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Accounting Information and Market Value of Quoted Firms: Panel Data Analysis of Small and Medium Scale Enterprises in Nigeria

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Abstract
This study focused on the effect of accounting information on the market value of quoted small and medium scale enterprises in Nigeria. Panel data were sourced from financial statement of 10 small and medium scale enterprises from 2014-2023. Market value of the firms was modeled as a function of earnings per share, return on equity and dividend per share and debt equity ratio. Panel data Ordinary least square method was used to determine the extent to which accounting information affect the market value of the quoted small and medium scale enterprises. The study found that 79.1 percent of the total variations in the market value of the quoted small and medium scale enterprises were accounted for, by the explanatory variables. The t-statistics and regression coefficient found that return on equity have positive and significant effect in increasing market value of the quoted small and medium scale enterprises, earnings per share have positive but no significant effect while dividend per share and debt equity ratio have positive and significant effect in determining increase in market value of the quoted small and medium scale enterprises. From the findings, the study concludes significant effect of accounting information on the market value of the quoted small and medium scale enterprises. The study recommends that management of the quoted small and medium scale enterprises should formulate dividend policy that enhances the market value of the firms and optimal capital structure should be formulated. Corporate strategies should be directed toward internal and external factors that affect earnings per share .Management of the quoted small and medium scale enterprises firms should formulate policies that will increase profitability and internal and external factors that affect negatively the debt equity ratio of the quoted small and medium scale enterprises should be discouraged

Keywords: *Accounting Information, Market Value, Panel Data Analysis, Small and Medium Scale Enterprises, Nigeria*

INTRODUCTION

The accounting department follows a set of procedures and controls to produce and record business transactions. Daily financial records are useful for monitoring and assessing small and medium scale enterprises well as for providing sufficient and necessary financial information that can facilitate better economic decision-making. The usage of accounting practices in small and medium scale enterprises has been institutionalized in developed nations like Britain, the United

States, and Asia. This includes countries like Japan and China. Survey research done by Zotovie (2017) on small and medium-sized enterprises in Ghana revealed that the vast majority of these firms did not follow standard accounting procedures or maintain accurate financial records. According to the findings, the National Board for Small Scale Industries has to work with accounting authorities to educate small and medium scale enterprises owners and managers on proper bookkeeping and accounting procedures. This is because the accounting skills and needs of the business's owners, management, and regulatory bodies are all crucial to the success of a small and medium-sized enterprises accounting system (Ismail & King, 2007, Ihenyen, Fiateide & Question, 2023).

Accounting information is the result of accounting data which have passed through processes. It is an orderly, efficient scheme for providing accurate financial information and controls. This shows relevant book of records, vouchers, files and related supporting data emanating from the application of accounting process (Abdullahi, 2014). The design of documents and transaction flows through an organization system and which is very crucial (Nicoloaou, 2000). Accounting information is both computer based system that increases control and enhances corporate goals. The qualitative characteristic of any Accounting information can be maintained relative to ensuring the achievement of operational goals and performance. The main function of accounting information is to assign quantitative value of the past, present and future economics event (Wilkinson, Corullo, Raval, & Wongon-Wing, 2000). Management of personnel, use of accounting information and financing options are areas that need serious and effective management and survival of small business (Okoh & Uzoka, 2012). Accounting information therefore is expected to guide investors and creditor in making good decision on their investment and credit processes to the firms.

from the perspective of international accounting standard board for the preparation of financial statement (IASB) framework in paragraph 26 says information is relevant when it influences the economic decisions of users by helping them evaluate past, present or future events or confirming or correcting their past evaluations (Lawani, Umanhonlen & Okolie, 2015). Financial accounting statement board concepts statement No. 2, qualitative characteristics of accounting information paragraph 47 says that to be relevant accounting information must be capable of making a difference in a decision by helping users to form predictions about the outcomes of past, present and future events or to confirm or correct expectations. The benefits of AIS is seen from its impact on improvement of decision making process, quality of accounting information, performance evaluation, internal controls and facilitating company’s transaction (Sajady, Dastgir & Hashem, 2008). Omar and Ali (2012) found that there is no relationship among variable of interest for a study conducted on the impact of AIS in planning, controlling and decision making processes. Islam, Khan, Obaidullah and Alam (2011) referred to it as perceiving of user information satisfaction to decision making and monitoring when company has coordination and control with information that is produced from AIS. Onah (2011) posits that fundamental accounting information provides SMEs owners and managers with the basic skills required by a person to function competently, confidently and successfully in the process of carrying out one’s function of recording daily business transactions including skills in bookkeeping, purchasing, supplying, bargaining, determining labour costs simple budget and keeping of accurate receipts and payments and knowledge of prudent financial and working capital management.

