Comparative Study of Value Relevance of Financial Information in the Oil and Gas and Manufacturing Sectors in Nigeria

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Abstract

This paper conducted a comparative study on the value relevance of accounting information in the Oil and Gas and manufacturing sector using five quoted companies which were randomly selected from each of these sectors. Data were collected on the Market Price per Share, Earning per Share and Book Value of Equity for the period 2014 to 2018 from the annual financial reports of the selected companies. We hypothesized that Value relevance in the oil sector do not have more significant effect on the earnings per share in the manufacturing sector and, also that Value relevance in the oil sector do not have more significant effect on the market price per share in the industrial sector. We regress book value of equity on both market price per share and earnings per share on the two sectors under consideration using simple linear regression techniques. The regression results revealed that accounting information of the companies in the industrial sector is more relevant compared to the financial information disclosed by companies in the Oil and Gas sector. The study recommends that the regulators of the market should carry out yearly Cross-sectional studies to ascertain the trend and include this comparison requirement as one of the yardsticks of measuring performance.

Keywords: value relevance, earnings per share, book value of equity

1. Introduction

Financial statements provide accounting information for its users to take decisions. Qualitative features of accounting information are relevance and faithful representation while other enhancing characteristics are comparability, verifiability, timeliness and understandability.

Accounting information is considered value relevant if it is correlated with market value of a company. If there is no statistically significant relation between accounting information and market value of a company it can be concluded that accounting information is not value relevant which implies that financial statements do not meet one of the fundamental objectives of financial reporting. (Pervana, & Bartulović, 2014).

The financial statements are the best source of communicating the performance of organizations to the various stakeholders of organization hence the stakeholders of organizations use the financial statements to measure the economic value of companies with the assumption that there is relationship between accounting numbers and the market value.

The major reason for the collapse of some big corporations such as Enron, WorldCom, and

AIG was accounting and manipulation of financial statements. In 2002, Enron, a major energy company, collapsed as a result of manipulation of accounting figures in relation to share price manipulation. In 2005, AIG was investigated for accounting fraud and non-adherence to corporate governance issues. Similarly, in 2009, several CEOs of banks in Nigeria were sacked as a result of manipulation of financial figures, share price manipulation, non-adherence to corporate governance codes and distortion of the financial statements.

The stock market being the measure of the health of the economy has experienced the following issues as directly related to financial statements presented by quoted companies: occurrence of accounting scandals; stock market crash; fall in prices of stock in capital markets; heightened volatility of stock markets despite the robust financial statements. If the performances of each sector in terms of value relevance are known, it will enable the regulators and users of accounting information to narrow down to the sector facing the above challenges. Therefore, it is important for existing and potential investors to know the performances of each sector based on the financial information provided to guide in decision making.

1.1 Objective of the Study

The study specifically seeks to:

i.   To compare the effect of Value relevance on the earnings per share of selected firms in oil and gas and manufacturing sector in Nigeria;

ii.   To compare the effect of Value relevance on the market price per share of selected firms in oil and gas and manufacturing sector in Nigeria;

a.   *Research Hypothesis*

The following Hypothesis are tested in a null form:

H_{01}: Value relevance in the oil and gas sector do not have significant effect on the earnings per share in the

manufacturing sector**;**

H$_{02}$: Value relevance in the oil and gas sector do not have significant effect on the market price per share in the manufacturing sector**.**

1.2 Significance of the study

This study is expected to contribute to the growing literature in the area of capital market research in Nigeria. There are previous studies on value relevance of financial information including that Uwuigbe, Uwuigbe, Jafaru, Igbinoba and Oladipo (2016) on value relevance of financial statements which was only restricted to listed banks in Nigeria from 2008 to 2014. This study, therefore, seeks to expand the scope of literature by comparing the effect of Value relevance on the earnings per share of selected firms in oil and gas and industrial sector in Nigeria and the effect of Value relevance on the market price per share of selected firms in oil and gas and industrial sector in Nigeria

2. Review of related literature

2.1 Theoretical framework

2.1.1 Modigliani and Miller Theory of Capital Structure Irrelevancy

The study adopts the capital structure irrelevancy theory of Modigliani and Miller which advocates that the valuation of a firm is irrelevant to the capital structure of a company. Whether a firm is highly leveraged or has a lower debt component in the financing mix has no bearing on the value of a firm. The Modigliani and Miller Approach further states that the market value of a firm is affected by its operating income (financial statement information), apart from the risk involved in the investment. The theory stated that the value of the firm is not dependent on the choice of capital structure or financing decisions of the firm. According to them the price of a share of a firm is determined by its earning potentiality and investment policy and not by the pattern of income distribution.

