3.4 Respondent Professions

The results (Table 4.6) reveal that 56 were Investment Advisers, representing about 31% of the sample, 67 were Stock Brokers, representing a little above 37% of the total sample and 57 were Portfolio Managers, which was about 32% of the sample. The Investment Advisers, Stock Brokers and Portfolio Managers were proxies for Stock Brokers, which represent equity share investors. The academic qualification and work experience of these respondents enhance the quality of their contributions.

Table 4.6: Respondent Profession

	Frequency	Percent
Investment Adviser	56	31
Stock broker	67	37
Portfolio Manger	57	32
Total	180	100

4.3.5: Respondent Work Experience.

The work experience data are shown in Table 4.7. The results indicate that most of the respondents (110) were in the work experience bracket of 6 to 10 years; amounting to about 61% of the total sample. About 35% of respondents (62) have between 11 to 15 years of work experience. Those between 1 and 5 years (6) work experience were little above 3%, while 2 respondents representing almost 1%, have above 16 years work experience. The finding indicates that most of the respondents have wealth of experience. This enables them to provide accurate and reliable information to the questionnaire (Oyerinde, 2011).

Table 4.7: Respondent Work Experience

	Frequency	Percent
1-5 years	6	3
6 - 10 years	110	61.
11 - 15 years	62	35
Above 16 years	2	1
Total	180	100

4.4 Factor Analysis.

The study used factor analysis to reduce the number of indicators which do not explain the effect of accounting information variables on equity share investment and retain the indicators which are capable of explaining the effect of accounting information variables on equity share investment. Only the factors with loading values of above 0.4 were used for further analysis as recommended by Hair et al. (1998) and Tabachnick and Fidell (2007) who noted that factors with factor loading above 0.4 shall be retained for further study. Hair et al. (1998) and Tabachnick and Fidell (2007) described the factor loadings as follows: 0.32 (poor), 0.45 (fair), 0.55 (good), 0.63 (very good) or 0.71 (excellent). An exploratory factor analysis was carried out on all the variables where components were extracted using principal component analysis. According to Leech et al., (2005) the principal components analysis is a data reduction technique used to reduce a large number of variables to smaller set of underlying factors that summarise the essential information contained in the variables. Factor analysis seeks the least number of factors which can account for the common variance of a set of variables (Myers, 2003). For exploratory purposes, researchers use a level of 0.4 to meet the criterion (Rahim&Magner, 2005). This study adopted 0.40 as the minimum level for item loading on established scales which are recommended as acceptable common magnitudes in social researches (Hair, Tathan, Anderson and Black, 1998; Tabachnick&Fidell, 2007).

Statements and loadings in respect of each construct variable: equity share investment, earnings per share, net book value per share, return on equity and cash flow from operation per share are contained in Table 4.8, 4.9, 4.10, 4.11 and 4.12 (appendix i). The findings (Table 4.13) reveal that every factor in each of the construct variables has a loading above 0.4 acceptable thresholds (Hair, Tathan, Anderson and Black, 1998; Tabachnick & Fidell, 2007). Given these results, all factors in each of the construct variables were retained for further analysis in this study.

Table 4.13: Factor Loadings

	Loading	Remark
Equity Share Investment	64.13%	Accepted
Earnings per Share.	66.78%	Accepted
Net Book Value per Share	77.0%	Accepted
Return on Equity	71,78%	Accepted
Cash Flow from Operation per Share	77.20%	Accepted

4.5 Descriptive Analysis

Descriptive statistics on dependent and independent variables were carried out in this section. The descriptive statistics such as mean and standard deviation were examined. A five-point likert scale with closed-ended questions was used to evaluate all variables and the results were presented in tables. Percentages were used to describe the results. Respondents were requested to provide information on a likert scale with values ranging from 1-5. The abbreviations SD, D, N, A and SA were used in this study to mean: SD (strongly disagree), D (Disagree), N (Neutral), A (Agree), SA (strongly Agree) on a likert scale.

4.5.1 Relationship between Accounting Information and Equity Share Investment

The researcher sought to determine the relationship between equity share investment and financial accounting information in the listed companies in Nigeria. Further, the researcher also sought to know the extent to which equity share investment is influenced by financial accounting information variables. The findings are presented in Table 4.14.

On whether there is relationship between equity share investment and financial accounting information disclosed in listed firms' financial statements. The findings showed that all respondents, 100% (70% strongly agreed + 30% agreed), agreed to the fact that there is a relationship between equity share investment and financial accounting information disclosed in listed firms' financial statements. These findings imply that all equity share investors in listed companies in Nigeria considered the relationship of equity share investment and accounting information disclosed in listed firms' financial statements when making investment decisions. These findings were in agreement with the claim that accounting information disclosed in a firm's financial statement is the main factor that most investors considered when making equity share investment decision in the firm (Wang & Liang, 2000; Eleke&Opoku, 2013; Wang, *et al*, 2013). The findings also concurred with Babalola's (2012) claim that accounting information plays an important role in reflecting investment in the equity share of listed companies in Nigeria.

The responses in respect of the statement: equity share investment is determined by financial accounting information disclosed by firms; revealed that 100% (68.3% strongly agreed + 31.7% agreed) of the respondents authenticated the fact that equity share investment is determined by financial accounting information disclosed by firms. The findings suggest that equity share investors in listed companies in Nigeria used financial accounting information disclosed by firms for equity share investment decision makings. The findings were in agreement with findings by Eleke and Opoku (2013) who submit that both individual and institutional investors attach great importance to financial accounting information in the selection of portfolios of equity

securities, bonds and other investments. In addition, the results of the investigation were in agreement with findings of Shehzad and Ismail (2014) that accounting data explains a high proportion of the investors' equity share investment decisions.

The study aimed at finding out if equity share investment is influenced by earnings per share disclosed in firms' financial statements. The results of the investigation revealed that most of the respondents, 70.6% (14.4% strongly agreed + 56.1% agreed) confirmed that equity share investment is influenced by earnings per share. Furthermore, 29.4% respondents were neutral and no respondent disagreed or strongly disagreed with the fact that equity share investment is influenced by earnings per share disclosed in a firm's financial statements. Since majority of the respondents agreed to the fact that equity share investment is influenced by earnings per share disclosed in firms' financial statements, the findings imply that equity share investors in listed companies in Nigeria put earnings per share disclosed in a firm's financial statements into consideration before investing in equity share of the firm. These findings were consistent with the results of study conducted by Oshodin and Mgbame(2014) that reveals that earnings per share information is the most considered by investors when deciding the equity share investment in firms.

The study sought to find out if equity share investment is influenced by net book value per share disclosed in firms' financial statements. The findings showed that aggregate of 65.6% (3.9% strongly agreed +61.7% agreed) of the respondents substantiated the fact that equity share investment is influenced by net book value per share disclosed in firms' financial statements. However, 34.4% of the respondents were neutral while no one disagreed or strongly disagreed that equity share investment is influenced by net book value per share disclosed in firms' financial statements. In view of the fact that majority of the respondents (65.6%) agreed to the fact that net book value per share is crucial to equity share investment decision making in the listed companies in Nigeria, the findings suggest that equity share investors in listed companies in Nigeria took net book value per share as an important factor for equity share investment decision makings. The findings agreed with the findings by Olugbenga and Atanda (2014) who conclude that accounting

information on book values has a positive relationship with equity share investment decisions in Nigeria. Furthermore, the finding is also in agreement with the findings of AL- Shubiri (2010) who claims in his study that there is highly positive significant relationship between equity share investment and net book value per share.

The study aimed at establishing the fact of the claim that equity share investment is influenced by return on equity ratio disclosed in firms' financial statements. The findings disclosed that all respondents, 100% (53.3% agreed +46.7% strongly agreed), affirmed the fact that equity share investment is influenced by return on equity ratio disclosed in firms' financial statements. However, no respondent was neutral, strongly agreed or disagreed with the assertion that equity share investment is influenced by return on equity ratio disclosed in firms' financial statements. Since all respondents agreed to the fact that equity share investment is influenced by return on equity ratio disclosed in firms' financial statements, these findings suggest that equity share investors employed return on equity ratio make equity share investment decision in the listed firms in Nigeria. These findings were in consonant with the submissions that equity share investors' decisions are positively influenced by the return on equity and that accounting information of rate of return on stockholders' equity are most significant and it has direct impact on investors' decisions (Kabajeh et al, 2012; &Wang et al, 2013).

The study sought to carry out an investigation with a view to determining whether equity share investment is influenced by cash flow from operation per share disclosed in firms' financial statements. The findings of the study pointed out that the entire number of respondents, 100% (77.8% strongly agreed + 22.2% agreed), agreed to the fact that equity share investment is influenced by cash flow from operation per share disclosed in a firms' financial statements, These findings infer that equity share investors considered the importance of cash flow from operation per share when investing in the equity share of a firm. These results accord with the claim that investors will examine a company's cash flow from operating activities separately from the other two components of cash flows - investing and financing activities - to determine from where the company is really getting its money. Investors want to see

positive cash flows because of positive income from recurring operating activities (Sloan, 1996).

Table 4.14 showed the means and the standard deviations of all the factors under equity share investment. The mean and standard deviation show how the respondents strongly agreed, agreed, neutral, disagreed or strongly disagreed according to the scale of 1-5. The means (Table 4.14) for most of the factors tested under equity share investment were between 3.69- 4.78. This implies that majority of the respondents strongly agreed that the factors listed under equity share investment exert influences on equity share investment in Nigerian listed companies. Furthermore, the standard deviation scores for the factors under equity share investment ranged between 0.42- 0.65. This suggests that there is no wide dispersion in respondents' opinions as regards the influences of the factors under equity share investment.

Table 4.14: Relationship between Accounting Information and Equity Share Investment.

Statements	S D	D	N	A	S A	M ea n	St d ev
There is a relationship between equity share investment and accounting information disclosed in listed firms' financial statements	0.0%	0.0%	0.0%	30.0%	70.0%	4.70	0.4
Equity share investment is determined by financial accounting information disclosed by a firm.	0.0%	0.0%	0.0%	31.7%	68.3%	4.68	0.4
Equity share investment is influenced by earnings per share disclosed in a firm's financial statement	0.0%	0.0%	29.5%	56.1%	14.4%	3.85	0.6
Equity share investment is influenced by net book value per share disclosed in a firm's financial statement	0.0%	0.0%	34.4%	61.7%	3.9%	3.69	0.5
Equity share investment is influenced by return on equity disclosed in a firm financial statement	0.0%	0.0%	0.0%	53.3%	46.7%	4.47	0.5
Equity share investment is influenced by cash flow from operation per share disclosed in a firm's financial statement	0.0%	0.0%	0.0%	22.2%	77.8%	4.78	0.4

4.5.2 Relationship between Earnings per Share and Equity Share Investment

The study sought to examine the relationship between earnings per share disclosed in firm's financial statements and equity share investment in the firm. The findings (Table 4.15) confirmed that 87.2% (36.1% agreed + 51.1% strongly agreed), of the respondents agreed to the fact that there exists a relationship between earnings per share disclosed in a firm's financial statements and equity share investment in the firm. Besides, 12.8% of the respondents were neutral and no respondent disagreed or strongly disagreed. Given the fact that majority of the respondents authenticated that there is a relationship between earnings per share disclosed in a firm's financial

statements and equity share investment in the firm, it is evidenced that equity share investors used earnings per share to evaluate equity share investment decisions in listed companies of Nigeria. These findings are in support of the assertion that earnings increases induce a significant positive equity share investors' reaction, whereas earning decreases bring about a significant negative equity share investors' reaction (Mahmoudi *et al.*, 2011).

The statement earnings per share are useful in equity share investment decision making was intended to seek respondents' reactions if earnings per share are useful in making investment decision. The findings (Table 4.15) pointed out that a significant percentage, 82.8% (47.8% agreed +35.0% strongly agreed), of the respondents agreed to the fact that earnings per share are useful in equity share investment decision making. However, 17.2% of the respondents were neutral while no respondent disagreed or strongly disagreed. Since the majority of the respondents (82.8%) confirmed the fact that earnings per share are useful in equity share investment decision in the listed companies in Nigeria, the findings imply that equity share investors used earnings per share to form opinion on equity share investment in a firm. The findings of this study is in conformity with the findings by Sare, Akuok, and Esumanba (2013) who made an observation that there is well built evidence which suggests that earnings announcements do carry weight when it comes to investors making equity share investment decision.

The study intended to examine if earnings per share determine equity share investment in listed companies in Nigeria. The findings (Table 4.15) indicated that 77.2% (48.3% agreed +28.9% strongly agreed) agreed to the fact that earnings per share determine equity share investment in listed companies in Nigeria. On the other hand, 22.8% of the respondents were neutral and no respondent disagreed or strongly disagreed. Given the fact that majority (77.2%) of the respondents supported the fact that earnings per share determine equity share investment in the listed firms in Nigeria, the inference from the findings is that a large number of investors considered earnings per share valuable for equity share investment decision makings. These findings were consistent with the

findings by Oshodin and Mgbame (2014) who opine that earnings per share information are the most considered by investors when deciding the equity share investment.

The findings (Table 4.15) in respect of respondents' responses to the fact that regular and consistent improvements in earnings per share disclosed by firms influence equity share investment revealed that a substantial percentage of the total respondents, 75% (53.9% agreed+21.1% strongly agreed), agreed that regular and consistent improvements in earnings per share disclosed by firms influenced equity share investment decisions in listed firms in Nigeria. On the other hand, 25% of the respondents were neutral and none of the respondents disagreed or strongly disagreed. The findings showed that majority (75%) of the respondents concurred to the fact that regular and consistent improvement in earnings per share disclosed by firms influence equity share investment. These findings pointed out that greater majority of equity share investors placed a high premium on regular and consistent improvement in earnings per share disclosed by firms when investing in the equity share of firms. The results of this investigation were in harmony with the study of Pushpa and Sumangala (2012) who suggest that earning is an important variable affecting the market value of equity share. Once a successful company starts building up reserves it will also look for expanding its scale of operations and thus increase its earnings. Once a company starts earning attractive sum, the equity share will have more and more demand which will result in increase in market value of the equity.

The study attempted to ascertain if timely and regular announcement of earnings per share enhance equity share investment decision making in the listed companies in Nigeria. The findings (Table 4.15) proved that majority, 78.9% (45.6% agreed+ 33.3% strongly agreed), of responses were in agreement that timely and regular announcement of earnings per share enhance equity share investment decision making in the listed companies in Nigeria. However, 21.1% of the respondents were neutral and no respondent disagreed or strongly disagreed with the fact that timely and regular announcement of earnings per share enhance equity share investment decision making in the listed companies in Nigeria. Conclusively, the fact that majority (78.9%) of the respondents were in agreement with the fact that timely and regular announcement of

earnings per share enhance equity share investment decision making in the listed companies in Nigeria, the findings imply that a large number of equity share investors considered timely and regular announcement of earnings per share as being paramount in equity share investment evaluation. These findings correspond to the findings by Mahmoudi *et al.*, (2011) who claim that there is a statistically significant market reaction to timely and regular announcement of earnings per share.