Accounting information, such as that conveyed in publicly disclosed accounting reports, is also critical to the analysis of temporal liquidity positions of equity markets. Disclosure of accounting information arguably reduces information asymmetries amongst investors (Amihud & Mendelson, 1986). As argued by Black (2000) and Ball (2001) timely financial accounting disclosure system that is a prerequisite to the very existence of efficient stock markets in which stock prices to a considerable extent reflects all public information and incorporates private information as well as communicate the information set to managers, current and potential investors. Accounting information plays a very important role in our society for making efficient business decisions. In Nigeria, Section 296 of Companies and Allied Matter Act 1990 (as amended) mandates all public limited companies to make public the financial status of the firm within a specific accounting period. The role of management as agent to the shareholders gives it obligation to be accountable to the owners. Management is responsible for the preparation of financial statement based on the accounting records of the organization which reflects the nature and operations of the entity and expected to be in conformity with Generally Accepted Accounting Principle (GAAP). The need for financial reporting and disclosure arises from information asymmetry and conflict of interest between managers and shareholders (Healy & Palepa, 2006). According to International Accounting Standard Board (IASB), (2008), high quality financial reporting is critical to investors and other stakeholders in making investment, credit and similar decision. The need for adequate fair, reliable, relevant, timely and unbiased financial information is irrefutable in a free enterprise economy. From the above, this study focused on accounting information and market value of quoted small and medium scale enterprises in Nigeria.

LITERATURE REVIEW

Accounting Information

Accounting information can be seen as the outcome of accounting systems that measure and routinely disclose audited, quantitative data concerning the financial position and performance of an enterprise. Audited balance sheets, income statements, and cash-flow statements, along with supporting disclosures, form the foundation of the financial accounting reports to investors and indeed a wide range of accounting information users. Financial statements have the ability to perform a number of functions. They basically provide financial aid to managers in decision making, measurement or evaluation of a firm's performance, and also to portray a firm's value. Thus, for disclosed financial information to be useful, it must be relevant and faithfully represent what it purports to represent. The usefulness of financial information is enhanced if it is comparable, verifiable, timely and understandable (Conceptual Framework, 2010).

Financial information supplies a key quantitative representation of Individual Corporation that supports a wide range of contractual relationships. According to the American Institute of Certified Public Accountants (AICPA. 2005), financial statements must properly reflect the organization's financial and economic reality, so that the users are not induced to take decisions on misleading information. Financial information also enhances the information environment of the reporting entity and those associated with it. The quality of financial disclosure can impact on firms' cash flows directly, in addition to influencing the cost of capital at which the cash flows are discounted. Financial information, such as that conveyed in publicly disclosed accounting reports, is also critical to the analysis of temporal liquidity positions of equity markets. Financial information is information which describes an account for a utility. It processes financial transactions to provide external reporting to outside parties such as to stockholders, investors, creditors, and government agencies etc. For financial reporting to be effective, accounting information should be completed as relevant and reliable (Hendricks, 1976). The primary purpose of the financial statements is to provide information about a company in order to make better decisions particularly the investors (Germon & Meek, 2001).

Market Value

Market value is the cost of purchasing a security on an exchange. It is affected by a number of factors including volatility in the market, current economic conditions, and popularity of the company. According to Ronen and Yaari (2008), the invention of double entry book keeping in the 14th century led to company's valuation which is based upon ratios such as price per unit of earnings (from income statement), price per unit of net worth (from balance sheet) and price per unit of cash flow (cash flow statement). The next advance was to price individual price shares rather than the whole company. A price per dividend was the next advancement. Analysts find it appropriate to use discounted cash flow that is based on time value of money to estimate the intrinsic value of share rather than price per dividend of share prices. Market value is based on supply and demand. It is used to refer to as a company's market capitalization value. It is calculated by multiplying the number of shares issued by the price of the company's share. A company's share price is determined by daily trading between buyers and sellers on the relevant stock exchange. Market prices are easy to determine for assets as the constituent values, such as stock and futures prices, are readily available. A valuation would have to be prepared using different methods (Ngerebo-a, 2007).