2.2 Conceptual Review

According to the work of Erin, Olojede and Ogundele (2017) they opined that value relevance of accounting data is one of the stock market indices that inform the quality of financial information that is passed to the stock market for investors to take a relevant decision. Value relevance as a notion is based on the pillars of relevance and reliability. It involves the ability of accounting numbers to summarize the information underlying the stock prices (Uwuigbe et al 2016). A state of value irrelevance occurs if the financial figures or information obtained from the annual reports of companies affect or determine the stock prices, Stock returns or market indicators (Vishnani & Shah, 2008)

Active stock investors turn to financial statement analysis to ascertain the fundamental value of firms. They want to know what firms are worth so that they can evaluate the respective stock prices. In fact, one of the major objectives in financial reporting is to provide equity investors with information relevant for estimating company value. Value relevance research empirically analyses whether this goal is met. Is accounting information relevant for the investors who wish to estimate company's value, or do investors primarily obtain the information they need from other sources? (Beisland, 2009)

2.2.1 Earnings Per Share

This is one of the ways the profitability of the shareholder can be measured. It is calculated by dividing the profit after tax by the total number of ordinary shares outstanding. Earning is a fundamental and prominent accounting variable when it comes to the investigation of the value relevance of accounting information. This is due to its superiority over cash flow in this regard. However, the market will look out for both cash flow and net book value if the earnings numbers are perceived to be inadequate (Abiodun, 2012). The earnings per share which is a parameter that can be used to measure the earnings ability of firms is required to be disclosed by companies quoted or about to be quoted in the public security market. The non-public enterprises to the extent that it would enhance their financial report comparability, are encouraged to present their EPS on the face of their income statements (Menaje, 2012). Contrary to the past practices of presenting information on the earnings per share in the form of primary and fully diluted EPS, the Financial Accounting Standard Board (FASB) now requires the disclosure of both the basic and fully diluted EPS (FASB, 1997). This new practice of EPS disclosure is being motivated by the need to conform the calculation of EPS to the international standard and to assist the investors to better access the effect of potential dilution than that achieved under the primary EPS (Livant & Segal, 2000).

2.2.2 Book Value Per Share

Ohlson (1995) and Feltham and Ohlson (1995) show that under certain condition, market value of a firm can be expressed as the weighted average of book value and earnings. This form the bases of the studies conducted on the value relevance of accounting numbers. Studies in this area of research have shown that the book value of equity in addition to earnings is associated with the market value of firms. The framework of the clean surplus valuation which is based on the residual income valuation model by Ohlson (1995) suggests that the book value

of equity plays anchoring roles in valuation by representing the net stock of resources which the future earnings of firms depend (Collins, Pincus & Xie, 1998) and provides information on the liquidation or adaptation values of firms' net asset with poor financial performance (Barth, Beaver & Landsman, 1997). They opined that omitting the book value of equity in a simple earnings capitalization model is tantamount to misspecification of model.

2.2.3 Market Value of Shares

The share price of public traded company which is determined by the forces of market supply and demand is highly volatile due to its dependence on the expectations of the buyers and sellers (Menaje, 2012). O' Hara, Lazdowski, Moldovean and Samuelson (2000) found that

earnings as well as dividend declared by firms is related to market prices of share. Irrespective of these accounting numbers that can be adopted to predict the market price, if these numbers contain some new information, reactions will always be expected in the market over the market price of share. This reaction evident in share price is found to continually drift in the same direction as that of the initial information.

Agrawal (2011) states that the earning of a firm is the most influential of the variables that can influence the movement of share price in the capital market; he further stresses that, it is in tandem with this, quoted companies disclose their earnings every quarter. Schmist (2011) opines that due to the fact that the world has become a global village and a sneeze in one part of the globe can cause flu in other part, the slightest rumor of war, will raise the price of oil, or interest rate hike can detonate a reaction in the world market.

2.3 Empirical Review

Eugenio, Parel, Reyes,Yu and Cudia (2019) examined how value relevance of accounting information differ before, during, and after the 2008 global financial crisis. panel data regression analysis to cover selected accounting information and market valuation data of publicly listed non-financial firms in Asia for the years 2000 to 2016 were used and it was discovered that there was inconsistencies in relative value relevance of Asian firms throughout the period, that is, before, during, and after the crisis. They recommended for future research to widen the scope of our study to include countries outside Asia.