The mean and standard deviation scores on a scale of one to five for all the factors tested under earnings per share are shown in Table 4.15. The mean scores for the factors ranged from 3.96-4.38. This shows that almost all respondents were in support that factors outlined under earnings per share influenced equity share investment decision in Nigerian listed firms. The standard deviations of the factors were between 0.68 and 0.73. This suggests that there is no wide variability in the opinions of the respondents on the various factors under earnings per share.

Table 4.15: Relationship between Earnings per Share Per Share and Equity Share Investment

Statements	S		D		N		A		S		T		M		St	
	D	D	N	A	A	A	al	n	v							
There is a relationship between earnings per share disclosed in a firm's financial statement and equity share investment in the firm.	0.0%	0.0%	2.8%	6.1%	5.1%	0.0%	4.3%	8.7%	0.0%	4.0%						
Earnings per share are useful in equity share investment decision making.	0.0%	0.0%	7.2%	7.8%	5.0%	0.0%	4.1%	8.7%	0.0%	4.0%						
Earnings per share determine equity share investment	0.0%	0.0%	2.8%	8.3%	8.9%	0.0%	4.0%	6.6%	72.2%	1.5%						
Regular and consistent improvement in earnings per share disclosed by a firm influence equity share investment	0.0%	0.0%	5.0%	3.9%	1.1%	0.0%	3.9%	6.6%	68.2%	1.5%						
Timely and regular announcement of earnings per share enhance equity share investment decision making.	0.0%	0.0%	1.1%	5.6%	3.3%	0.0%	4.1%	2.2%	73.0%	1.5%						

4.5.3 Relationship between Net Book Value Per Share and Equity Share Investment

Respondents' responses (Table 4.16) to various statements concerning the relationship between net book value per share and equity share investment and the influence of net book value per share on equity share investment are:

On the relationship between net book value per share and equity share investment, the study findings revealed that majority, 84.9% (58.3% agreed +26.6% strongly agreed), of the respondents were in agreement that there exists a relationship between net book value per share disclosed in a firm's financial statement and equity share investment in the firm. Besides, 16.1% of the respondents were neutral; no one

disagreed or strongly disagreed. Given the findings majority (84.9%) of the respondents upheld the fact that there exists a relationship between net book value per share disclosed in a firm's financial statement and equity share investment in the firm, the fact derived from the findings is that equity share investors used the existence of the relationship between net book value per share and equity share investment as a guide for equity share investment decision taking. These findings corroborate the findings of Olugbenga and Atanda (2014) who stated that accounting information, book value per share, has a positive relationship with equity share investment decisions in Nigeria.

The study sought to establish whether net book value per share is useful in equity share investment decision making. The findings indicated that 77.8% (62.8% agreed +15.0% strongly agreed) of responses agreed to the fact that net book value per share is useful in equity share investment decision making. On the contrary, 22.2% of the responses were neutral, while no response disagreed or strongly disagreed. These discoveries implied that a greater majority (77.8%) of the respondents agreed to the fact that net book value per share are useful in equity share investment decision making. These results suggest that equity share investors in listed firms in Nigeria placed reliance on the usefulness of net book value when making equity share investment decision. These findings agree with the findings by Almumani (2014) whose empirical findings shows that, there is a positive correlation between the independent net book value per share (correlation coefficient =.81)) and dependant variable equity share investment and it is also significant at 1% probability level.

The study sought to find out if net book value per share determines equity share investment in the listed companies in Nigeria. The responses to the fact that net book value per share determine equity share investment showed that 71.1% (57.2% agreed+13.9% strongly agreed) attested to the fact that net book value per share determines equity share investment in the listed companies in Nigeria. However, 27.2% of the respondents indicated neutral position and 1.7% disagreed and no one strongly disagreed. Since the findings pointed out that majority of the respondents (71.1%) were in agreement that net book value per share determines equity share

investment, the implication is that equity share investors considered net book value per share of firms before investing in the equity share of the firms. This finding corroborated the findings by King and Langli (1998) who claim that net book value per share has significant relation with the stock price and equity investment decision.

The study sought to establish if regular and consistent improvement in net book value per share disclosed by a firm enhance equity share investment. The findings indicated that 78.9% (65.6% agreed + 13.3% strongly agreed) of the responses agreed to the fact that regular and consistent improvements of net book value per share disclosed by firms enhance equity share investment. In contrast, 18.7% of the respondents were neutral, 2.2% disagreed and no respondent strongly disagreed. Given the findings that most (78.9%) of the respondents agreed to the fact that regular and consistent improvements in net book value per share disclosed by firms enhance equity share investment, then the findings suggest that equity share investors considered regular and consistent improvements in net book value per share when making investment decision. These findings corroborate the findings by Malhotra and Tandon (2013) who found that firms' net book value per share has a significant positive association with firm's stock price and hence equity share investment.

Timely and regular announcement of net book value per share enhances equity share investment decision making. The findings showed that 83.8% (61.7% agreed + 22.2% strongly agreed) of the respondents confirmed that timely and regular announcement of net book value per share enhances equity share investment decision making. Conversely, 16.1% of the responses took neutral position, while none of the respondents disagreed or strongly disagreed to the fact that timely and regular announcement of net book value per share enhances equity share investment decision making. Given these results, it is evidenced that majority of (83.8%) of the respondents agreed to the fact that timely and regular announcement of net book value per share enhances equity share investment decision making. From these findings, it could be concluded that the equity investors in listed companies in Nigeria considered timely and regular announcement of net book value per share when investing in equity shares of companies. This finding is in line with findings by

Eleke and Opoku (2013) who suggest that accounting information released to the general public by firms directly or indirectly has a major influence on investors' perceptions of the business, hence its value and both individual and institutional investors attach great importance to accounting information in the selection of portfolios of equity securities, bonds and other investments.

Table 4.16 show the results of the means and standard deviations of all factors examined under net book value per share on the scale of 1-5. The means of all the factors were between 3.83 and 4.09 which show that most responses were 4 indicating that most of the respondents agreed. Given this fact, the findings indicated that greater number of respondents agreed that the factors stated under net book value per share indeed have significant effects on equity share investment in Nigerian listed companies. Furthermore, the standard deviation of the responses on the various sectors of net book per share stood between 0.61 and 0.67 which implied that there is no variability in the responses on the various factors of net book value.

Table 4.16: Relationship between Net Book Value per Share and Equity Share Investment

Statements	SD	D	N	A	SA	Mean	Stdev
There is a relationship between net book value per share disclosed in firms' financial statements and equity share investment in the firms.	0.00 %	0.0%	16.10%	58.3%	25.6%	4.09	0.64
Net book value per share is useful in equity share investment decision making	0.00 %	0.0%	22.20%	62.8%	15.0%	3.93	0.61
Net book value per share determines equity share investment	0.00 %	1.7%	27.20%	57.2%	13.9%	3.83	0.67
Regular and consistent improvement in net book value per share disclosed by a firm enhance equity share investment	0.00 %	2.2%	18.9%	65.6%	13.3%	3.9	0.64
Timely and regular announcement of net book value per share enhance equity share investment decision making.	0.00 %	0.0%	16.10%	61.7%	22.2%	4.06	0.62

4.5.4 Relationship between Return on Equity and Equity Share Investment

The study carried out examinations of several factors of return on equity if they had an influence on the equity share investment. Results in Table 4.17 indicated the responses to statements in respect of various factors of return on equity that influence equity share investment.

The first factor examined whether there is a relationship between return on equity disclosed in firms' financial statements and equity share investment in the firms. The findings showed that 85.0% (55.6% agreed + 29.4% strongly agreed) of the respondents confirmed that there exists a relationship between return on equity ratio disclosed in firms' financial statements and equity share investment in the firms. However, 15% of the respondents were neutral and no respondent disagreed or strongly disagreed with the fact that there is a relationship between return on equity ratio disclosed in firms' financial statements and equity share investment in the firms. In view of the fact that the majority (85%) of responses pointed out that there that there is a relationship between return on equity ratio disclosed in the listed firms' financial statements and equity share investment in the listed firms in Nigeria, this finding suggests that equity share investors in Nigeria considered the return on equity as a guide when considering investing in equity share of firms. This is consistent with Perrera and Thrikawala (2010) who found that return on equity is significantly related with the share price; hence equity share investment decisions.

On the factor whether return on equity is useful in equity share investment decision making, the results revealed that a large proportion, 63.3% (51.1% agreed + 12.2% strongly agreed) of respondents attested to the fact that return on equity is useful in equity share investment decision making. Moreover, 35% of the respondents embraced neutral position, 1.7% disagreed and none strongly disagreed that indeed return on equity ratio is useful in equity share investment decision making. The findings showed that majority (63.3%) of those interviewed supported the fact that return on equity is useful in equity share investment decision making. These findings imply that greater number of investors used return on equity for equity share investment decision making in the listed companies in Nigeria. These findings support the results of a study by Wang et al (2013) who found that accounting

information of rate of return on stockholders' equity are most significant and that it has direct impact on investors' decisions.

On the aspect of whether return on equity determines the amount of equity share investment, the results of the findings suggested that 79.1% (55.0% agreed + 24.1% strongly agreed) of the respondents assented to the fact that return on equity ratio determines the amount of equity share investment. Besides, 19.4% of the respondents took neutral position, 1.5% disagreed and no one strongly disagreed. Given the fact that a greater number of respondents (79.1%) were in agreement with the fact that return on equity determines the amount of equity share investment, then the findings imply that equity share investors in listed companies in Nigeria used return on equity ratio when making investment decisions. These findings comply with the findings by Kabajeh *et al* (2012) who assert that equity share investors' decisions are positively influenced by the return on equity.

The study sought to assess whether regular and consistent improvement in return on equity ratio disclosed by firms enhances equity share investment. The responses indicated that regular and consistent improvement in return on equity disclosed by firms enhances equity share investment. From the findings, 71.7% (55.0% agreed + 16.7% strongly agreed) of the respondents supported the fact that regular and consistent improvements in return on equity disclosed by firms enhanced equity share investment. Nevertheless, 26.7% of the responses adopted neutral view, 1.6% disagreed and no respondent strongly disagreed. These findings revealed that most of the respondents (71.7%) agreed to the fact that regular and consistent improvements in return on equity ratio disclosed by firms enhance equity share investment in Nigerian listed firms. The findings suggest that equity share investors in Nigeria considered regular and consistent improvements in return on equity ratio very relevant when taking investment decisions. This finding agreed with the findings by Wang, *et al* (2013) who argue that return on equity ratio has the most significant correlation with equity share investment decisions.

The study attempted to determine if timely and regular announcement of return on equity enhances equity share investment decision making. The findings indicated that

75% (71.1% agreed + 3.9% strongly agreed) of the respondents affirmed that timely and regular announcement of return on equity ratio enhances equity share investment decision making. In addition, 23.9% of the respondents were neutral, 1.1% disagreed and no respondent was strongly disagreed. Considering the fact that majority (75%) of the respondents agreed to the fact that timely and regular announcement of return on equity ratio enhances equity share investment decision making in listed firms in Nigeria, the findings suggest that equity share investors in Nigeria relied on timely and regular announcement of return on equity ratio to make equity share investment decision. These findings agree with research findings of Vijitha and Nimalathanan (2014) which reveal that timely and regular announcement of accounting information variable, return on equity ratio, enhances equity share investment decision making and has significant impact on investors' investment decision.

The means of the factors evaluated under return on equity ratio were presented in Table 4.17. The means for all factors were between 3.78 and 4.14. This imply that majority of the respondents were in agreement that the factors listed under return on equity have influence on equity share investment. The standard deviations of the factors were between 0.52 and 0.70. This result suggests that there are no much differences in the respondent's opinions in respect to all factors under return on equity ratio.

Table 4.17: Relationship between Return on Equity and Equity Share Investment

Statements	SD	D	N	A	SA	Total	Mean	Stdev
There is a relationship between return on equity disclosed in a firm's financial statement and equity share investment in the firm.	0.0%	0.0%	15.0%	55.6%	29.4%	100%	4.14	0.65
Return on equity is useful in equity share investment decision making.	0.0%	1.7%	35.0%	51.1%	12.2%	100%	3.74	0.69
Return on equity determines equity share investment	0.0%	1.5%	19.4%	55.0%	24.1%	100%	4.03	0.70
Regular and consistent improvement in return on equity disclosed by a firm enhance equity share investment	0.0%	1.6%	26.7%	55.0%	16.7%	100%	3.87	0.70
Timely and regular announcement of return on equity share enhance equity share investment decision making.	0.0%	1.1%	23.9%	71.1%	3.9%	100%	3.78	0.52

4.5.5 Relationship between Cash Flow from Operation per Share and Equity Share Investment

The study sought to assess the influence of cash flow from operation on equity share investment in the listed companies in Nigeria. The findings are indicated in Table 4.18.

There is a relationship between cash flow from operation per share disclosed in firms' financial statements and equity share investment in the firms. This statement aimed at seeking the respondents' opinions whether there is a relationship between cash flow from operation per share disclosed in firms' financial statements and

equity share investment in the firms. The investigation revealed that 75.5% (62.8% agreed +12.7% strongly agreed) of the respondents confirmed that there exists a relationship between cash flow from operation per share and equity share investment in Nigerian listed companies; 22.8% of the respondents expressed neutral opinions; 1.7% disagreed and none strongly disagreed. The findings imply that there is a relationship between cash flow from operation per share disclosed in firms' financial statements and equity share investment in the firms for the reason that majority (75.5%) of responses held the views that there exists a relationship between cash flow from operation per share disclosed in firms' financial statements and equity share investment in the firms. The implication of the findings is that equity share investors in Nigerian listed companies considered companies' cash flow from operation per share to evaluate their investment decisions. Similar studies carried out by Olugbenga and Atanda (2014) reveal that there is a significant relationship between accounting information and equity share investment of firms listed on Nigerian Stock Exchange and that cash flow can be used to predict share prices and equity share investment of firms in Nigeria.

The study sought to establish from the respondents if cash flow from operation per share is useful in equity share investment decision making. The findings disclosed that 63.3% (51.7% agreed + 11.6% strongly agreed) of the respondents held the view that cash flow from operation per share is useful in equity share investment decision making. Furthermore, 35.0% of the respondents expressed neutral opinions; 1.7% disagreed and none strongly disagreed. These findings suggest that cash flow from operation per share is used by the majority of equity share investors in investment decision making. This is evidenced by the fact that slightly above 63% of the respondents agreed to the fact that cash flow from operation per share is useful in equity share investment decision making. However, these findings contradict the opinion of Cheng and Shamsher (2008) who state that cash flows changes measured over one-year intervals did not affect share prices and equity share investment decision and investors are more comfortable with earnings announcements for share price valuation and equity share investment decision making.

As regards whether cash flow from operation per share influences equity share investment, the findings indicated that majority ,63.3% (51.7%agreed +11.6% strongly agreed), of the respondents claimed that indeed cash flow from operation per share influences equity share investment in the listed companies in Nigeria. But 35% of the respondents were neutral, 1.7% disagreed and no respondent strongly disagreed. These findings were evidence of the fact that cash flow from operation per share influences equity share investment since majority (63.3%) of the respondents agreed to the fact that cash flow from operation per share influences equity share investment. The findings suggest that equity share investors in Nigerian listed companies considered cash flow from operation per share for equity share investment. The conclusion agreed with Sloan (1996) assertion that investors want to see positive cash flows for equity share investment decision making because of positive income from recurring operating activities.