Market value is the value of an asset/security as determined by the forces of demand for and supply of the assets. It is the perceived or observed value of an asset on the market. It is also known as current value. It is in fact the mutually accepted worth (cost or price depending on the individual) of the asset after negotiation. Most assets that have market values have their values determined by specialized markets such as the stock exchange. The acceptance of any asset depends on the perception of the potential investor after comparing the market value to the intrinsic value. An asset is undervalued or under-price or favorably priced if the market value of the asset is less than the intrinsic value. If the intrinsic value of the asset is less the market value, then the asset is overvalued, over-priced or favorably priced. Where the latter occurs, the investor would ordinarily be acquiring an asset at more expensive value than he would ordinarily have paid. An investor would acquire an overpriced asset if he expects the asset to record a bullish price movement such that if the anticipated price movement crystallizes, the investor can make capital gain.

A number of theoretical studies have attempted to explain the main determinants of share price movement in a stock market. Different factors have been identified many of which have been tested empirically. Uwalomwa, Olowe and Agu, (2012) examined the determinants of share prices in the Nigerian stock exchange market using 30 listed firms drawn based on judgmental sampling technique for the period 2006-2010. The result of the OLS regression revealed that positive significant relationship exist between firms" financial performance represented by leverage and earnings per share, and the market value of share prices of the sampled listed firms. Ejuvbekpokpo and Edesiri (2014) found that EPS, book value per share and dividend cover are the main factors that determine share price movement. The findings were corroborated by the study of Menike and Prabath (2014) for 100 companies listed in the Colombo Stock Exchange (CSE) from 2008 to 2012. The study found that dividend per share; earnings per share and book value per share of share price are significant determinants of share price movement.

Geetha, Ti and Swaaminathan (2015) argued that even though many factors influence a company's share price, variables such as earnings per share, firm s book value, price earnings ratio have a substantial affirmative connotation with firm's market price. They tested the assertion empirically and found that EPS, book value, P/E ratio and dividend yield have outstanding contributions in explaining share price movement. Taimur, Harsh and Rekha (2015) studied the main determinants affecting share prices in the Bahrain financial market. They posited that the financial crisis 2007 global financial crisis caused unprecedented upheavals in the global stock markets and has shaken investor's confidence due to the turbulent fluctuations and volatilities in share prices. The study analyzed a panel data set of 41 companies listed in the Bahrain stock exchange for the period 2006-2010. Using GLS method, they tested the effect of eight firm specific variables namely return on equity, book value per share, earnings per share, dividend per share, dividend yield, price earnings, debt to assets and controlled by firm size. The results indicated that return on equity, book value per share, dividend per share, dividend yield, price earnings, and firm size are significant determinants of share prices in the Bahrain market. A part from firm specific variables, a number of macroeconomic variables are also said to have influence on share price movement. For example, Faris (2010) found for a study of 14 commercial banks listed on Amman Stock Exchange for the period 2005 -2008 that gross domestic product, inflation and interest rates play significant role in share price movement. Some studies that include Larry, Yang and Paul (2004) and Lee, Alan, Zabihollah and Hassan (2011) considered the effect of announcement relating to merger or takeover, distress or boost on share prices. They assessed stock market response to management earnings forecasts. Both studies documented evidence showing that share price movement is affected by announcement in the market.

Measures of Accounting Information

Earnings per share

Earnings per share are considered the most frequently used accounting information in value relevance studies used to examine its significant relationship with share. Most of the studies on value relevance of earnings per share and share price results reported to be significant and positive related with share price, this supported by the results found by Pathirawasam (2010) in Sri-Lanka observed earnings per share to have positive value relevance on the market share price of 129 companies selected from 6 major sectors listed at Colombo stock exchange and other study done by different researchers including Tharmila (2013) and Vijitha, and Namalathan (2014) in Sri-Lanka, by Ragab(2006) in Egyptian market, Miah(2012) in Bangladesh, Thompson and Adah(2012) and Olugbenga and Oyerinde (2014) in Nigeria and Shamki and Rahman (2012) in Jordan reported the same results. The most important component of financial reports is the income statement (Kallunki, 1996) as it indicates the result of operation of the period.

Empirical findings by Ball and Brown (1968) indicated that fifty percent of all available information is embedded in the income statement. Value relevance of earnings is ascertained by regressing stock returns on accounting earnings (Ball and Brown, 1968) or the abnormal stock return on expected earnings (Beacver, 1968). While regression of share price on earnings measures the sensitivity of share price to earnings, the other measures the relations of unexpected portion of share price change and earnings (Edwards & Bell, 1961).