Beisland (2009) empirically investigated the usefulness of accounting information to stock investors. Accounting information is denoted as value relevant if there is a statistical association between the accounting numbers and market values of equity. The review provided a comprehensive study of the value relevance literature. The review offered an introduction to the methodology employed within the research tradition and presented the main results from studies regarding the value relevance of the two summary measures used in financial reports, namely, earnings and book equity. Furthermore, the review described studies on the development in value relevance over time and showed how value relevance from different accounting methods can be compared. Overall, the review provided in-depth information on the value relevance literature to readers who wish to familiarize themselves with this line of empirical accounting research.

Erin, Olojede and Ogundele (2017) examined value relevance of accounting data in the pre and post IFRS period in Nigeria. They measured value relevance using price regression model and returns regression model of accounting data. The finding suggested the value relevance of accounting data is more pronounced in the post-IFRS period for the sampled firms used in the study. The findings also revealed that IFRS implementation in Nigeria has enhanced the value relevance of accounting data such as earnings, cash flow, book value and net income.

Uwuigbe et al (2016) examined the effects of value relevance of financial statements on firms share price in Nigeria. In achieving the objectives of the research, audited financial statements of 15 listed banks spanning the period 2010-2014 were selected and analyzed for the study using the purposive sampling method. However, in testing the research hypotheses, the study adopted the use of both descriptive statistics and the use of Fixed Effects Panel data method of data analysis technique. Findings from the study showed that a significant positive relationship existed between earnings per share (EPS) and Last day share price (LDSP).

Pervana, and Bartulović (2014) analyzed value relevance of accounting information based on a sample of 97 corporations listed on the following capital markets: Ljubljana Stock Exchange, Zagreb Stock Exchange, Sarajevo Stock Exchange, BanjaLuka Stock Exchange and Belgrade Stock Exchange. Research results showed that accounting information is value relevant on all the observed markets. Value relevance analysis for the period 2005–2010 showed that there was no increase in the explanatory power of accounting variables, but just the opposite. Research results indicated decreases or large oscillations in the value relevance for the observed period.

The study of Karğın, (2014) investigated the value relevance of accounting information in pre- and post-financial periods of International Financial Reporting Standards' (IFRS) application for Turkish listed firms from 1998 to 2011. Market value is related to book value and earnings per share by using the Ohlson model (1995). Overall book value is value relevant in determining market value or stock prices. The results showed that value relevance of accounting information has improved in the post-IFRS period (2005-2011) considering book values while improvements have not been observed in value relevance of earnings.

3. Research methodology

In this study, panel survey design consisting of all manufacturing and oil and gas companies in Nigeria was adopted. The convenience sampling technique based on data availability was applied to select a total of five manufacturing companies and five oil and gas companies in Nigeria for this study. The selected industrial companies include: Honeywell Flour Mills Limited, Dangote Flour Mill, Unilever Nigeria, Cement Company of Northern Nigeria and Dangote Cement while the oil companies selected were mobile Plc, Total Plc, Seplat Plc, Oando Plc and Forte Plc. Desk survey method was adopted to gather data relevance to the study bearing in mind the work aims and proposition. Panel data were gathered for the time 2014 to 2018 on book value of equity, earnings per share, and market price per share of selected industrial and oil and gas companies in Nigeria.

Descriptive and inferential statistics were used to analyze the data for this study. Also, ratios, unit root test, simple linear regression, t-statistical tools were used to test the hypothesis formulated in this study.

3.1 Model Specification: This study used the econometric technique of ordinary least square(OLS) in form of simple linear regression to the relative regression coefficients. The regression model was estimated through the use of eview 9.5. The two sectors to be compared was expressed thus:

$$EPSg = f(BVEg) \dots\dots\dots (1)$$
$$MPSg = f(BVEg) \dots\dots\dots (2)$$
$$EPSg = \beta o + \beta 1\ BVEg + \mu \dots\dots\dots (3)$$
$$MPSg = \beta o + \beta 1\ BVEg + \mu \dots\dots\dots (3)$$

Where;

EPS $\quad$ = Earnings per share
MPS_g $\quad$ = Market price per share of the selected oil and gas companies
$\beta 0$ $\quad$ = Regression constant
$\beta_1 \beta 2$ $\quad$ = regression parameters

4. Results and discussion

The summary of our comparative analysis are as shown in the tables below. This summary presents both the results of our descriptive and inferential statistics.