The study sought to determine if regular and consistent improvements in cash flow from operation per share disclosed by firms enhance equity share investment in the Nigeria listed companies. The findings suggested that 31.7% (27.2% agreed + 4.5% strongly agreed) expressed opinions that regular and consistent improvements in cash flow from operation per share disclosed by firms enhance equity share investment in the Nigerian listed companies. However, 64.4% of the respondents were neutral to the fact that regular and consistent improvements in cash flow from operation per share disclosed by firms enhance equity share investment in Nigerian listed companies. In addition, 3.9% disagreed and no one strongly disagreed. These findings imply that majority of equity share investors were indifferent as to the impact of regular and consistent improvements in cash flow from operation per share on equity share investment. That is cash flow from operation per share may or may not enhance equity share investment in Nigerian listed companies. These findings are somehow consistent with the findings of Liu *e tall* (2007) who submit that contrary to the common perception that operating cash flows are better than accounting earnings at explaining equity share investment and valuations, recent studies suggest that equity share investment and valuations derived from firms' reported earnings are

significant in equity share investment decision making than those based on reported operating cash flow.

The study aimed at establishing if timely and regular announcement of cash flow from operation per share enhances equity share investment decision making. The findings indicated that majority, 59.5% (51.2% agreed +8.3% strongly agreed), of the respondents asserted that timely and regular announcement of cash flow from operation per share enhances equity share investment decision making in the listed Nigerian companies. The findings also pointed out that 38.3% of the respondents were neutral, 2.2% disagreed and none strongly disagreed. These results showed that majority (59.5%) of responses was in support of the fact that timely and regular announcement of cash flow from operation per share enhances equity share investment decision making. These findings are evidence that majority of equity share investors in Nigerian listed companies relied on timely and regular announcement of cash flow from operation per share for equity share investment decision. Eleke and Opoku (2013) state that accounting information released to the general public by firms directly or indirectly has a major influence on investors' perceptions of the business, hence its value and both individual and institutional investors attach great importance to information in the selection of portfolios of equity securities, bonds and other investments.

The means and standard deviations of the factors examined under cash flow from operation per share were given in Table 4.18. Most of the factors have mean above 3.50 which imply that majority of the respondents were in agreement that the factors listed under cash flow from operation determined equity share investment. Furthermore, the standard deviations of the responses on the factors of cash flow from operation per share were between 0.62 and 0.68 which implied that there is no wide dispersion in the responses on the various factors of cash flow from operation per share.

Table 4.18: Relationship between Cash Flow from Operation per Share and Equity Share Investment

Statements	SD	D	N	A	SA	Total	Mean	St Dev
There is a relationship between cash flow from operation per share disclosed in firms' financial statements and equity share investment in the firms	0.0%	1.7%	22.8%	62.8%	12.7%	100%	3.87	0.64
Cash flow from operation per share is useful in equity share investment decision making.	0.0%	1.7%	35.9%	51.6%	11.7%	100%	3.73	0.68
Cash flow from operation per share influences equity share investment	0.0%	1.7%	35.9%	51.7%	11.6%	100	3.73	0.68
Regular and consistent improvements in cash flow from operation per share disclosed by a firm enhance equity share investment	0.0%	3.9%	64.4%	27.2%	4.5%	100%	3.32	0.62
Timely and regular announcement of cash flow from operation per share enhance equity share investment decision making	0.0%	2.2%	38.3%	51.2%	8.3%	100%	3.66	0.66

4.5.6 Moderating Effect of Accounting Regulation on the relationship between Accounting information and Equity Share Investment

The study wanted to determine if accounting regulation has a moderating effect on accounting information and equity share investment. The findings are contained in Table 4.19.

The study sought to determine if adoption of accounting regulation for the reporting of firms' financial statements improves decision usefulness of accounting information. The findings suggested that a large proportion, 81.0% (60.3% agreed + 20.7% strongly agreed), of the respondents were in agreement with the fact that adoption of accounting regulation for the reporting of firms' financial statements improves decision usefulness of accounting information. The findings further discovered that 18.4% of the respondents were neutral to the fact that adoption of accounting regulation for the reporting of firms' financial statements improves decision usefulness of accounting information, 0.6% disagreed and no strongly disagreed. From these findings, significant majority (81.0%) of the respondents was of the opinion that adoption of accounting regulation for the reporting of firms' financial statements improves decision usefulness of accounting information. These findings imply that listed companies in Nigeria complied with guidelines provided by accounting regulation in the reporting of their financial information. This is in line with the claim of Edogbanya and Kamardin (2014) who express opinion that there is high compliance in adoption of accounting regulation guidelines in Nigeria particularly by financial institutions and other corporate bodies. However, Okpala (2012) submits that accounting regulation has been adopted in Nigeria but only fraction of companies has implemented with deadline for the others to comply.

The study aimed at confirming whether accounting regulation influences financial information (earnings per share, net book value per share, return on equity, and cash flow from operation per share) disclosed in the financial statements of listed companies in Nigeria. The responses gathered showed that 70.0% (51.1% agreed + 18.9% strongly agreed) agreed to the fact that accounting regulation influences financial information (earnings per share, net book value per share, return on equity, cash flow from operation per share) disclosed in listed companies' financial statements. Moreover, 27.8% expressed neutral opinion, 2.2% disagreed and no respondent strongly disagreed to the fact. Since significant majority (70.0%) of responses held the view that accounting regulation influences financial information contains in the financial statements of listed companies in Nigeria, the findings indicate that accounting regulation has impact on information contains in listed

companies financial statements. These findings corroborate the findings by Uthman and Abdul-Baki (2014) who explain that accounting regulation improves the quality of the information disclosed in listed companies' financial statements and that adherence to accounting regulation enhanced the value relevance of accounting information in Nigeria.

The study endeavoured to substantiate the claim that accounting regulation improves the quality of the information disclosed in listed companies' financial statements. The research findings revealed that 66.1% (47.8% agreed + 18.3% strongly agreed) of the respondents attest to the fact that accounting regulation improves the quality of the information disclosed in listed companies' financial statements. Furthermore, the research findings also presented that 31.1% of the respondents voted for neutral position, 2.8% disagreed and no one strongly disagreed. Given the fact that majority (66.1%) of the respondent agreed to the fact that accounting regulation improves the quality of the information disclosed in listed companies' financial statements. the findings imply that listed companies in Nigeria comply with accounting regulation in the preparation of their financial statements. These findings substantiated the work by Uthman and Abdul-Baki (2014) who explain that accounting regulation improves the quality of the information disclosed in listed companies' financial statements and that adherence to accounting regulation enhanced the value relevance of accounting information in Nigeria.

The study intended to verify if accounting regulation enhances equity share investment in listed companies in Nigeria. The results of the investigations pointed out that 51.7% (30.6% agreed + 21.1% strongly agreed) of responses agreed to the fact that accounting regulation enhances equity share investment in listed companies in Nigeria. The investigations also pointed out that 45.5% of the respondents were neutral; 2.8% disagreed and no respondent strongly disagreed with the fact that accounting regulation enhances equity share investment in listed companies in Nigeria. Given these findings, it is shown that majority (51.7%) of responses agreed to the fact that accounting regulation enhances equity share investment in

listed companies in Nigeria. These findings suggest that equity share investors in the listed companies in Nigeria placed their equity share investment in the companies that followed accounting regulation in the preparation of their financial statements. Okpala (2012) submits that it is perceived that accounting regulations (IFRS) implementation will promote FDI and economic growth. He recommended that all stakeholders should endeavour to have full implementation to reap benefits of the global GAAP and principle.

Accounting regulation assists listed company to provide accurate and reliable accounting information which aids equity share investment decisions. The findings indicated that 70.0% (41.1% agreed + 28.9% strongly agreed) of responses were in agreement with the fact that accounting regulation assists listed company to provide accurate and reliable accounting information which aids equity share investment decisions. Furthermore, the findings showed that 30.0% of the respondents were neutral and no disagreement or strongly disagreement with the fact that accounting regulation assists listed company to provide accurate and reliable accounting information which aids equity share investment decisions. The result of the findings showed that majority(70%) of the responses were in agreement that accounting regulation assists listed company to provide accurate and reliable accounting information which aids equity share investment decisions. This suggests that majority of equity share investors in listed companies in Nigeria invested in equity shares of firms on the basis of accurate and reliable accounting information provided by the firms in their financial statements, which is necessitated by accounting regulations. Abata (2015) submits that adherence to accounting regulation by firms in the preparation of their financial statements directly affects how earnings and other key aspect of the business are accounted and reported. He further opined that financial reports prepared under accounting regulation (IFRSs) enhanced best practices in a corporate organization, provides greater benefits, promotes cross border investment and relatively improve the performance of Companies.

Table 4.19 showed the means and standard deviations on the various aspects of accounting regulation which showed how the respondents strongly agreed, agreed,

neutral, disagreed and strongly agreed according to the scale of 1-5. The mean scores for all responses on the various aspects of accounting regulation were 4. Therefore, all respondents agreed that accounting regulation has an influence on the information presented in listed firms' financial statements. In addition, the standard deviations of the responses on the various aspects of accounting regulation were between 0.64 and 0.83 which implied that there is no wide dispersion in the responses on the various aspects of accounting regulation

Table 4.19: Moderating Effect of Accounting Regulation on the relationship between Accounting Information and Equity Share Investment

Facts	SD	D	N	A	SA	Mean	Stdev
Adoption of accounting regulation for the reporting of firms' financial statements improves decision usefulness of accounting information	0.0%	0.6%	18.4%	60.3%	20.7%	4	0.64
Accounting regulation influences financial information (EPS, NBVPS,ROE CFOPS) disclosed in listed company's financial statements	0.0%	2.2%	27.8%	51.1%	18.9%	4	0.74
Accounting regulation improves the quality of the information disclosed in listed companies' financial statements	0.0%	2.8%	31.1%	47.8%	18.3%	4	0.76
Accounting regulation enhances equity share investment in listed companies in Nigeria	0.0%	2.8%	45.5%	30.6%	21.1%	4	0.83
Accounting regulation assists listed company to provide accurate and reliable accounting information which aids equity share investment decisions.	0.0%	0.0%	30.0%	41.1%	28.9%	4	0.77

4.6 Inferential Analysis and Diagnostic Tests

4.6.1 Normality Test

The normality test, using a One- Sample Kolmogorov-Smirnov test, was conducted on the dependent variable, equity share investment, with a view to determining if the

data were normally distributed. The traditional p-value = 0.05 cut-off is used to explain whether the data passed the normality test. If the P -value is greater than 0.05, the data is normal, but if the p -value is less than or equal to 0.05, then the data is not normal. The results of the Kolmogorov- Smirnov test conducted are shown in Table 4.20. The Kolmogorov- Smirnov Z was 0.9411 (p- value =0.230). Since the p-value was 0.230 which is more than the threshold value of 0.05, and then the equity share investment data is normally distributed.

Table 4.20: One-Sample Kolmogorov-Smirnov Test

	Equity Share Investment
Kolmogorov-Smirnov Z	0.9411
Asymp. Sig. (2-tailed)	0.230

4.6.2 Autocorrelation.

Autocorrelation test, according to Field (2005) is a test for serial correlation between error terms, that is, it tests the correlation between each residue and the residue for the previous time period. Durbin –Watson test was used to measure autocorrelation. Durbin –Watson test is a test for first order autocorrelation, that is, it tests only a relationship between an error and its immediately previous value. The test statistic can vary between 0 and 4. If the P- value=0 and the Durbin- Watson test statistic value lies between 1.5-2.5 there is no autocorrelation between residues ((Cameron, 2005; Curwin& Slater, 2000). The study determined whether there was autocorrelation through calculation of Durbin – Watson statistic.

The Durbin-Watson test values for the models are indicated in Table 4.21. The results for each of all models were greater than 1.5 with p- value less than 0.05 which is less than 0.05. Suggesting that there is no autocorrelation between the error terms, that is, the errors are serially independent and thus there is accuracy in each of the regression modes. Thus, linear regression model was appropriate for this study. Ogunidipe, Idowu and Ogunidipe (2012) used Durbin – Watson test to determine whether there was autocorrelation in their data residuals. Since their calculated

Durbin – Watson coefficient was between 1.5 and 2.5; the study concluded that there was no autocorrelation in the data residuals.

Table 4.21: Durbin Watson Autocorrelation test for independence of residuals (Error terms).

Model		D.B. Statistic	p-value
1	Earnings per Share	1.985	0.015
2	Net Book Value per Share	1.875	0.017
3	Return On Equity	1.856	0.019
4	Cash Flow from Operation per Share	1.975	0.015

Predictors, (Constant): Model 1, Earnings per Share; Model 2, Net Book Value per Share; Model 3, Return on Equity; Model 4 Cash Flow from Operation per Share.

4.6.3 Homoscedasticity

Homoscedasticity suggests that the variance of the errors is constant, that is, dependent variable has an equal level of variability for each of the values of the independent variables. Heteroscedasticity means that previous error terms influence other error terms and hence violating the statistical assumption that the error terms have a constant variance. A test for homoscedasticity is made to test for variance in residuals in the regression model used. In this study, Breusch –Pegan test was used to carry out the test of homoscedasticity. Table 4.22 shows the results of homoscedasticity carried out. Since p-value of each of the variables in each of the models is less than 0.05, there is homoscedasticity, that is, the variances of the errors in the models were constant. These results imply that the t -test and F-statistic test results in this study are reliable and can be used to make inferences. Furthermore, the results guaranteed that the data used for the dependent variable (equity share investment) was normally distributed and homoscedastic, therefore the study adopted the linear regression models.

Table 4.22: Breusch – Pagan Test for Homoscedasticity

	Test Statistic	p- value
Earnings per share	5.7418	0.01637
Net Book Value per Share	5.6449	0.01665
Return on Equity	5.6934	0.01651
Cash Flow from Operation per Share	4.5480	0.03296

a. Dependent Variable: Equity Share Investment.

4.7 Scatter Plots

In this section, scatter plots were constructed with a view to determining the type of relationship that exists between the dependent and independent variables. With a view to determining the relationship between two variables, the dependent and independent variables, a graph of the observed data may be constructed. The graph, or chart, is called a scatter diagram or scatter plot. Gupta (2011) described scatter plot or diagram as one of the simplest tools of determining the correlation between two variables

4.7.1 Scatter Plot: Relationship between Equity share Investment and Earnings per Share

A Scatter plot was constructed with a view to determining the kind of relationship that exists between the equity share investment and earnings per share.

The scatter plot (Figure .4.3) illustrates the relationship between equity share investment and earnings per share. The scatter plot shows an upward sloping with positive gradient. This suggests that there is a positive relationship between equity share investment and earnings per share. These findings agreed with the finding by Almunani (2014) who claims that there is a significant positive relationship between earnings per share and the equity share investment in the listed banks in Jordan.