Change in the value relevance of earnings has been investigated by several studies. Collins, Maydew and Weisis (1997) employed a cross sectional regression over a period of 40 years, found that the incremental value relevance of earnings declined over the time period 1953-1993. They adduce the declined in value relevance of earnings to the shift in value relevance to book value from earning to increasing average size of the firm. Lev Zarowin (1999) support the finding of declining value relevance of earnings. Cheng, Liu and Schaeffer (1996) found that both earnings and earnings change are value relevant. They employed both levels and changes to examine the effect of earnings performance on the information content of cash flows. They argue that markets look to cash flow as alternative sources of information where earnings number proves insufficient. Lipe (1990) concluded that poor retained earnings association is due to lack of earnings persistence. They conclude that current earnings innovations contain information about the future as well as current equity benefits. The lack of timeliness for accounting numbers may also explain the low earning return association. Timeliness is the extent to which current earnings incorporate current period economic income (Ball, Kothari & Robin. 2000). Timeliness earnings may be affected by demands of accounting standard of objective and verifiability. These demands reduce the timeliness of earnings and thus reduce the association between earnings and stock returns. Their results show that stocks are not sensitive to earnings innovations. Easton and Harrist (1991) argued that extent research lacked a long term perspective, that poor earnings -return association may due to use of short-term data. They content that poor timeliness of earnings may occur in short rum, but over the long term the correlations between earnings and return increases, if long term data is employed. They show that expanding the return interval and earnings aggregated over long time intervals. There are increases in the return-earnings association. They provide confirmation of correlation between earning and return increase using long term accounting data.

Beaver, McAnnally and Stinson (1997) offered different explanation of misspecification of statistical model as responsible for the poor earning return relationship. They argue that price earnings relation is a system of simultaneous equation, thus the explanatory variable (earnings) and the dependent variable (share price) act as if both are endogenously determined as they are affected by information which is difficult to specify. They provide evidence that changes in both variables are endogenous implying that the short coming of single equation bias can be mitigated via joint estimation. Liu and Thomas (2000) support the thesis of misspecification of model as accounting for low Earnings Response Coefficient (ERC).

Using a model in which additional regressors were included in the model in order to reflect information contained in forecast revisions and discount rate change occurring during the year. Compared to simple regression model this significantly increases the ERC. Earnings are made up of two components a cash flow component regarded as an objective part of earnings and accruals which is more inclined to subjective judgment and thus easily manipulated. Earnings management refers to the reasonable and legal management decision making and reporting intended to achieve stable and predictable financial results. Marqardt and Wicdman (2004) investigate the how earnings management impact upon value relevance. Using a sample of firms for which there is a priori expectation of earnings management they examine how earnings management impairs the value relevance of accounting information. In situations where managers participate in secondary issues of share, there often exist incentives and opportunities to manage earnings. Discretionary accruals are significantly positive in the years of secondary stock offering in firms where managers sell their shares in secondary offering (Marquardt and Wiedman, 2004). They also provide evidence that discretionary accruals are more positive in the year of secondary offering for firms whose manager participates in secondary offering than firms in which managers do not.

There is significant decrease in estimated coefficient of net income and decrease in R^2 during year of secondary offering of share for those firm participating managers (Marquardt and Wiedman, 2004). In situations where the incentives for earnings management is greater, earnings announcement are less informative to investors according to Christensen, Hoyt and Patterson (1999).Studies of value of earnings across countries show interesting results. Ball, Kothari and Robin (1994) examine the value relevance of earnings in seven countries. They show that accounting earnings indicate significantly greater timeliness in common-law countries relative to code-law countries, this they attribute to income conservatism.

Ali and Lee-Sheok (2000) examined the relationship between country specific characteristics and measures of value relevance. Their study show that value relevance is higher in countries exhibiting features of the British-American model in which tax rules impact on accounting measurements, relative to countries exhibiting features of continental accounting model. They also find that countries that spend more on external auditing services have higher value relevance. The higher use of accrual accounting as opposed to cash flow accounting results in lower value relevance in countries with weak shareholder protections (Mingyi.2000) but for countries with strong shareholder protection there is no significant negative relationship between the use of accrual accounting and value relevance of accounting information.