Table 1: Descriptive analysis results for manufacturing sector

	LBVE	MPS	EPS
Mean	14.11689	1.607586	0.054138
Median	14.41533	0.770000	0.030000
Maximum	20.91697	27.81000	0.210000
Minimum	9.258178	0.140000	-0.040000
Std. Dev.	3.303027	5.045195	0.057973
Skewness	0.431900	5.083672	1.078950
Kurtosis	2.165054	26.91316	3.405326
Jarque-Bera	1.743969	815.8837	5.825159
Probability	0.418121	0.000000	0.054335
Sum	409.3897	46.62000	1.570000
Sum Sq. Dev.	305.4796	712.7117	0.094103
Observations	29	29	29

Table 2: Descriptive analysis results for Oil and Gas sector

	LBVE	MPS	EPS
Mean	16.56122	-0.547778	0.335556
Median	15.70651	0.035000	0.120000
Maximum	22.87817	0.190000	7.260000
Minimum	11.50579	-11.70000	-0.140000
Std. Dev.	3.306381	2.067899	1.200760
Skewness	0.146003	-4.640418	5.544683
Kurtosis	1.749384	25.00878	32.50399
Jarque-Bera	2.473964	855.7802	1490.189
Probability	0.290259	0.000000	0.000000
Sum	596.2039	-19.72000	12.08000
Sum Sq. Dev.	382.6255	149.6672	50.46389
Observations	29	29	29

Source E-view 9.5 software 2019

Table 1 and 2 shows the result of the descriptive analysis of the data used in this study for the Industrial sector and; Oil and Gas sectors. The result in Table 1 shows that the industrial sector Book Value of Equity has an average value of 14.1169 with a standard deviation of 3.303 ranging from 9.2517 as minimum to 20.916 as maximum values, whereas the oil and gas sector book value of equity had an average of 6.561 with a standard deviation of 3.306 ranging from 11.505 as minimum to 22.878 as maximum values. Whereas the market value of equity of the industrial sector had an average value of 1.607 with a standard deviation of 5.054 ranging from 0.14 as minimum to 27.81 as maximum values; the market price per share of the oil sector had an average of -0.5477 with a standard deviation of 2.067 ranging from -11.7 as minimum to 0.19 as maximum values. Lastly, whereas the earnings per share of the oil and gas sector had an average value of 0.33 with a standard deviation of 1.2 ranging from -0.14 as minimum to 7.26 as maximum values; the earnings per share of the oil sector had an average of 0.054 with a standard deviation of 0.057 ranging from -0.04 as minimum to 0.21 as maximum values.

Again, analysis of the descriptive statistics of the industrial and oil and gas sectors in Table 1 revealed that the book value of equity and the earnings per share of both sectors were positively skewed, meaning that their means are also peaked to the left. However, while the market price per share of the industrial sector was positively skewed, the market price per share of the oil and gas sector was negatively skewed. The coefficient of the kurtosis of the market price per share and earnings per share of 26.913 and 3.405 and 25.008 and 32.503 respectively for the industrial and oil and gas sector above 3.00000, means that they are leptokurtic relative to the normal. This implies that their distribution produces heavier and more extreme outliers than does the normal distribution. However, the coefficient of the kurtosis of the book value of equity for both sectors of 2.165 and 1.749 respectively below 3.00000 means that they are platykurtic relative to the normal. This implies that their distribution produces lower and less extreme outliers than does the mesokurtic distribution.

The Jarque-Bera values of 815.88 and 855.78 for market price per share of both sectors and 1490.189 for earnings per share of the oil sector with their probability values less than 5 percent implies that the data set were not normally distributed. The Jaque bera statistics of 2.165 and 2.4739 and their corresponding probabilities of 41.1 percent and 9.02 percent respectively greater than 5 percent for book value of equity of both sectors means that they are normally distributed.

4.1 Regression results

The study sought to compare the value relevance in oil and gas sector; and industrial sector. Data collected on earnings per share, market price per share and book value of equity were estimated using the E-views statistical software. The results are presented in tables 3 and 4 below.