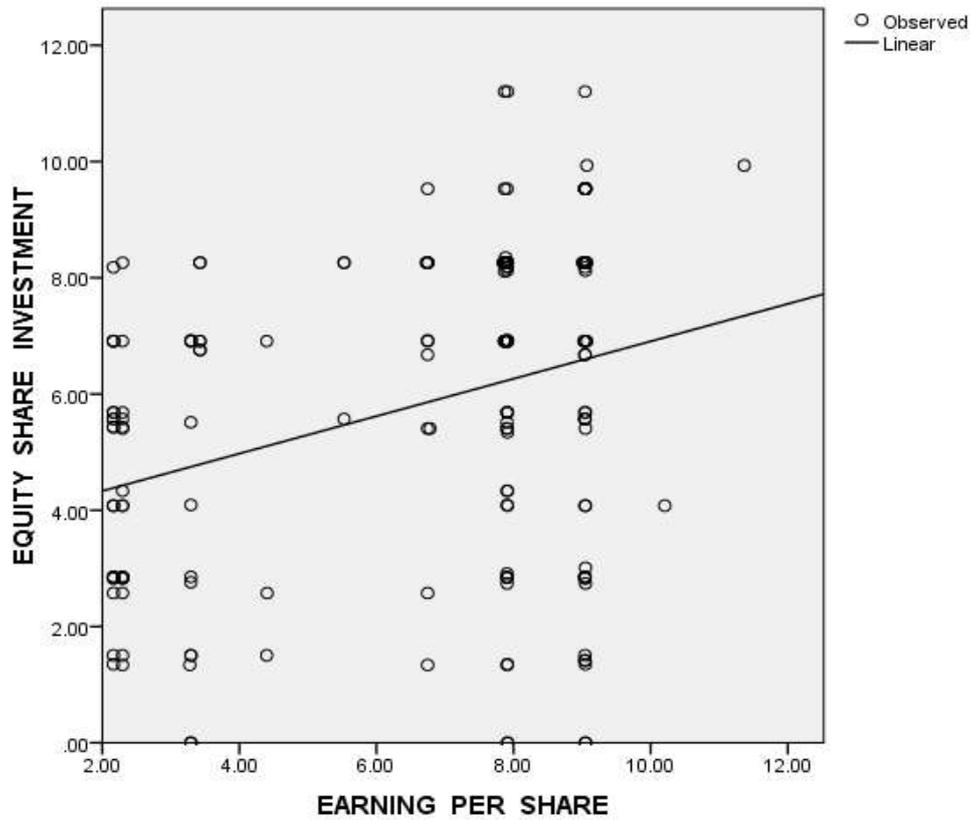


Figure 4.3: Scatter Plot Equity Share Investment and Earnings per Share

4. 7.2 Scatter Plot: Relationship between Equity share Investment and Net Book Value per Share

The scatter plot (Fig.4.4) illustrates the relationship between equity share investment and net book value per share. The scatter plot shows an upward sloping with positive gradient. This suggests that there is a positive relationship between equity share investment and net book value per share. This suggests that there exists a positive relationship between equity share investment and net book value per share. The finding agreed with the findings by Olugbenga and Atanda (2014) on the relationship between net book value per share and equity share investment decision and from which they concluded that accounting information on net book value per share has a positive relationship with equity share investment decisions in Nigeria. Furthermore, the finding is also in agreement with the results of the study by AL- Shubiri (2010) who carried out a study of the determinants of equity share investment at Amman

Stock Exchange, Jordan and concluded that there is highly positive significant relationship between equity share investment and net book value per share.

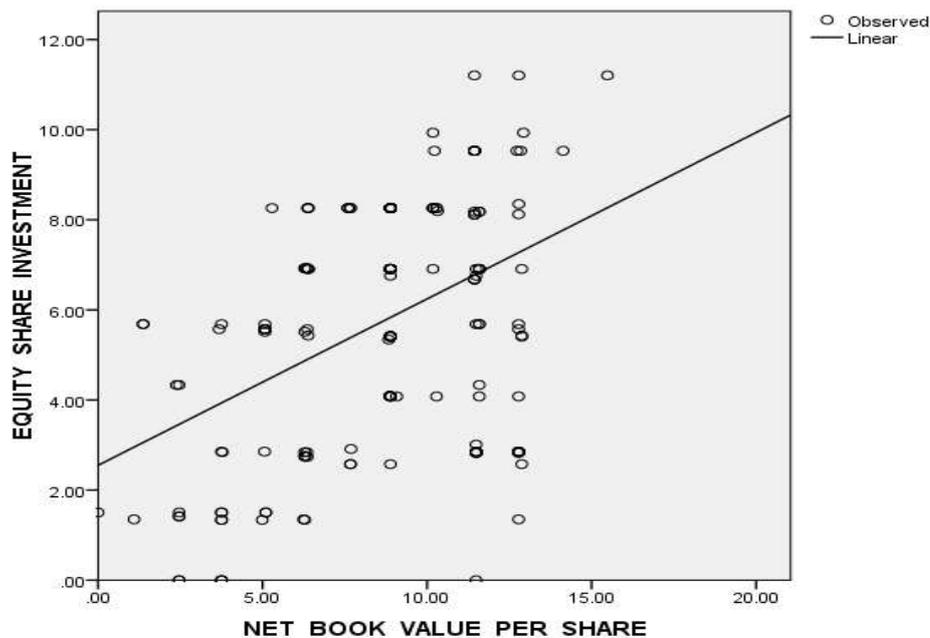


Figure 4.4: Scatter Plot Equity Share Investment and Net Book Value per Share

4.7.3 Scatter Plot: Relationship between Equity Share Investment and Return on Equity

The scatter plot (Figure .4.5), illustrates the relationship between equity share investment and return on equity ratio. The scatter plot shows an upward sloping with positive gradient. This suggests that there is a positive relationship between equity share investment and return on equity ratio. This suggests that there exists a positive relationship between equity share investment and return on equity ratio. Because the data points are relatively close to this line, this suggests that there is a high degree of association between the return on equity and the equity share investment. Consequently, the degree of influence of the return on equity on equity share investment can be statistically examined with the use of correlation and regression analysis.

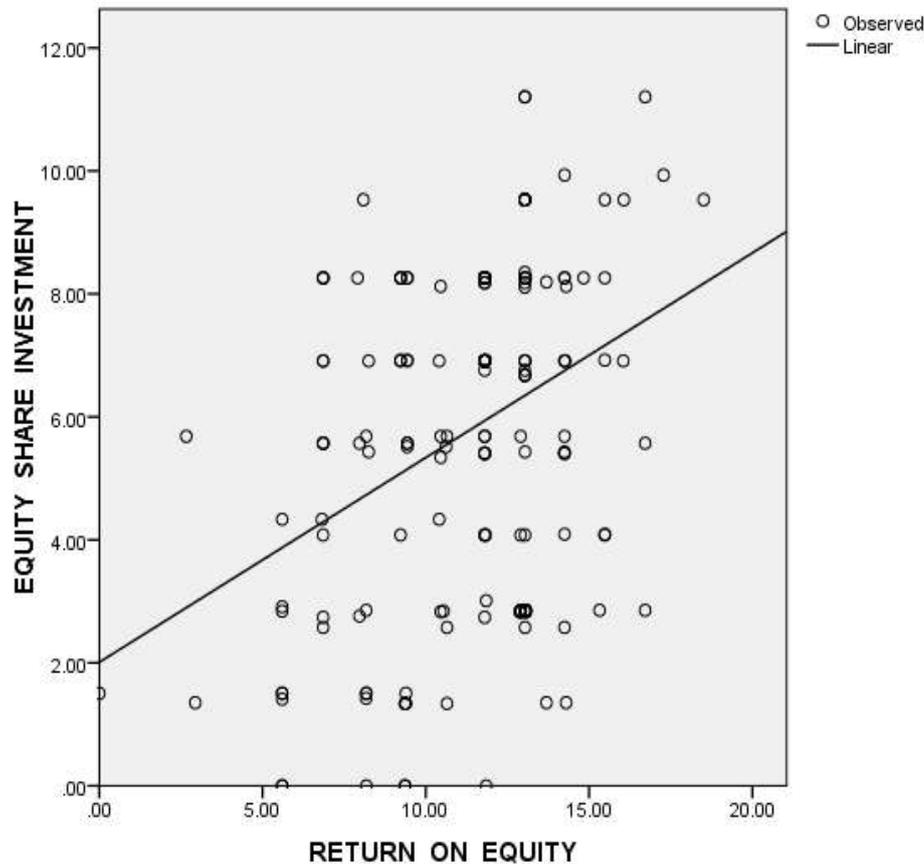


Figure 4.5: Scatter Plot Equity Share Investment and Return on Equity

4.7.4 Scatter Plot: Relationship between Equity Share Investment and Cash Flow from Operation per Share

To establish the kind of relationship between the independent variable (cash flow from operation per share) and dependent variable (equity share investment) a scatter plot was produced. The scatter plot (Figure .4.6) illustrates the relationship between equity share investment and cash flow from operation per share. The scatter plot shows an upward sloping with positive gradient. Because the data points are relatively close to this line, this suggests that there is a high degree of association between the cash flow from operation per share and the equity share investment. Consequently, the degree of influence of the cash flow from operation per share on equity share investment can be statistically examined with the use of correlation and regression analysis. This finding corroborates the findings by Olugbenga and Atanda

(2014), in their study: ‘The relationship between financial accounting information and market values of quoted firms in Nigeria’. They conclude that there is a significant relationship between accounting information and equity share investment of firms listed on Nigerian Stock Exchange and that cash flows can be used to predict share prices and equity share investment of firms in Nigeria

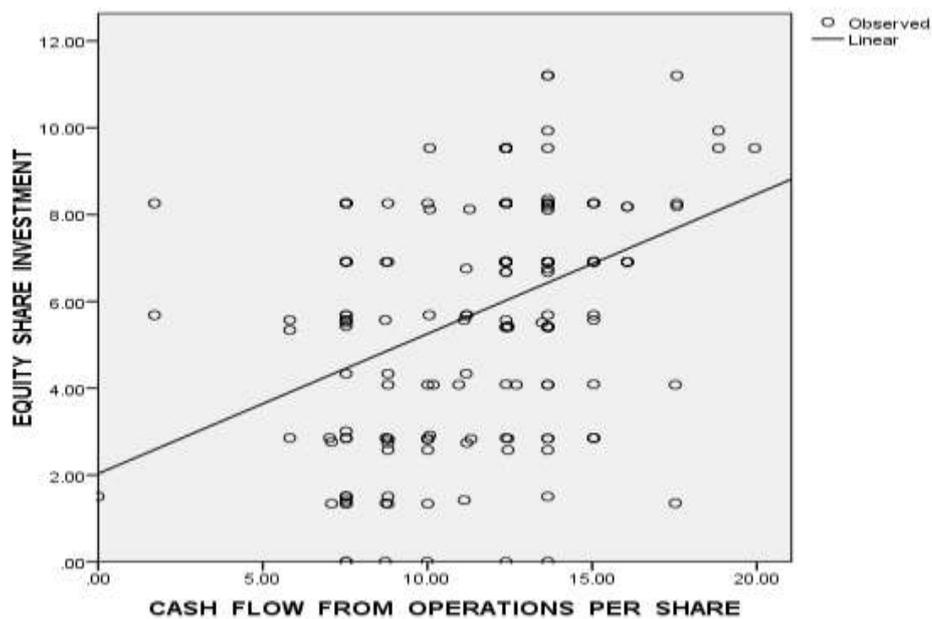


Figure 4.6: Scatter Plot Equity Share Investment and Cash Flow from Operation perShare

4.8 Correlation Analysis between dependent variable and independent Variables

Correlation is used to analyze the degree of relationship between variables. The resulting value in the correlation analysis shows whether the change in the dependent variable was caused by a change in the independent variable (Cohen, Cohen, West & Aiken, 2002). Correlation analysis results give a correlation coefficient which measures the linear association between two variables (Crossman, 2013). According to Mugenda and Mugenda (2003) correlation technique is used to analyze the degree of relationship between two variables. Correlation is the measure of the relationship or association between two continuous numeric variables (Kothari, 2004). Kothari and Garg (2014) suggest that the value of correlation coefficient ranges between -1 and +1 and that a correlation coefficient of +1 indicates that two variables are

perfectly related in a positive linear, a correlation of -1 indicates a perfect linear negative relationship between two variables and a correlation coefficient of 0 indicates no relationship between two variables.

In this study, correlation analysis was carried out between the dependent variable, equity share investment, and independent variables, earnings per share, net book value per share, return on equity ratio and cash flow from operation per share. Pearson moment correlation (r) was used as well as the P- values of significance showing the degree and significance of the relationship. The Pearson correlation coefficient (r) informs a researcher the magnitude and direction of the relationship between two variables, the bigger the coefficient, the stronger the association (Mugenda&Mugenda, 2003).

4.8.1 Correlation Coefficients: Equity Share Investment (Dependent variable) and Earnings per Share, Net Book Value per Share, Return on Equity and Cash Flow from Operation per Share (Independent Variables)

To test the linear association between the dependent variable and independent variables, the study carried out correlation coefficient analysis. The findings (Table 4.23) revealed the following:

Earnings per share have a positive correlation coefficient (r) of 0.958 and p-value of 0.000 with equity share investment. This finding implies that earnings per share have a linear positive significant association with equity share investment in the listed companies in Nigeria. The results of this investigation were in harmony with the findings by King and Langli, 1998; Pushpa and Sumangala, 2012;Almumani, 2014 who claim that earnings per share have significant positive relation with the stock price and equity share investment and that it is an important variable affecting the market value of equity share and equity share investment. Pushpa and Sumangala (2012) argue that once a successful company starts building up reserves it will also look for expanding its scale of operations and thus increase its earnings and once a company starts earning attractive sum, the equity share will have more and more demand which will result in increase in market value of the equity.

Net book value per share was positively related to the equity share investment with a correlation coefficient (r) 0.884 a p- value of 0.000 which is significant at 5% level. This result suggests existence of strong positive association between net book value per share and equity share investment in the listed firms in Nigeria. The finding is in harmony with the findings by Olugbenga and Atanda (2014) who concluded that accounting information on net book value per share has a positive relationship with equity share investment decisions in Nigeria. Furthermore, the finding is also in agreement with the finding by AL- Shubiri (2010) who claims that there is highly positive significant relationship between equity share investment and net book value per share.

Return on equity correlation coefficient (r) with equity share investment was 0.765 with p- value of 0.000. This result indicated that there is a strong positive significant linear relationship between return on equity and equity share investment in the listed companies in Nigeria. This finding is consistent with the finding by Perrera and Thrikawala (2010) whose findings claim that return on equity is significantly related with the share price and investor's decisions.

Cash flow from operation per share has a positive correlation coefficient (r) of 0.509 with equity share investment which is significant at 5% level. This finding implies that a positive linear association exists between cash flow from operation per share and equity share investment in the listed companies in Nigeria. This finding is consistent with the finding by Olugbenga and Atanda (2014) who aver that there is a significant relationship between accounting information and share prices of firms listed on Nigerian Stock Exchange and that accounting information on cash flows can be used to predict share prices and equity share investment of firms in Nigeria.

In summary, the findings suggest that all accounting information variables considered in this study significantly correlated with equity share investment. Earnings per share have the highest correlation coefficient with the equity share

investment (0.958), next by net book value per share (0.884), return on equity (0.765) and cash flow from operation per share (0.509). Given these results, the equity share investors in Nigeria should attach the greatest importance to earnings per share in the selection of equity share investment in Nigerian listed company.