Book value per share

Value relevance of accounting information before and after the reforms of International reporting standard(IFRS) examine by Karğın, S (2013) and reported improvement in the value relevance of book value during the post-IFRS period (2005-2011).The results found to be consistent compared to the study done by Bilgic and Ibis(2013). Bilgic and Ibis used a sample of 113 companies listed in Istanbul stock exchange reported valuerelevance of book value increase after the adoption of new accounting standards. But Khanaga (2011) reported value relevance of book value per share declined by using portfolio and regression approach after the forms in accounting standards in Bahrain and United Arab of Emirates.

On the other hand value relevance of accounting information reported to be weak during the period of global economic crisis (2005-2009) and during political crisis caused by military dictatorship (1992-1998) in Nigeria by Olugbenga and Oyerinde (2014).But during stock market crisis in Nigeria Thompson and Adah(2012)reported book value per share to have positive and significant relation with share price of cement manufacturing companies listed at Nigeria stock exchange. On the other hand during post-recession period book value per share reported to have positive relationship and insignificant impact on the stock prices of BSE 200 companies.

Return on Equity

Return on equity defined as the profitability ratio which measure amount of profit earned by the company from the amount of money invested by the shareholders in the company. Vijitha and Nimalathasan (2014) examine value relevance of return on equity, book value per share, earnings per share and price earnings ratio on the share price of 20 manufacturing companies listed in CSE from 2008 to 2012.They reported accounting information of return on equity to have positive and strong significant relationship with share price of 20 manufacturing companies listedin CSE but does not have significant impact on the share price. Other accounting information such as earnings per share and book value per share reported the same results, except price earnings ratio reported to have weak and negative relationship with share price. A sample of 129 companies selected from 6 major sectors listed in CSE used by Pathirawasam (2010) as a sample and examine value relevance of return on equity, earnings per share and book value per share. All three accounting information reported to have positive and significant relationship with share price of selected companies as a sample in the study. Also in Pakistan Malik and Ali (2013) reported return on equity to have positive and significant relationship with share price of public companies from fuel and energy sector listed in Karachi stock exchange.

Asset Turnover Ratio

Assets turnover defined as the efficiency ratio which demonstrates the efficiency utilization of company's assets in generating company's sales. By using formula given by Malik and Ali (2013) assets turnover ratio calculated by taking sales divided by total assets. As explained by Malik and Ali (2013) firms found to be more efficient in utilizing its assets and generate sales when its assets turnover ratio reported to be high. They also said when the company reported high ratio of asset turnover lead to an increase in company's profit and make the ratio to have positive and significant relationship with share price and this is witnessed in their own study by using a sample of 21 public companies from fuel and energy sector listed in Karachi stock exchange (KSE). Ozlen (2014) reported total assets turnover ratio to have negative and significant relationship with share price of metal-product and stone sectors listed in Istanbul stock exchange but positive and significant relationship exist with share price of stone sector, metal products sector, transportation sector and commerce sector.

Debt to Equity Ratio

The debt-to-equity ratio is a financial ratio that indicates the relative proportion of equity and debt used to finance a company's assets. This ratio is also known as risk, gearing or leverage. Some scholars have opined that risk affects firms' dividend policy. Firms with high growth rates and high dividend payout ratios utilize debt financing and firms with high leverage compared to their respective industry. However, conflicting evidence on the relationship between dividend payout ratios and leverage abound. In some industries payout and leverage ratios are positively related while in other industries the relationship is negative. There exist statistically significant and negative relationship between firm's risk and market value. It is evident that firms having a higher level of risk will pay out dividends at lower rate this affect the market value of firms.

Dividend per Share

Dividend per share is the sum of declared dividends issued by a company for every ordinary share outstanding. The figure is calculated by dividing the total dividends paid out by a business, including interim dividends, over a period of time by the number of outstanding ordinary share issued. A company's dividend per share is often derived using the dividend paid in the most recent quarter, which is also used to calculate the dividend yield. Dividend per share is an important metric to investors because the amount a firm pays out in dividends directly translates to income for the shareholder, and the dividend per share is the most straightforward figure an investor can use to calculate his or her dividend payments from owning shares of a stock over time (Pandey, 2015). Meanwhile, a growing dividend per share over time can also be a sign that a company's management believes that its earnings growth can be sustained. Dividends over the entire year, not including any special dividends, must be added together for a proper calculation of dividend per share, including interim dividends. Special dividend is dividends that are only expected to be issued once and are, therefore, not included. Interim dividends are dividends distributed to shareholders that have been declared and paid before a company has determined its annual earnings. If a company has issued common shares during the calculation period, the total number of ordinary shares outstanding is generally calculated using the weighted average of shares over the reporting period, which is the same figure used for earnings per share.