Table 3: Regression result of Market price per share of selected OIL AND GAS SECTOR

Dependent Variable: MPS				
Explanatory Variable	Coefficient	Std. Error	t-statistics	P_value
C	4.043946	1.622825	2.491917	0.0177
LBVE	-0.277258	0.096144	-2.883765	0.0068
R-Squared:	0.976523			
Adjusted R-squared:	0.952897			
F-statistic:	8.316100			
Prob(F-statistic):	0.006771			
Durbin-Watson:	0,894550			

Table 4: Regression result of Market price per share of selected INDUSTRIAL SECTOR

Dependent Variable: MPS				
Explanatory Variable	Coefficient	Std. Error	t-statistics	P_value
C	-6.842715	3.917424	-1.746738	0.0921
LBVE	0.598595	0.270444	2.213382	0.0355
R-Squared:	0.953580			
Adjusted R-squared:	0.922231			
F-statistic:	4.899060			
Prob(F-statistic):	0.035509			
Durbin-Watson:	0,935557			

Results in Table 3 revealed that there is negative effect of book value of equity on market price per share of the oil and gas sector. The parameter in the model has a negative sign implying that an increase in book value of equity led to a decrease in the market price per share of the oil and gas sector. In specific terms, a one percent increase in book value of equity led to a 27.72 percent decrease in the market price per share of the oil and gas

sector in Nigeria. On the other hand, the result shows that there is a positive effect of book value of equity on market price per share of the industrial sector. The parameter entered the model with a positive sign implying that an increase in book value of equity led to an increase in the market price per share of the industrial sector. In specific terms, a one percent increase in book value of equity led to a 59.89 percent increase in the market price per share of the industrial sector in Nigeria. The R squared adjusted value of 0.9528 showed that about 95.28 percent of the

variations in market price per share has been explained by the variations in book value of equity of the oil and gas sector, on the other hand, the R squared adjusted value of 0.9223 showed that about 92.23 percent of the variations in market price per share has been explained by the variations in book value of equity of the industrial sector.

The f-statistics values of 8.31 and 4.89 for the oil and gas and industrial sectors respectively showed that the models are statistically significant at less than 5%; this shows that the data fits the models well. The t-statistics value of -2.88 and 2.21 with its corresponding probability values of less than 5 percent showed that the book value of equity for both sectors are statistically significant for measuring variations in market price per share.

Table 5: Regression result of earning per share of selected oil and gas sector

Dependent Variable: EPS				
Explanatory Variable	**Coefficient**	**Std. Error**	**t-statistics**	**P_value**
C	-0.049646	0.052647	-0.943004	0.3523
LBVE	0.005279	0.003119	1.692446	0.0997
R-Squared:	0.877700			
Adjusted R-squared:	0.850574			
F-statistic:	4.864375			
Prob(F-statistic):	0.039707			
Durbin-Watson:	0,622366			

Table 6: Regression result of earnings per share of selected Industrial sector

Dependent Variable: EPS				
Explanatory Variable	**Coefficient**	**Std. Error**	**t-statistics**	**P value**
C	-0.099623	0.038366	-2.596625	0.0151
LBVE	0.010892	0.002649	4.112258	0.0003
R-Squared:	0.785115			
Adjusted R-squared:	0.762342			
F-statistic:	16.91067			
Prob(F-statistic):	0.000329			
Durbin-Watson:	0,894123			

Result in Table 5 revealed that there is positive effect of book value of equity on earnings per share of the oil and gas sector. The parameter in the model with a positive sign implying that an increase in book value of equity led to an increase in the earnings per share of the oil and gas sector. In specific terms, a one percent increase in book value of equity led to a 0.52 percent increase in the earnings price per share of the oil and gas sector in Nigeria. In table 6 , the result also shows a positive effect of book value of equity on earnings per share in the industrial sector. The parameter entered the model with a positive sign implying that an increase in book value of equity led to an increase in the earnings price per share in the industrial sector. In specific terms, a one percent increase in book value of equity will lead to a 10.89 percent increase in the earnings per share of the industrial sector in Nigeria.

The R squared adjusted value of 0.8505 showed that about 85.05 percent of the variations in earnings per share has been explained by the variations in book value of equity in the oil and gas sector, on the other hand, the R squared adjusted value of 0.7623 showed that about 76.23 percent of the variations in earnings per share has been explained by the variations in book value of equity in the industrial sector.