4.8.2 Multicollinearity

The strength of relationship between two independent variables is measured by multiple correlation coefficients analysis. This is done with a view to ascertaining the existence of multicollinearity between two the independent variables. The results (Table 4.23) of the investigations showed that earnings per share have positive correlation coefficients of 0.105 with net book value; 0.213 correlations with return on equity and 0.146 with cash flow from operation per share. Likewise, net book value per share has correlation coefficient value of 0.105 with earnings per share: 0.125 with return on equity and 0.128 with cash flow from operation per share. Furthermore, return on equity has correlation coefficients of 0.213 with earnings per share; 0.125 with net book value per share and 0.175 with cash flow from operation per share. Similarly, cash flow from operation per share has correlation coefficients of 0.146 with earnings per share, 0.128 with net book value per share and 0.175 with return on equity. These results suggest that there no existence of multicollinearity among independent variables.

Multicollinearity exists between two explanatory variables when the relationship between them is strong. Existence of multicollinearity between independent variables may render the results of multiple regression analysis not to be relied upon. According to Curwin & Slater (2008), there is no specific value at which we would say multicollinearity exists; it is a matter of judgment. Mason and Marchel (1999) submit that a common rule of thumb for the determination of multicollinearity among the independent variables is that correlations between the independent variables should be less than 0.70. However, Field (2005) states that in order to avoid multicollinearity the correlation between the explanatory variables should not be above 0.80. In this study, the highest correlation coefficient of 0.213 found was between earnings per share and return on equity. Since the correlations among

independent variables ranged between 0.105 and 0.213, there is no sign of multicollinearity among the independent variables.

Table 4.23: Pearson Multiple Correlation Matrix

		Equity Share Investment	Earnings Per Share	Netbook Value Per Share	Return On Equity	Cash Flow From Operation Per Share
Equity Share Investment	Pearson Correlation	1				
Earnings Per Share	Pearson Correlation	0.958*	1			
Net Book Value Per Share	Pearson Correlation	0.884*	0.105	1		
Return On Equity	Pearson Correlation	0.765*	0.213	0.125	1	
Cash Flow from Operation Per Share	Pearson Correlation	0.509*	0.146	0.128	0.175	1

*Correlation is significant at the 0.05 level (2tailed)

4.9 Regression analysis

Regression is concerned with describing and evaluating the relationship between a given variable and one or more other variables. Specifically, regression is an attempt to explain movements in a variable by reference to movements in one or more other variables (Brooks, 2008). In this study, regression analysis was used to establish the influence of the explanatory variables (earnings per share, net book value per share, return on equity, cash flow from operation per share) on the response variable (equity share investment).

The empirical analysis of the relationship between equity share investment and accounting information variables, using secondary data, was conducted with the Random Effects models. To determine the appropriateness of Random Effects Model

for this study, Hausman specification test was conducted. Hausman test was used to differentiate between Fixed Effects Model and Random Effects Model. The test evaluates the consistency of an estimator when compared to an alternative less efficient estimator which is already known to be consistent. It helps one to evaluate if a statistical model corresponds to the data (Greene, 2012). Random Effects Model (REM) is preferred under the null hypothesis due to higher efficiency; while under the alternative, Fixed Effects Model (FEM) is at least consistent and thus preferred.

The null hypothesis (H_0) for Hausman test states that β_{RE} (Random Effect Estimator) is consistent and efficient (p -value > 0.05), meaning that Random Effect Model is appropriate while the alternative hypothesis (H_1) states that β_{RE} is inconsistent (p -value < 0.05) implying that a Random Effect Model is not appropriate. The findings (Table 4.24) indicate that Hausman test statistic value was 13.96 with a p -value of 0.1459 which is greater than 0.05. This suggests that the null hypothesis that a Random Effect Model is appropriate was accepted and the alternative hypothesis rejected. Hence, the study used a Random Effect Model.

Table 4.24: Hausman Specification Test

Explanatory Variables	Coefficients Fixed Effects b	Coefficients Random Effects B	Difference b - B	sqrt (diag (V_b - B)) SE
Earnings Per Share	1.119	1.075	0.044	.
Net Book Value Per Share	0.170	0.176	-0.006	.
Return On Equity	0.120	0.127	-0.007	.
Cash Flow from Operation Per Share	0.217	0.218	-0.001	0.0174974
Chi ² = 13.96				
P = 0.1459				

4.10 Regression Analysis: Relationship between Earnings per Share and Equity Share Investment.

4.10.1 Model summaries

The simple linear regression model describing the relationship between the equity share investment and earnings per share is given as: $V_t = \beta_0 + \beta_1 X_1 + \varepsilon$. Where V_t is the volume of equity share investment, β_0 the model intercept, β_1 the regression coefficient of earnings per share (X_1) and ε the error term of the model

The regression results (Table 4.25) shows that earnings per share have a positive significant influence on the equity share investment. The r^2 is called coefficient of determination and it tells the fraction of the total variation in the dependent variable (equity share investment) that is explained by the independent variable (earnings per share). Moreover, r^2 tells us how well the regression line fits the data and it is also an important indicator of the predictive accuracy of the estimating equation (Levin & Rubin, 2005).

The findings (Table.4.25) revealed that the coefficient of determination (r^2) between earnings per share and equity share investment was 0.918 or 91.8%. This finding suggests that 91.8% of variation in the equity share investment can be explained by earnings per share. Conclusively, this result implies that earnings per share significantly influenced equity share investment in the listed companies in Nigeria. The finding was consistent with the result of study conducted by Oshodin and Mgbame (2014) that reveals that earnings per share information is the most considered by investors when deciding the equity share investment in the listed firms in Nigeria.

Table 4.25: Model Summary: Relationship between Earnings per Share and Equity Share Investment

Model	R	r^2
1	0.958	0.918

4.10.2: Analysis of Variance (ANOVA)

F statistics is a measure of significance of a regression model used. This may provide support for the proposition that there is a relationship between earnings per share and equity share investment in the listed Nigerian companies. F-Statistic was used to carry out the test of significance of regression model. The results (Table4.26) of analysis of variance test (ANOVA) for the random effects linear model showed that F-Statistic is 6470.839 which is significant with p-value =0.000.

Hypothesis 1:

H₀: There is no relationship between earnings per share and equity share investment in listed companies in Nigeria.

Since p-value =0.000, which is less than 0.05, the model is significantly fit and therefore the null hypothesis (H₀) that there is no relationship between earnings per share and equity share investment in the listed Nigerian companies was rejected and the alternative was picked. This implied that there is a significant relationship between earnings per share and equity share investment in the listed companies in Nigeria. The finding corroborates the findings by Mahmoudi *et al.*, (2011) who assert that earnings increases induce a significant positive equity share investors' reaction, whereas earning decreases bring about a significant negative equity share investors' reaction.

Table 4.26: Analysis of Variance (ANOVA): Relationship between Earnings per Share and Equity Share Investment

Model	Df	Sum of Squares	Mean Sum of Squares	F Statistic	p-value	
1	Regression	1	455.668	455.668	6470.839	0.000
	Residual	578	40.702	0.0704		
	Total	579	496.37			

4.10.3 Beta Coefficients:

Beta coefficient is a measure of the rate of change in dependent variable brought about by a change in independent variable. Beta coefficient is used to measure the impact of independent variable on dependent variable. In order to find out the

significance of the independent variable (earnings per share) on the dependent variable (equity share investment, a simple linear regression analysis was used. The simple linear regression model describing the relationship between the equity share investment and earnings per share is given as: $V_t = \beta_0 + \beta_1 X_1 + \varepsilon$. Where V_t is the volume of equity share investment, β_0 the model intercept, β_1 the regression coefficient of earnings per share (X_1) and ε the error term of the model. When the model was fitted to find out whether the independent variable (earnings per share) predicts the dependent variable (equity share investment), it was found to have goodness of fit and therefore the model was significant. The model intercept (β_0), the regression coefficient (β_1) of earnings per share (X_1) and the significance of all coefficients in the model were subjected to the t-test with a view to testing null hypothesis that the coefficient β_1 is zero.

The results of the regression analysis (Table 4.27) showed that $\beta_0 = 7.609$ which is significantly different from zero with p-value = 0.000 which is less than 0.05; $\beta_1 = 0.905$ (the beta coefficient of earnings per share) which is significantly different from zero with a p-value of 0.000 which is less than 0.05. This implies that a unit (one kobo) change in earnings per share brought about 0.905 units change in the equity share investment in listed companies in Nigeria. These results suggest that the null hypothesis $H_0: \beta_1 = 0$ is rejected and the alternative hypothesis $H_1: \beta_1 \neq 0$ holds. This implies that the model $V_t = 7.609 + 0.905X_1$ is significantly fit and thus the model: $V_t = \beta_0 + \beta_1 X_1$ holds. Therefore, there is a positive significant linear relationship between earnings per share and equity share investment in the listed companies in Nigeria. This finding is in conformity with the findings by Sare, Akuok, and Esumanba (2013) who aver that there is well built evidence which suggests that earnings announcements do carry weight when it comes to investors making equity share investment decision. Furthermore, the result of this investigation is also in harmony with the study of Pushpa and Sumangala (2012) who suggest that earning is an important variable affecting the market value of equity share. Once a successful company starts building up reserves it will also look for expanding its scale of operations and thus increase its earnings. Once a company starts earning attractive sum, the equity share will have more and more demand which will result in increase in market value of the equity.

Table 4.27: Beta Coefficients: Relationship between Earnings per Share and Equity Share Investment

Model	Explanatory variable	Estimate B	Std Error	t	p-value
1	Constant	7.609	0.364	20.904	0.000
	Earnings Per Share	0.905	0.049	18.469	0.000

4.11 Regression Analysis: Relationship between Net Book Value per Share and Equity Share Investment

4.11.1 Model summary

Simple regression analysis was conducted in order to establish the influence of the independent variable (net book value per share) on the dependent variable (equity share investment). The linear regression defining the relationship between equity share investment and earnings per share is given as: $V_T = \beta_0 + \beta_1 (\text{Net Book Value per share}) + \epsilon$. Where V_t is the volume of equity share investment, β_0 is the regression intercept, β_1 is the beta coefficient of net book value per share and ϵ is the error term. The findings (Table 4.28) show that net book value per share has a positive influence on the equity share investment. The r^2 is called coefficient of determination and it tells the proportion of the total variation in the dependent variable, equity share investment, which is explained by the independent variable, net book value per share. Moreover, r^2 tells us how well the regression line fits the data and it is also an important indicator of the predictive accuracy of the estimating equation (Levin & Rubin, 2005). For this analysis, correlation coefficient (r) coefficient was 0.884 and coefficient of determination (r^2) was 0.782 or 78.2%. This suggests that 78.2% of the variation in equity share investment is explained by net book value per share and 21.8% of variation in the equity share investment is explained by other factors not in the model like earnings per share, return on equity, cash flow from operation among others. The findings agreed with the findings by Olugbenga and Atanda (2014) who conclude that accounting information on book value has a positive relationship with equity share investment and significantly influenced equity share investment decisions in Nigeria.

Table4.28. Model Summary: Relationship between Net Book Value per Share and Equity Share Investment

Model	R	r²
2	0.884	0.782

4.11.2 Analysis of Variance (ANOVA)

F statistic is a measure of significance of a regression model used. This may provide support for the proposition that there is a relationship between net book value per share and equity share investment in the listed Nigerian companies. F-Statistic was used to carry out the test of significance of regression model. The results (table4.29) of analysis of variance test (ANOVA) for the random effects linear model showed that F-Statistic is 2066.770 which is significant with p-value =0.000.

Hypothesis 2:

H₀: There is no relationship between net book value per share and equity share investment in listed companies in Nigeria.

Since p-value is 0.000, which is less than 0.05, the model is significantly fit and therefore the null hypothesis (H₀) that there is no relationship between net book value per share and equity share investment in the listed Nigerian companies was rejected and the alternative was picked. This implied that there is a significant relationship between net book value per share and equity share investment in the listed companies in Nigeria. The finding is in harmony with the findings by Olugbenga and Atanda (2014) on the relationship between net book value per share and equity share investment decision and from which they concluded that accounting information on net book value per share has a positive relationship with equity share investment decisions in Nigeria.

Table 4.29: Analysis of Variance (ANOVA): Relationship between Net Book Value per Share and Equity Share Investment

Model		Df	Sum of Squares	Mean Sum of Squares	F Statistic	- p-value
	Regression	1	380.134	380.134	2,066.770	0.000
2	Residual	578	106.309	0.1839		
	Total	579	486.443			

4.11.3: Beta Coefficients

The linear regression defining the relationship between equity share investment and earnings per share is given as: $V_t = \beta_0 + \beta_1 (\text{Net Book Value per share}) + \epsilon$. Where V_t is the volume of equity share investment, β_0 is the regression intercept, β_1 is the beta coefficient of net book value per share and ϵ is the error term.

The beta coefficient and t-value for net book value per share from the regression model were indicated in Table 4. 30. Given the results in the table, the constant value of the model was 6.440 and the beta coefficient of net book value per share was 0.356 which is significantly different from zero with a p-value of 0 .000 which is less than.05. This means that net book value per share significantly affects equity share investment and a unit change in it will lead to 0.356 units change in the volume of equity share investment. Therefore, the model: $V_t = 6.440 + 0.356(\text{Net book value per share})$ significantly fit and can explain the relationship between equity share investment (dependent variable) and net book value per share (independent variable) in the in the listed companies in Nigeria. Moreover, since the beta coefficient of net book value per share is significantly different from zero, the null hypothesis that there is no relationship between net book value per share and equity share investment in the listed companies in Nigeria is rejected and the alternative hypothesis holds. The finding agreed with the findings by Almunani (2014) whose empirical findings show that, there is a positive correlation between the independent variable, net book value per share (correlation coefficient =.81)) and dependant variable, equity share investment and it is also significant at 1% probability level.

Table 4.30: Beta Coefficients: Relationship between Net Book Value per Share and Equity Share Investment

Model	Explanatory variable	Coefficients β	Std Error	t	p-value
	Constant	6.440	0.367	17.548	0.000
2	Net Book Value Per Share	0.356	0.021	16.952	0.000

4.12 Regression Analysis: Relationship between Return on Equity and Equity Share Investment.

4.12.1 Model Summary

The linear regression model defining the relationship between equity share investment and return on equity is given as: $V_t = \beta_0 + \beta_1 (\text{Return on Equity}) + \epsilon$. Where V_t is the volume of equity share investment, β_0 is the regression intercept, β_1 is the beta coefficient of return on equity and ϵ is the error term.

The finding (table 4.31) indicated that the coefficient of determination (r^2) between return on equity and equity share investment was 0.585 or 58.50%. This result suggests that 58.50% of variation in the equity share investment can be explained by return on equity. Conclusively, the result implies that return on equity significantly influenced equity share investment in the listed companies in Nigeria. This finding was in consonant with the findings that equity share investors' decisions are positively influenced by the return on equity and that accounting information of rate of return on stockholders' equity are most significant and it has direct impact on investors' decisions (Kabajeh et al, 2012; Wang et al, 2013).

Table 4.31: Model Summary: Relationship between Return on Equity and Equity Share Investment.