Theoretical Review

Information Perspective

Informational perspective measures the usefulness of accounting information to individual users without much emphasis on the precise structure of the relationship between accounting data and firm value (Bernard, 1995). Most of the studies on information perspective assume that information content or usefulness can be determined by observing stock market reactions to specific accounting information items (Ball and Brown, 1968, Benston, 1967 and Anderson, 1975). These studies further assert that the degree of usefulness can be measured by the extent of volume or price change following release of the information.

Accounting Theory

Accounting theory is defined as the basic assumptions, definitions, principles, and concepts that underlie accounting rule made 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 abroad 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 judgments. The primary test of a theory, however, is its ability to explain or predict (Quintus, 2007).

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).

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 firms quality to appraise a company (Mohammadi, Shafizadeh & Johan, 2014).

Empirical Review

Oladipupo and Ajape (2013) conducted a study on computer-based accounting system (CBAS) in SMEs by using a randomized trial in Nigeria and the study found that the use of CBAS by Nigerian SMEs is highly significant as all companies operating in all industries surveyed by using one type of accounting software or another. AIS is relevant as a tool for monitoring and control. It helped SMEs manage their short-term problems in critical areas like costing, expenditure and cash flow by providing information to support monitoring and control. The book keeping control aspect helped to prevent petty dishonesty and incompetence usually displayed by employees of small scale enterprises. SMEs normally have numerous assets and it is important that a proper accounting system be installed to ensure that every item is accounted for with the view to reducing opportunities for theft and misappropriation.

Daw and Susan (2015) admitted that through its computerized accounting system produced the financial statement among income statement, statement of financial position, cash flow statement. Thus, process data and transform them into accounting information during input, processing and output stages that can be used by a variety of users. AIS assisted in credit dealings. Most businesses in today's world are made on credit. Accounting information assist a trader decides between alternatives either to extend credit facilities to his customers. AIS render assistance in decision making.

Adebayo, Idowu, Yusuf and Bolarinwa (2013) examined the impact of AIS as an aid to decision making in food and beverages companies in Nigeria. Regression analysis and Karl Pearson's correlation was used for data analysis. The study found that AIS is an indispensable tool in decision making in today's turbulent world. The study advised organization to invest on information technology tools in order to improve their efficiency and overall performance. Dodge, Fullerton and Robbins (1994) provided that there is need for accounting information system for SMEs due to the volatility usually associated with their activities like unstable cash and profit positions as well as reliance on short term borrowing. It has been recognized that appropriate accounting information is important for a successful management of any business entity, large or small

(European Commission, 2007). The development of a sound accounting information system in SMEs depends on owners-manager's level of accounting knowledge (Ismail & King, 2007). Business depends on correct accounting records to make good decisions about the firm. Decisions such as expansions, as to drop or maintain product lines, make or buy decisions or about size of debtors and so on (Ezejiofor et al., 2014). They noted that business benefits from availability of accounting information, hence, facilitate the solution and resolution of business planning, organization and control function as social organization.

Okafor and Daferighe (2019) provided and examined empirical evidence about the influence and contribution of accounting practices on the performance as well as wellbeing of SMEs operating in Akwa-Ibom State, Nigeria. The study used both primary and secondary data as well as adopted survey research design on sample of SMEs operating in Akwa-Ibom State. The data were analyzed using mean scores, means scores percentages and multiple regressions. It was observed that a joint significant positive relationship between cash, tangible non-current assets, inventory management practices and return on capital employed, while tangible non-current assets management practice has negative significant influence on performance of SMEs. This showed a strong linear relationship between accounting practices and performance by SMEs. Hence, cash management practice has the greatest influence followed by inventory management practice in Akwa-Ibom State.

Abanis et. al. (2013) attempted to establish relationship between financial management practices and business performance of SMEs in Western Uganda and adopted structural equations and statistical modeling with analysis of moment structures and used primary sample of 335 SMEs operating in Mbarara and secondary sources of data. The paper employed logical positivism quantitative paradigm designs, cross sectional and correlational design. The result found that there is a positive and significant relationship between working capital management and a strong relationship between financial management practices and business performance among SMEs in Uganda.