The F-statistics values of 4.86 and 16.91 for the oil and gas; and industrial sectors respectively with their corresponding probability of 0.039707 and 0.000329 respectively are less than 5 percent and this implies that both model are statistically significant; it actually showed that the models were well explained. The t-statistics value of 1.692446 with its probability value of 9.97 percent which is greater than 5 percent for the oil and gas sector shows that the book value of equity is not statistically significant for measuring variations in earnings per share. However, the t-statistics value of 4.11 with its corresponding probability value of 0.03 percent which is less than 5 percent showed that the book value of equity is statistically significant for measuring variations in earnings per share in the industrial sector of Nigeria.

4.2 Test of hypotheses

4.2.1 Hypothesis one

H_0: Value relevance in the oil and gas sector do not have more significant effect on the earnings per share of in the industrial sector**.**

H_1: Value relevance in the oil and gas sector have more significant effect on the earnings per share in the industrial sector**;**

To test this hypothesis, we compare the f-statistics values of the oil and gas and industrial sector. If the F-statistics value of the oil and gas sector is greater than that of the industrial sector then we reject the null hypothesis otherwise we accept.

F-statistic of the Oil and gas sector = 4.86

F-statistic of the industrial sector = 16.91

Since the F-statistics of the industrial sector is greater than that of the oil and gas sector, we cannot reject the null hypothesis. It therefore implies that Value relevance in the oil and gas sector do not have more significant effect on the earnings per share of the in the industrial sector.

4.2.2 Hypothesis two

H_0: Value relevance in the oil and gas sector do not have more significant effect on the market price per share in the industrial sector**;**

H_1: Value relevance in the oil and gas sector have more significant effect on the market price per share in the industrial sector**;**

To test this hypothesis, we compared the f-statistics values of the oil and gas and industrial sector.

If the F-statistics value of the oil and gas sector is greater than that of the industrial sector then we reject null hypothesis otherwise we accept the Null hypothesis.

F-statistic of the Oil and gas sector = 8.31

F-statistic of the industrial sector = 4.89

Since the F-statistics of the oil and gas sector is greater than that of the industrial sector, we therefore, reject the null hypothesis and accept the alternative hypothesis. It therefore means that Value relevance in the oil sector has more significant effect on the market price per share of the oil and gas sector than in the industrial sector.

4.3 Discussion of findings

From the above analyses, we found the followings:

   i.   Value relevance (LBVE) has negative and significant effect on the market price per share in the oil and gas sector but has positive and significant effect on the market price per share in the industrial sector.

   ii.   Value relevance (LBVE) has positive and insignificant effect on the earnings per share in the Oil and gas sector but has positive and significant effect on earnings per share in the industrial sector.

   iii. Value relevance in the oil and gas sector do not have more significant effect on the earnings per share of the in the industrial sector.

   iv.   Value relevance in the oil sector has more significant effect on the market price per share of the oil and gas sector than in the industrial sector.

5. Conclusion

We can therefore conclude that

   i.   Value relevance has different significant effect on Market price per share (MPS) in the two sectors under consideration. This implies that why value relevance increases the performance of the industrial sector, it reduces the performance of the oil and gas sector. Also, though, value relevance has significant effect on both sectors, it is clear by this finding that it is stronger for the industrial sector than the Oil and gas sector. This finding contradicts the findings by Ernest and Oscar (2014) who set out to conduct a comparative study on the value relevance of accounting information in the Nigeria banking and Petroleum sectors. 10 companies where 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 regression results revealed among the following that: the 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.

   ii.   Value relevance has significant effect only on Earnings per share (EPS) in the industrial sector. Value relevance in both sectors have positive effect on the arnings per share, which implies that while value relevance increases the performance of the industrial sector, it also increases the performance in the oil and gas sector. Although, it has significant effect only on earnings per share (EPS) in the industrial

sector.

5.1 Recommendations

In view of the above findings, the accounting information of companies in these sectors are value relevant; though accounting information of the companies in the industrial sector is more relevant and therefore can influence the price of share more in that sector.

With the recent move by Nigeria government on the adoption of the International Financial Reporting Standards (IFRS), it is believed that its enforcement will help to further enhanced the quality of financial reporting in the industrial sector. Financial Reporting Council of Nigeria and other regulators should beam more lights on the oil and gas sector to ascertain the credibility of their reports and operations by carrying out yearly Cross sectional studies to ascertain the trend; and include this comparison requirement as one of the yardsticks of measuring performance of each sector. This should guide potential and existing investors to identify which sector to invest or discontinue their investment

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Authors Biography

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