Model	R	r ²
3	0.765	0.585

4.12.2 Analysis of Variance (ANOVA)

The analysis of variance (ANOVA) results (Table 4.32) indicated that F –statistic is 815.526 with p-value of 0.000 which is less than 0.05. This suggests that F statistics is highly significant.

Hypothesis 3:

H₀: There is no relationship between return on equity and equity share investment in listed companies in Nigeria.

Since p-value is 0.000, which is less than 0.05, the model is significantly fit and therefore the null hypothesis (H₀) that there is no relationship between return on equity and equity share investment in the listed Nigerian companies was rejected and the alternative was upheld. Therefore, there is a relationship between return on equity and equity share investment in the listed companies in Nigeria. This finding conforms to the findings by Kabajehetal (2012) who asserts that equity share investors’ decisions are positively influenced by the return on equity.

Table 4.32. Analysis of Variance (ANOVA): Relationship between Return on Equity and Equity Share Investment.

Model	Df	Sum of Squares	Mean Sum of Squares	F Statistic	- p-value
Regression	1	246.915	246.915	815.526	0.000
Residual	578	175.000	0.3028		
Total	579	421.915			

4.12.3 Beta Coefficients

The linear regression model defining the relationship between equity share investment and return on equity is given as: $V_t = \beta_0 + \beta_1 (\text{Return on Equity}) + \epsilon$. Where V_t is the volume of equity share investment, β_0 is the regression intercept, β_1 is the beta coefficient of return on equity and ϵ is the error term.

The beta coefficient and t-value for return on equity from the regression model were indicated in table 4.33. Given the results in the table, the value of the model intercept was 3.358, and the beta coefficient of return on equity was 0.257 which is significantly different from zero with a p-value of 0.000 which is less than 0.05. This result means that return on equity significantly influences equity share investment and a unit change in it will lead to 0.257 units change in the volume of equity share investment. Therefore, the model: $V_t = 3.358 + 0.257(\text{Return on equity})$ significantly fit and can explain the relationship between equity share investment (dependent variable) and return on equity (independent variable) in the companies listed on Nigerian Stock Exchange. Moreover, since the beta coefficient of return on equity is significantly different from zero, the null hypothesis that there is no relationship between return on equity and equity share investment in the listed companies in Nigeria is rejected and the alternative hypothesis accepted. This finding supports the results of a study by Wang *et al* (2013) who find that accounting information of rate of return on stockholders' equity are most significant and that it has direct impact on investors' decisions.

Table 4.33. Beta Coefficients: Relationship between Return on Equity and Equity Share Investment.

Model	Explanatory variable	Coefficients β	Std Error	t	p- value
	Constant	3.358	0.200	16.790	0.000
3	Return On Equity	0.257	0.018	14.278	0.000

4.13 Regression Analysis: Relationship between Cash Flow from Operation per Share and Equity Share Investment.

4.13.1 Model summaries

The regression model defining the relationship between equity share investment and cash flow from operation per share is given as: $V_t = \beta_0 + \beta_1 (\text{Cash flow from operation per share}) + \epsilon$. Where V_t is the volume of equity share investment, β_0 is the regression intercept, β_1 is the beta coefficient of cash flow from operation per share and ϵ is the error term.

The model summary results (Table 4.34) indicated that the coefficient of determination (r^2) between cash flow from operation and equity share investment was 0.259 or 25.9%, which suggests that 25.9% of variation in the equity share investment can be explained by cash flow from operation per share. Conclusively, this result implies that cash flow from operation significantly influenced equity share investment in the listed companies in Nigeria. This results accord with the claim that investors will examine a company's cash flow from operating activities separately from the other two components of cash flows- investing and financing activities - to determine from where a company is really getting its money. Investors want to see positive cash flows because of positive income from recurring operating activities (Sloan, 1996).

Table 4.34: Model Summary: Relationship between Cash Flow from Operation per Share and Equity Share Investment

Model	R	r^2
4	0.509	0.259

4.13.2 Analysis of Variance (ANOVA)

The finding (Table 4.53) from the regression analysis shows that the analysis of variance (ANOVA) F –statistic was 202.112 with p-value of 0.000 that is less than 0.05. This suggests that F statistic is highly significant.

Hypothesis 4:

H₀: There is no relationship between cash flow from operation per share and equity share investment in listed companies in Nigeria.

Since F p-value was 0.000 which is less than 0.005, the null hypothesis that there is no relationship between cash flow from operation per share and equity share investment in listed companies in Nigeria is rejected and the alternative accepted. Consequently, there is a relationship between cash flow from operation per share and equity share investment in the listed companies in Nigeria. This finding support the claim by Olugbenga and Atanda (2014) who declare that there is a significant relationship between accounting information and equity share investment in firms listed on Nigerian Stock Exchange and that cash flow can be used to predict share prices and equity share investment in firms in Nigeria.

Table 4.35: Analysis of Variance (ANOVA): Relationship between Cash Flow from Operation per Share and Equity Share Investment

Model		Df	Sum of Squares	Mean Sum of Squares	F Statistic	p-value
4	Regression	1	105.409	105.409	202.112	0.000
	Residual	578	301.448	0.522		
	Total	579	406.857			

4.13.3 Beta Coefficients

The regression model defining the relationship between equity share investment and cash flow from operation per share is given as: $V_t = \beta_0 + \beta_1 (\text{Cash flow from operation per share}) + \epsilon$. Where V_t is the volume of equity share investment, β_0 is the regression intercept, β_1 is the beta coefficient of cash flow from operation per share and ϵ is the error term.

The beta coefficient and t-value for cash flow from operation per share from the regression model were indicated in table 4.36. Given the findings, the value of the intercept of the model was 3.429 and the beta coefficient of cash flow from operation per share was 0.255 which is significantly different from zero with a p-value of

.000 which is less than .05. This result suggests that cash flow from operation per share significantly influenced equity share investment and a unit change in it will lead to 0.255 units change in the volume of equity share investment. Therefore, the model: $V_t = 3.429 + 0.255(\text{Cash flow from operation per share})$ significantly fit and can explain the relationship between equity share investment and cash flow from operation per share in the listed companies in Nigeria. Moreover, since the beta coefficient of cash flow from operation per share is significantly different from zero, the null hypothesis that cash flow from operation per share has no relationship with equity share investment in the listed companies in Nigeria is rejected and the alternative hypothesis holds. This finding is somehow inconsistent with the findings of Liu *et al* (2007) who submitted that contrary to the common perception that operating cash flows are better than accounting earnings at explaining equity share investment and valuations, recent studies suggest that equity share investment and valuations derived from firms' reported earnings are significant in equity share investment decision making than those based on reported operating cash flow. However, the finding is consistent the assertion by Olugbenga and Atanda (2014) who affirm that there is a significant relationship between accounting information and equity share investment in firms listed on Nigerian Stock Exchange and that cash flow can be used to predict share prices and equity share investment in firms in Nigeria

Table 4.36: Beta Coefficients: Relationship between Cash Flow from Operation per Share and Equity Share Investment.

Model	Explanatory variable	Coefficients β	Std Error	t	p- value
	Constant	3.942	0.227	17.367	0.000
4	Cash Flow from Operation Per Share	0.255	0.018	14.246	0.000

4.14 Multiple Linear Regression Model analysis:

Relationship between Equity Share Investment and Accounting Information Variables (Earnings per Share, Net Book Value per Share, Return on Equity and Cash Flow from Operation per Share)

In order to determine the joint relationship of accounting information variables, the independent variables (earnings per share, net book value per share, return on equity and cash flow from operation per share) and equity share investment, the dependent variable, in the listed companies in Nigeria, an empirical analysis of secondary data was conducted with the use of multiple linear regression model. The relationship between independents variables and dependent variable was examined. The multiple linear regression model for the analysis is given as: $V_t = \beta_0 + \beta_1$ (Earnings per share) + β_2 (Net book value per share) + β_3 (Return on equity) + β_4 (Cash flow from operation per share) + ϵ

Where:

V_t is the units of equity share investment

β_0 is the model intercept,

β_1 is the coefficient of explanatory variable earnings per share,

β_2 is the coefficient of net book value per share ,

β_3 is the coefficient of return on equity,

β_4 denotes the coefficient of cash flow from operation per share and,

ϵ represents error term.

4.14.1 Model summaries:

With a view to testing the overall effect of all the independent variables (earnings per share, net book value per share, return on equity and cash flow from operation per share) on the dependent variable (equity share investment), a multiple linear regression analysis was conducted. The results of the analysis are shown in Table 4.37 and these are: correlation coefficient (R) = 0.952 and coefficient of determination (R^2) = 0.906. R indicates that there is a strong linear association between the dependent variable (equity share investment) and the joint explanatory power of independent variables (earnings per share, net book value per share, and return on equity and cash flow from operation per share).

The coefficient of determination (R^2) value was 0.906. This result indicates that 90.6% of variation in equity share investment in the listed companies in Nigeria can be explained by the joint explanatory power of accounting information variables (earnings per share, net book value per share, return on equity and cash flow from operation per share). The finding implies that accounting information variables, earnings per share, net book value per share, return on equity and cash flow from operation per share, significantly influence equity share investment in the listed companies in Nigeria. The finding corroborates the claims by Olugbenga and Atanda (2014) that there is a significant relationship between accounting information and equity share investment decision making in firms listed on Nigerian Stock Exchange. Olugbenga and Atanda (2014) asserted that information on earnings, book value and cash flows can be used to determine equity share investment in the listed firms in Nigeria.

Table 4.37.: Model Summary: Multiple Linear Regression

Model	R	R^2
5	0.952	0.906

4.14.2 Analysis of Variance (ANOVA)

Furthermore, F-test was carried out to test the null hypothesis that there is no relationship between joint explanatory power of independent variables (earnings per share, net book value per share, return on equity and cash flow from operation per share) and dependent variable (equity share investment). The finding (Table 4.38) indicates that the independent variables (earnings per share; net book value per share; return on equity and cash flow from operation per share) have a significant effect on equity share investment in the companies listed on the Nigeria Stock Exchange.

Hypothesis:

H₀: $\beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$. There is no relationship between accounting information and equity share investment in the listed companies in Nigeria

F-statistic is a measure of joint significance of all explanatory variables of the model used. This may provide support for the proposition that there is a positive relationship between accounting information (earnings per share, net book value per share, return on equity, and cash flow from operation per share per share) and equity share investment in the companies listed on Nigerian Stock Exchange (NSE). The finding (Table 4.38.) indicates that F –statistics was 1390.463 with a p-value of 0.000 which is less than 0.05. This suggests that F statistics is highly significant, therefore, the null hypothesis (H₀) that there is no relationship between accounting information and equity share investment is rejected and the alternative hypothesis (H₁) is accepted. Hence, there is a significant relationship between accounting information variables (earnings per share, net book value per share, return on equity, and cash flow from operation per share) and equity share investment in the listed companies in Nigeria. This finding was in agreement with findings by Eleke and Opoku (2013) who submit that both individual and institutional investors attach great importance to financial accounting information in the selection of portfolios of equity securities, bonds and other investments. In addition, the result of the investigation was in

agreement with findings of Shehzad and Ismail (2014) that accounting data explains a high proportion of the investors' equity share investment decisions.

Table 4.38: Analysis of Variance (ANOVA): Multiple Linear Regression

Model		Df	Sum of Squares	Mean Squares	Sum of F	- p-
					Statistic	value
5	Regression	4	1712.242	428.061	1390.463	0.000
	Error	575	177.016	0.3079		
	Total	579	1889.258			

a. Dependent Variable: Equity Share Investment

b. Predictors: (Constant), Earnings per share, Net book value per share, Return on equity and Cash flow from operation per share

4.14.3 Beta Coefficients:

Beta Coefficient measures the degree to which changes in each of the explanatory variables affects the dependent variable. The multiple linear regression model defining the joint relationship of explanatory variables (earnings per share, net book value per share, return on equity, and cash flow from operation per share) and the dependent variable (equity share investment) is given as: $V_t = \beta_0 + \beta_1 (\text{Earnings per share}) + \beta_2 (\text{Net book value per share}) + \beta_3 (\text{Return on equity}) + \beta_4 (\text{Cash flow from operation per share}) + \epsilon$. Where: V_t is the volume of equity share investment; β_0 the regression intercept, β_1 the beta coefficient of earnings per share; β_2 the beta coefficient of net book value per share; β_3 the beta coefficient of return on equity; β_4 the beta coefficient of cash flow from operation per share and ϵ is the error term.

The finding (Table 4.39) shows the results of beta coefficients and t-values of the multiple linear regression models. The value of the model's intercept was 4.056; the beta coefficient of earnings per share (X_1) was 2.778 which is significantly different from zero with a p-value of 0.003 which is less than 0.05. This result means that earnings per share significantly affects equity share investment and a unit (one kobo) change in it will lead to 2.778 units change in the volume of equity share investment.

Net book value per share has a beta coefficient of 1.075 that is significantly different from zero and a p-value 0.001 which is less than 0.05 .This implies that net book value per share significantly affects equity share investment and a unit (one kobo) change in it will bring about 1.075 units change in the volume of equity share investment. Similarly return on equity has a beta coefficient of 0.723 which is significantly different from zero and a p- value of 0.000 that is less than 0.05.This indicates that return on equity has significant effect on equity share investment and a unit (one kobo) change in it will lead to 0.723 units change in the volume of equity share investment and furthermore, the beta coefficient of cash flow from operation per share was 0.090 which is significantly different from zero with a p- value of 0.002 which is below 0.05. This shows that cash flow from operation has significant effect on equity share investment and a unit (one kobo) change in it will bring about 0.090 units change in equity share investment. The finding revealed that each explanatory variable, in this study, has significant effect on the dependent variable. Therefore, the model: $V_t = 4.056 + 2.778 (\text{Earnings per share}) + 1.075 (\text{Net book value per share}) + 0.723 (\text{Return on equity}) + 0.09 (\text{Cash flow from operation per share})$ significantly fit and can explain the relationship between dependent and independent variables in the study. Moreover, since the beta coefficient of each explanatory variable is significant different from zero, the null hypothesis that the combined explanatory variables (earnings per share, net book value per share, return on equity, and cash flow from operation per share) have no relationship with equity share investment in the listed companies in Nigeria is rejected and the alternative hypothesis holds. These finding corroborate the claim that that accounting information disclosed in a firm's financial statement is the main factor that most investors considered when making equity investment decision in a firm (Wang & Liang, 2000; Eleke&Opoku, 2013; Wang, *et al*, 2013).

Table 4.39: Beta Coefficients : Multiple Linear Regression

Model	Estimate	Std	t	Pr(>t)	
	β	Error			
	Intercept	4.056	0.165	24.581	0.000
	Earnings per share	1.075	0.140	7.679	0.000
5	Net book value per share	0.176	0.029	6.069	0.000
	Return on equity	0.127	0.021	6.048	0.000
	Cash flow from operation per share	0.218	0.032	6.813	0.000

Dependent Variable: Equity Share Investment

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The general objective of this study was to establish the relationship between accounting information and equity share investment in listed companies in Nigeria. Particularly, the study aimed at finding out if earnings per share, net book value per share, return on equity and cash flow from operation influence equity share investment in the listed companies in Nigeria. This chapter summarizes the research findings on response rate, the general background information and the statistical analysis of specific objectives/research hypotheses. The conclusions and recommendations relating to the specific research objectives as well as suggestions for further research were highlighted.

5.2 Summary of the Findings

This study was carried out with a view to establishing the relationship between accounting information and equity share investment in the companies listed on Nigerian Stock Exchange. The study reviewed both theoretical and empirical literature on accounting information and equity share investment. From the review of the related literature, a comprehensive conceptual framework of argument on the relationship between accounting information and equity share investment was developed. The hypothesized relationship between equity share investment and accounting information was tested based on the specific objectives of the study. The hypothesized relationship between the accounting information and equity share investment were presented in a conceptual framework. Based on the conceptual framework and objectives of the study, a questionnaire was prepared and tested both for validity and reliability using Cronbach's Co-efficient alpha (α), through a pilot study. The questionnaire was used to collect the primary data from a sample size of 204 respondents selected; using stratified purposive sampling, from sixty eight (68)

stock brokerage firms. A response rate of 88.24% representing 180 respondents was recorded out of the 204 questionnaires administered. The independent variables of the study were tested for multicollinearity and independence. Normality tests were carried out on the equity share investment (dependent variable) using One-Sample Kolmogorov-Smirnov test.

Descriptive and inferential statistics were carried out to analyze quantitative data. Linearity test was carried out with the use of scatter plots in order to determine the existence of linear relationship between dependent variable and independent variable. Multiple and Simple linear regression analysis were employed to test the combined effect of all the independent variables on the dependent variable and individual effect of each explanatory variable on dependent variable. The moderating effect of accounting regulation on the relationship between accounting information and equity share investment was examined with the analysis of respondents' responses to questionnaire.

5.2.1 EarningsPer Share and Equity Share Investment

The investigation of the relationship between earnings per share and equity share investment in the listed companies in Nigeria through survey method, using questionnaire, revealed that majority (80.22%) of the respondents agreed that there is a relationship between earnings per share and equity share investment in the listed companies in Nigeria and that earnings per share is an important factor in the investors' determination of equity share investment in a company. The implication of this finding is that there exists a relationship between earnings per share and equity share investment in Nigerian listed companies.

The findings resulting from secondary data analysis revealed that there exists a strong positive significant linear relationship between earnings per share and equity share investment in the listed companies in Nigeria. This relationship was evidenced by correlation coefficient of 0.958 at 0.000significant level. This implies that earnings per share and equity share investment have a positive significant relationship and also suggests that increased earnings per share encouraged equity share investors to invest in equity share of listed firms in Nigeria.

The coefficient of determination, r^2 , was 0.918 or 91.8%. This result implies that 91.8% of the variation in equity share investment in the listed companies in Nigeria is explained by earnings per share. The earnings per share beta coefficient in relation to equity share investment were 0.905. This meant that a unit of one kobo change in earnings per share caused 0.905 units change in the volume of equity share investment in the listed companies in Nigeria.

Furthermore, the F- statistic was 6470,839 with probability value of 0.000 which was less than 0.05. This indicated that the model was significant and that it can significantly predict equity share investment. Given these findings, the null hypothesis that there is no significant relationship between earnings per share and equity share investment in the companies listed on Nigerian Stock Exchange was rejected and the alternative hypothesis that there is significant relationship between earnings per share and equity share investment in the companies listed on Nigerian Stock Exchange was accepted.

The hypothesis (H_0) that there is no significant relationship between earnings per share and equity share investment in the companies listed on Nigerian Stock Exchange (NSE) was carried out by computing the beta coefficient of earnings per share in relation to equity share investment and the examination of its p- value. The beta coefficient was = 0.905 which is significantly different from zero with p-value = 0.000 which is less than 0.05. This finding suggest that a unit change in earnings per share will lead to 0.905 units change in the volume Of equity share investment. These results confirmed that there is a significant relationship between earnings per share and equity share investment in the companies listed on Nigerian Stock Exchange. Considering these results, the null hypothesis that there is no significant relationship between earnings per share and equity share investment in the companies listed on Nigerian Stock Exchange was rejected and the alternative hypothesis accepted.

The findings that came out from secondary data analysis were consistent with the results of survey investigation through primary data analysis. This serves as

affirmation to the fact that there is a relationship between earnings per share and equity share investment in listed companies in Nigeria.

5.2.2. Net Book Value per Share (NBVPS) and Equity Share Investment

The findings resulting from primary data analysis indicated that there is a strong relationship between net book value and equity share investment in the companies listed on Nigerian Stock Exchange. This claim was evidenced by respondent's responses which indicated that a substantial majority (79.12%) were in agreement that there is a strong relationship between net book value per share and equity share investment in the listed Nigerian companies.

Using secondary data to analyse the extent of the relationship between net book value per share and equity share investment in the listed companies in Nigeria, the examination of correlation analysis between net book value per share and equity share investment in the listed companies in Nigeria showed that there was a positive strong significant linear relationship between net book value per share and equity share investment. This claim was justified by the results of correlation analysis. The result revealed a correlation coefficient(r) of 0.884. This indicated existence of a strong positive linear relationship between net book value per share and equity share investment. r square, that is coefficient of determination, was 0.782 or 78.2% which pointed out that 78.2% of the variation in the equity share investment in the listed companies in Nigeria was explained by net book value per share. This result implies that net book value per share exerts significant influence on equity share investment in the listed companies in Nigeria.

Analysis of the significance of the model showed that F statistics was 2066.770, supported by the probability value of 0.000 which was less than 0.05. This indicated that the model was significantly fit and can predict equity share investment in the listed companies in Nigeria. The findings imply that net book value per share considerably influence equity share investment and also there is a significant relationship between the net book value per share and equity share investment in the companies listed on Nigerian Stock Exchange (NSE). Given these findings, the null hypothesis that there is no relationship between net book value per share and equity

share investment is rejected and the alternative hypothesis that there is a significant relationship between net book value per share and equity share investment in the listed companies in Nigeria is accepted.

The hypothesis (H_0) that there is no significant relationship between net book value per share and equity share investment in the companies listed on Nigerian Stock Exchange (NSE) was carried out by computing the beta coefficient of net book value per share in relation to equity share investment and the examination of its p- value. The beta coefficient was = 0.356 which is significantly different from zero with p- value = 0.000 which is less than 0.05. This finding suggest that a unit of one kobo change in net book value per share will lead to 0.356 units change in the volume of equity share investment. These results confirmed that there is a significant relationship between net book value per share and equity share investment in the companies listed on Nigerian Stock Exchange. Considering these results, the null hypothesis that there is no significant relationship between net book value per share and equity share investment in the companies listed on Nigerian Stock Exchange was rejected and the alternative hypothesis accepted.

The findings under both primary and secondary data analysis were in harmony. This suggests that indeed there exists a relationship between net book value per share and equity share investment in the Nigerian listed companies.

5.2.3 Return on equity (ROE) and equity share investment

The findings under survey method showed that there is existence of strong relationship between return on equity and equity share investment in the companies listed on Nigerian Stock Exchange. This finding was supported by respondent's reactions which showed that a great majority (74.82%) accepted the fact that there is a relationship between return on equity and equity share investment in the listed companies in Nigeria and that return on equity significantly influenced equity share investors' investment decision.

Employing secondary data, the findings arrived at in the study of the relationship between the variable return on equity and equity share investment indicated that return on equity has an influence on the equity share investment in the listed

companies in Nigeria. The regression results show that return on equity has a positive correlation coefficient (r) of 0.765 with equity share investment which implies that return on equity had a significant linear association with equity share investment. The coefficient of determination (r^2) was 0.585 or 58.5%. This indicated that 58.5% of the variation in equity share investment was explained by return on equity.

The analysis of variance (ANOVA) results showed an F-statistic value of 815.526 with p-value of 0.000 which is less than 0.05. This result confirmed that the regression is significant. Therefore, the null hypothesis that there is no relationship between return on equity and equity share investment in the companies listed on Nigerian Stock Exchange was rejected and the alternative accepted. This finding implies that there is a significant relationship between return on equity and equity share investment in the listed companies in Nigeria.

The beta coefficient for return on equity was 0.257 which was different from zero and the p-value was 0.000. These results confirmed that there is a significant relationship between return on equity and equity share investment in the companies listed on Nigerian Stock Exchange. Considering these results, the null hypothesis that there is no significant relationship between return on equity and equity share investment in the companies listed on Nigerian Stock Exchange was rejected and the alternative hypothesis accepted.

Comparing the findings under primary data and secondary data analyses, both are synonymous, hence there is a relationship between return on equity and equity share investment in the listed companies in Nigeria.

5.2.4 Cash flow from operation per share (CFOPS) and equity share investment

The investigation using primary data revealed that cash flow from operation exerts influence on equity share investment in listed companies in Nigeria. The findings revealed that widely held (58.66%) views maintained that there is a relationship between cash flow from operation and equity share investment in the listed companies in Nigeria.

Given the secondary data analysis, the results of the investigation of the relationship of the variable cash flow from operation per share and equity share investment in the listed companies in Nigeria indicated that cash flow from operation per share has an influence on the equity share investment. The regression results show that cash flow from operation per share has a positive correlation coefficient(r) of 0.509 with equity share investment which implies that cash flow from operation per share had a significant linear association with equity share investment. The coefficient of determination (r^2) was 0.259 or 25.9% which indicated that 25.9% of the variation in equity share investment was explained by cash flow from operation per share.

The analysis of variance (ANOVA) results showed an F-statistic value of 202.112 with p-value of 0.000 which is less than 0.05. This result confirmed that the regression is significant. Therefore, the null hypothesis that there is no relationship between cash flow from operation per share and equity share investment in the Nigerian listed companies was rejected and the alternative accepted. Hence, there is a significant relationship between cash flow from operation per share and equity share investment in the listed companies in Nigeria

The beta coefficient for cash flow from operation per share was 0.255 which was different from zero and the p-value was 0.000. These results confirmed that there is a significant relationship between cash flow from operation per share and equity share investment in the companies listed on Nigerian Stock Exchange. Considering these results, the null hypothesis that there is no significant relationship between cash flow from operation per share and equity share investment in the companies listed on Nigerian Stock Exchange was rejected and the alternative hypothesis accepted.

The results from primary and secondary data investigations are the same. This implies that, without a doubt, cash flow from operation has a relationship with equity share investment and significantly influenced equity share investors' investment decisions in the listed companies in Nigeria

5.2.5 Moderating effect of accounting regulation on the relationship between accounting information variables and equity share investment

The findings through the primary data analysis confirmed that definitely accounting regulation has moderating effect on the relationship between accounting information and equity share investments in Nigerian listed companies. In addition, findings revealed that accounting regulation exerts significant influence on the information presented in a company's financial statements and also lead to accurate, relevant and reliable disclosure of accounting information. These findings were substantiated by respondents' responses to the statements in the questionnaire. Common responses (67.76%) claimed that accounting regulation undeniably has moderating effect on the relationship between accounting information variables and equity share investment in the listed companies in Nigeria.

5.3 Conclusion

The results of survey study through primary data analysis revealed that accounting information and equity share investment are correlated and there is a strong and significant relationship between accounting information disclosed in firms' financial statements and equity share investment. And moreover, accounting information significantly influenced equity share investment decisions in the listed companies in Nigeria. This finding was substantiated by the majority (89.35%) of the respondents who claimed that there exists a significant relationship between accounting information and equity share investment in the listed companies in Nigeria and that most equity share investors in Nigeria relied on accounting information disclosed in firms' financial statements for equity share investment decision makings. In addition, using secondary data to investigate the relationship between accounting information and equity share investment in the listed companies in Nigeria, the results of the investigation revealed that there is a strong influence of accounting information on equity share investment in listed Nigerian companies.

All accounting information variables considered in this study significantly influenced equity share investment in companies listed on Nigerian Stock Exchange. Further, results of study indicated that earnings per share is the strongest determinant of equity share investment followed by net book value per share, return on equity and

cash flow from operation per share. Since the evidence indicated that accounting information plays a significant role in investment decision making, it is important to improve on the quality of accounting information which in turn is expected to affect equity share investors' investment decisions. Furthermore, the findings of this study revealed that compliance with accounting regulations for the reporting of firms' financial statements improves decision usefulness of accounting information by improving the quality of the information in the financial reports and also gives credibility to the financial statement which encouraged equity share investors' reliance on company's financial reports for investment decision makings.

5.4 Recommendations.

Given the importance of accounting information in investment decision makings in Nigeria, the study of financial factors that influence investment decision makings will be beneficial for the investors in Nigeria, as these factors possess strong explanatory power and hence, can be used to make accurate investment decisions. Therefore, investors are suggested to take cognizance of accounting information variables of company before investing.

The study recommends that all listed companies in Nigeria should prepare and disclose additional information on the financial accounting indicators used for investment decisions alongside with the mandatory financial statements. This is expected to provide clearer information about the operating and financial performances of companies to equity share investors.

Furthermore, since it was found that compliance with accounting regulation in the preparation and presentation of a company's financial reports improves the quality of the financial reports, the study recommends that all listed companies in Nigeria should adhere to accounting regulation when preparing their financial reports. Accounting regulatory bodies in Nigeria and preparers of accounting reports should make efforts toward improving the quality of published financial reports because the reports are widely used by investors in Nigeria and foreign investors for investment decision. Strict regulations and sanctions should be put in place to prevent Managers

who may want to engage in the sharp practice of financial statements window dressing by fraudulent manipulation of accounting information disclosed in company's financial statements.

The Managers of listed companies should make efforts to make regular and timely financial information available to the public, if at all possible, by preparing and publishing in the newspaper and posting on the website their companies' interim financial reports, annual reports and financial information updates. This will avoid information irregularity and ensure the market operates in near perfect competition which will enhance confidence and make market participants to fully appreciate the role of financial information in investment decision making.

Financial information acquisition has the potential to improve investors' investment decision makings which may bring about improved overall portfolio performance therefore; both the stock market regulators and financial advisers should educate investors to improve their financial analysis knowledge. To this end it is recommended that Brokerage firms should establish capacities in their respective institution to be able to continuously educating investors and whenever necessary assist them to interpret key financial indicators to support in informed decision making.

The finding implies that investors did appreciate the importance of financial information while considering investment decisions. Investors should critically and objectively analyse the company's overall characteristics when making investment decisions. This is because accounting information are not the same across the industries.

The positive moderating effect of accounting regulation on the relationship between independent variables and dependent variable provides proof of the quality of accounting standard regulation in Nigeria. High quality accounting standards and their proper enforcement are apparent as providing relevant and reliable financial information. Financial reports prepared under accounting regulation (IFRSs)

enhanced best practices in a corporate organization, provide greater benefits, promote cross border investment and relatively improve the performance of Companies. The Financial Reporting Council of Nigerian (FRCN) and Securities and Exchange Commission (SEC) which are regulatory bodies should mandate compulsory compliance of the quoted companies with the accounting standard guidelines in the preparation and publication of their financial statements. Compliance with the provisions of accounting regulations by companies is expected to increase investors' confidence in Nigerian Stock Market. The implications of the above mentioned are huge for foreign and local investors who make their decisions based on accounting information.

Given the study findings, these recommendations may be of use to accounting regulatory bodies in Nigeria, Financial Reporting Council of Nigeria (FRCN), Nigerian Stock Exchange Regulators, Corporate Managers, Preparers of firms' financial reports, investors and other emerging stock markets.

5.5 Suggestions for Further Studies

The conclusions of survey study were based on the views expressed by the Stock brokers, Investment Advisers and Portfolio Managers on the relationship between accounting information and equity share investment. Non-professional investors were not included in the survey study. Future research can consider the opinions of non-professional investors on the effect of accounting information variables on the equity share investment decision making.

This study focused only on quantitative financial accounting information factors. There are other non-financial accounting information variables, such as corporate goodwill, research and development, product quality, board composition, ownership concentration among others that may influence investors' equity share investment decisions in a firm. Future research should consider the influence of these non-financial accounting information variables on equity share investment decision makings in the listed companies in Nigeria.

As a result of the presence of other factors, such as government macroeconomic policies, social and political environments, rumour, insider trading, noise, age, sex and investors risk tolerant level among that may affect equity share investment decision makings, future study can include impact of these other factors.

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APPENDICES

Appendix (i): Factor Loadings

Table 4.8: Factor Loading for the Construct Equity Share Investment.

Equity Share Investment Factors	Loading
There is a relationship between equity share investment and accounting information disclosed in listed firms' financial statements	0.848
Equity share investment is determined by financial accounting information disclosed by a firm.	0.832
Equity share investment is influenced by earnings per share disclosed in a firm's financial statement	0.764
Equity share investment is influenced by net book value per share disclosed in a firm's financial statement	0.562
Equity share investment is influenced by return on equity disclosed in a firm financial statement	0.40
Equity share investment is influenced by cash flow from operation per share disclosed in a firm's financial statement	0.442

(ii) Earnings per Share.

Table 4.9: Factor loading for the construct Earnings per Share

Items	Loading
Earnings per share determine equity share investment	0.849
There is a relationship between earnings per share disclosed in a firm's financial statement and equity share investment in the firm.	0.741
Earnings per share are useful in equity share investment decision making.	0.726
Regular and consistent improvement in earnings per share disclosed by a firm influence equity share investment	0.524

Timely and regular announcement of earnings per share enhance equity share investment decision making. 0.499

(iii) Net Book Value per Share.

Table 4.10: Factor loading for the construct Net Book Value per Share

Items	Loading
There is a relationship between net book value per share disclosed in a firm's financial statement and equity share investment in the firm.	0.841
Net book value per share determines equity share investment	0.795
Net book value per share per share are useful in equity share investment decision making.	0.776
Timely and regular announcement of net book value per share enhance equity share investment decision making.	0.767
Regular and consistent improvement in net book value per share disclosed by a firm enhance equity share investment	0.671

(iv).Return on Equity

Table 4.11: Factor loading for the construct Return on Equity

Items	Loading
Regular and consistent improvement in return on equity disclosed by a firm enhance equity share investment	0.815
Return on equity determines the amount of equity share investment	0.792
Return on equity is useful in equity share investment decision making.	0.682
Timely and regular announcement of return on equity share enhance equity share investment decision making.	0.651
There is a relationship between return on equity disclosed in a firm's financial statement and equity share investment in the firm.	0.649

(v) Cash Flows from Operations per Share.

Table 4.12: Factor loading for the construct Cash Flows from Operation per Share

Items	Loading
Cash flows from operation per share are useful in equity share investment decision making.	.943
Cash flows from operation per share influence equity share investment	.932
There is a relationship between cash flows from operation per share disclosed in a firm's financial statement and equity share investment in the firm.	.852
Timely and regular announcement of cash flows from operation per share enhance equity share investment decision making.	.615
Regular and consistent improvement in cash flows from operation per share disclosed by a firm enhance equity share investment	.518

Appendix (ii): Introduction Letter

RE: ACADEMIC RESEARCH PROJECT

I am a PhD student at Jomo Kenyatta University of Agriculture and Technology (JKUAT). I wish to conduct a research entitled “*Relationship between accounting information and equity share investment in listed Nigerian Companies*”. A questionnaire has been designed and will be used to gather relevant information to address the research objectives of the study. The purpose of writing to you is to kindly request you to grant me permission to collect information on this important subject from randomly selected members of staff.

Please note that the study will be conducted as an academic research and the information provided will be treated in strict confidence. Strict ethical principles will be observed to ensure confidentiality and the study outcomes and reports will not include reference to any individuals.

Your acceptance will be highly appreciated.

Yours Sincerely

SOLOMON ADEOLUWA ZACCHEAUS.

Appendix (iii): Questionnaire

This questionnaire has statements regarding relationship between accounting information and equity share investment in listed Nigerian companies. Kindly complete the questionnaire as guided. Your responses will be handled confidentially and ethically. Thank you for agreeing to participate in this academic study.

SECTION A PERSONAL DATA.

Please tick appropriate response or fill the gap

1. Sex: Male Female
2. Age: Below 20yrs 21-35yrs 36-50yrs
3. Highest Academic Qualification:
HND B.Sc./BA MSc/MA/MBA/Ph.D.
Other(specify).....
4. Professional Qualifications:
5. Profession: Investment Adviser Stock broker Portfolio
Other (specify).....
6. Work experience: 1-5yrs 6- 10yrs above 11 - 15 yrs.
Above 16yrs

SECTION B

EQUITY SHARE INVESTMENT IN LISTED COMPANIES IN NIGERIA AND ACCOUNTING INFORMATION.

This section assesses the importance of financial accounting information in equity share investment in listed companies in Nigeria. For each item, please rate appropriately the extent to which the accounting information is used for equity share investment in listed companies in Nigeria. Kindly tick (√) in the box as appropriate.

The scales of assessment are:

5 - Strongly agree; 4- Agree; 3- Neutral; 2- Disagree; 1- Strongly disagree.

(A) Relationship between Equity Share Investment and Accounting Information

	Statements	5	4	3	2	1
1	There is a relationship between equity share investment and accounting information disclosed in listed firms' financial statements					
2	Equity share investment is determined by financial accounting information disclosed by a firm.					
3	Equity share investment is influenced by earnings per share disclosed in a firm's financial statement					
4	Equity share investment is influenced by net book value per share disclosed in a firm's financial statement					
5	Equity share investment is influenced by return on equity disclosed in a firm financial statement					
6	Equity share investment is influenced by cash flows from operation per share disclosed in a firm's financial statement					

(B)Accounting Information Variables (Earnings per Share, Net Book Value per Share, and Returnon Equity, and Cash Flow from Operation per Share) and Equity Share Investment in listed companies in Nigeria.

Accounting information variables disclosed in firms’ financial statements are used for investment decision making. The significance of each of the variables in equity share investment decision making may vary among different investors.

Please rate appropriately by ticking (√) the answer, which best describes your response in respect of individual accounting information variable, where:

5 is strongly agree; 4 is agree; 3 is neutral; 2 is disagree; 1 is strongly disagree.

(I) Relationship between Earnings per Share and Equity Share Investment

	Statements	5	4	3	2	1
1	There is a relationship between earnings per share disclosed in a firm’s financial statement and equity share investment in the firm.					
2	Earnings per share are useful in equity share investment decision making.					
3	Earnings per share determine equity share investment					
4	Regular and consistent improvement in earnings per share disclosed by a firm influence equity share investment					
5	Timely and regular announcement of earnings per share enhance equity share investment decision making.					

(II) Relationship between Net Book Value per Share and Equity Share Investment.

	Statements	5	4	3	2	1
1	There is a relationship between net book value per share disclosed in a firm's financial statement and equity share investment in the firm.					
2	Net book value per share per share are useful in equity share investment decision making.					
3	Net book value per share determines equity share investment					
4	Regular and consistent improvement in net book value per share disclosed by a firm enhance equity share investment					
5	Timely and regular announcement of net book value per share enhance equity share investment decision making.					

(III) Relationship between Return on Equity and Equity Share Investment

	Statements	5	4	3	2	1
1	There is a relationship between return on equity disclosed in a firm's financial statement and equity share investment in the firm.					
2	Return on equity is useful in equity share investment decision making.					
3	Return on equity determines the amount of equity share investment					
4	Regular and consistent improvement in return on equity disclosed by a firm enhance equity share investment					
5	Timely and regular announcement of return on equity share enhance equity share investment decision making.					

(IV) Relationship between Cash Flows from Operation per Share and Equity Share Investment

	Statements	5	4	3	2	1
1	There is a relationship between cash flows from operation per share disclosed in a firm's financial statement and equity share investment in the firm.					
2	Cash flows from operation per share are useful in equity share investment decision making.					
3	Cash flows from operation per share influence equity share investment					
4	Regular and consistent improvement in cash flows from operation per share disclosed by a firm enhance equity share investment					
5	Timely and regular announcement of cash flows from operation per share enhance equity share investment decision making.					

(C) Moderating Effect of Accounting Regulation on the relationship between Equity Share Investment and Accounting Information.

Accounting regulation provides guidelines for the preparation of firms' financial statements and reporting of firms' accounting information. Please rate appropriately by ticking (√) the answer, which best describes your response in respect of accounting regulation, where:

5 is strongly agree; 4 is agree; 3 is neutral; 2 is disagree; 1 is strongly disagree.

**Moderating Effect of Accounting Regulation on the relationship between
Equity Share Investment and Accounting Information**

	Statements	5	4	3	2	1
1	Adoption of accounting regulation for the reporting of firms' financial statements improves decision usefulness of accounting information.					
2	Accounting regulation influences financial information (EPS, NBVPS, ROE, and CFOPS) disclosed in listed company's financial statements.					
3	Accounting regulation improves the quality of the information disclosed in listed companies' financial statements					
4	Accounting regulation enhances equity share investment in listed companies in Nigeria					
5	Accounting regulation assists listed company to provide accurate and reliable accounting information which aids equity share investment decisions.					

Appendix (IV): Secondary data collection sheet

Company Name.....

Sector/Industry.....

Year	Volume of Equity are traded at NSEM	Earnings Per Share	Net Value Share	Book Per	Return On Equity	Cash Flow from Operation Per Share
2005						
2006						
2007						
2008						
2009						
2010						
2011						
2012						
2013						
2014						

Appendix (v): Sampled Listed Companies in Nigeria.

	NAMES	SECTOR
1	Ashaka Cement	Manufacturing
2	Ag Leventis	Manufacturing
3	Beta Glass	Manufacturing
4	Cap Plc	Manufacturing
5	First Aluminium	Manufacturing
6	Flour Mill Nig.	Manufacturing
7	Glaxosmithkline Plc	Manufacturing
8	Guinness Nig. Plc	Manufacturing
9	Honeywell Flourmills	Manufacturing
10	Lafarge Wapco Nig	Manufacturing
11	National Salt Nig Lc	Manufacturing
12	Nestle Nig Plc	Manufacturing
13	Niemeth Int.Pharm.	Manufacturing
14	Nigerian Breweries	Manufacturing
15	Nig. Enamel Ware	Manufacturing
16	Okomu Oil Palm	Manufacturing
17	Unilever Nig Plc	Manufacturing

18	Vita Foam Plc	Manufacturing
19	Berger Paint Plc	Manufacturing
20	Pz Cusson Plc	Manufacturing
22	7u Bottling Comp Plc	Manufacturing
23	Abc Transport	General Service
24	Academy Press Plc	General Service
25	Afromedia Plc	General Service
26	Airline Ser. Logi	General Service
27	Chams Plc	General Service
28	C &I Leasing	General Service
29	Coinoil Plc	General Service
30	Forte Oil Plc	General Service
31	Ihs Nigeria	General Service
32	Ikeja Hotel	General Service
33	Japaul Maritime	General Service
34	Julius Berger	General Service
35	Nahco	General Service
36	Oando Plc	General Service
37	University Press	General Service
38	UACN Pro Dev Co	General Service
39	Red Star	General Service

40	Tourist Comp. Nig	General Service
41	Transcorp Plc	General Service
42	Trans Nation Plc	General Service
43	Access Bank	Financial
44	FCMB	Financial
45	Fidelity Bank	Financial
46	GT Bank	Financial
47	Sterling Bank	Financial
48	UBA	Financial
49	Zenith Bank	Financial
50	Con. Hall Mark Ins	Financial
51	Cont. Insurance	Financial
52	Guinea Insurance	Financial
53	Wapic Insurance	Financial
54	Lawunion Rock Ins	Financial
55	Mansard Insurance	Financial
56	Royal Exchange	Financial
57	Aiico Insurance	Financial
58	Unity Kapitalins	Financial

SOURCE: Nigerian Stock Exchange, 2014.

Appendix (Vii): Sampled Stock Brokerage Firms.

1. Adonai Stockbrokers Limited
2. Afrinvest (West Africa) Ltd
3. Aims Asset Management Limited.
4. Alangrange Securities Ltd
5. Allbond Investment Limited
6. Altrade Securities Limited
7. Aryn Investment Limited
8. Anchorage Securities & Finance Limited
9. Bache Investment Corporation Securities Limited
10. Belfry Investment & Securities Limited
11. Bestlink Investment Limited
12. Bestworth Assets & Trust Limited
13. Capital Express Securities Limited
14. Capital Trust Brokers Limited
15. Cashcraft Asset Management Limited
16. Cashville Investments & Securities Ltd
17. Centre Point Investment Limited
18. Century Securities Limited
18. Chapel Hill Denham Securities Limited
20. Chartwell Securities Limited
21. Citi Investment Capital Limited
22. Cowry securities Ltd
23. Cradle Trust Finance & Securities Ltd
24. Crane Securities Limited
25. Crescent Capital Limited
26. Crossword Securities Limited

27. DBs Securities Limited
28. Deep Trust & Investment Limited
29. De-Lords Securities Limited
30. Enterprise Stockbrokers Limited
31. Equity Capital Solutions Limited
32. Ess Investment & Trust Limited
34. Eurocomm Securities Limited
35. Excel Securities Limited
36. Fbc Trust & Securities Limited
37. Fbn Securities Limited
38. Fcsl Asset Management Company Limited
39. Fidelity Finance Company Limited
40. Fidelity Securities Limited
41. Financial Trust Company Limited Active
42. Finbank Securities & Assets Management Limited
43. Finmal Securities Limited
44. First Alstate Securities Limited
45. First Integrated Capital Mgt Ltd .
46. First Stockbrokers Limited.
47. Fis Securities Limited
48. Fittco Securities Limited.
49. Foresight Securities Limited
50. Global Asset Management (Nig) Ltd
51. Global View Consult & Investment Limited
52. Gmt Securities & Asset Mgt Limited
53. Golden Securities Limited
54. Harmony Investment & Securities Ltd
55. Heartbeat Investments Limited.
56. Icon Stockbrokers Limited
57. Intercontinental Sec Ltd
58. Interstate Securities Limited

59. Kawaka Asset Management Limited
60. Capital Care Trust & Securities Limited
61. Lead Securities & Invests Ltd
62. Marimpex Finance & Invest Co. Limited
- 63 Marina Securities Stockbroking Services Limited
64. Nigerian International Securities Ltd
65. Portfolio Advisers Limited
66. Skye Stockbrokers Limited
67. . . .Cuba Stockbrokers Limited
68. Zenith Securities Limited

SOURCE: Nigerian Securities and Exchange Commission(SEC), 2015