Krishnan and Pavithran (2018) sought to find out the accounting practices of SMEs in the state of Kerala, India. The study adopted random sampling method and descriptive research design with the used 143 small and medium enterprises registered under the MSME development Act of 2006 as per the list provided by Kerala Board for Industrial promotion. Data from three of such regions such as Travancore, Central and Malabar based on geographical area were selected and employed Chi-Square and other percentage frequency parameters for analysis. The result indicated that most of the SMEs in the study are not aware of the needs of accounting practices and majority is maintaining accounting records as they are mandated while also majority are not using the accounting statements for planning, comparison and decision making. Enterprises are not aware about the various statement and the benefits of preparing the same. Uddin et. al. (2017) attempted to examine and evaluate the current status of adopting and implementing the accounting system and practices of small and medium enterprises in Rangpur region in Bangladesh. The study used primary (both interview and questionnaire) and secondary. The study adopted Chi-Square test and co-related for analysis. The found that about 20% of enterprises directly followed the accounting system while the remaining 80% indirectly. Whereas out of 30 enterprises, 10 SMEs enterprises prepared income statement, 14 SMEs prepare cash flow Statement and 6 SMEs prepared all statements respectively. Exerts a significant positive relationship between selected independent variables that kept accounting record, prepare financial statement, quality information and basis of accounting with the accounting system.

Bamidele, Ayibiowu, Onumoh and Attahiru (2018) examined the impact of effective book keeping practice and accounting system in the operation of small and medium scale enterprises in Nigeria. The study used stratified random sampling techniques on structured questionnaire and employed best linear unbiased estimator for analysis. The result showed that book keeping and accounting played a significant role in the success of small and medium scale enterprises. The result affirmed that standard accounting practices contribute immensely to the success of small and medium scale enterprises in Zamfara state, Nigeria.

Zotorvie (2017) attempted to examine the financial accounting practices of small and medium scale enterprises (SMEs) in Ho Municipality at Volta Region of Ghana. The study used purposive sampling and adopted survey research approach drawing its data from a total numbers of 225 owner-managers of registered SMEs in Ho municipality. The paper employed descriptive statistics, mainly adopted frequency tables and percentages to analyze results. The findings found that majority of SMEs fail to keep proper accounting records pertaining to their businesses. It is difficult for the owners-managers to determine the profit earned or losses suffered during a particular accounting period in order to be able to strategize and make adjustments on their businesses. Pavtar (2017) examined the accounting practices of SMEs as well as the challenges they face and the effect of those challenges on SMEs in Makurdi Metropolis, Benue State, Nigeria. The study adopted survey research design, likert scale type questionnaire on primary data and employed ChiSquare test statistics to reach conclusions. The paper revealed that SMEs in Makurdi Metropolis keep sales and purchase daybook but are faced with the challenges of accounting practices which has a significant effect on their operations.

Ogundana et. al. (2017) examined the relationship between ICT and Accounting System of SMEs in Nigeria. The study adopted survey research design from primary source of data in about 72,838 populations and employed Pearson ProductMovement Correlation Coefficient to highlights findings. It was revealed that there is a significant relationship between ICT knowledge (Microsoft tools), ICT adoption (accounting packages) and accounting system of SMEs in Nigeria. However, technological upgrade in the firm leads to an increase in the productivity of factors of production (Prasanna1 et al., 2019). Olamide and Adeyemi (2016) sought to find whether accounting information system influences the performance of Small and medium scale enterprise and aids access to finance. A survey research design was adopted with the use of primary data through administration of questionnaire to elicited information from 153 respondents. The study employed ordinary logistic regressions and frequency tables to consume claims. It found that accounting information system significantly influenced the performance of small and medium scale enterprise while adoption of computerized accounting information system improved the ability of small scale enterprises to secure funds from financial institutions.

Umanhonlen, Umanhonlen and Enofe (2022) theoretically reviewed the relevance of accounting information practice on SMEs in Nigeria. Accounting information is to provide high quality financial reporting. The qualitative characteristic of any accounting information system (AIS) can be maintained relative to ensuring the achievement of its operational goals and performance. This paper adopted library and theoretical literature survey approach and employed quotient research analysis with the use of secondary publications. The study identified SMEs as a catalysts instrument for economic growth and development. It noted that the ineffectiveness of AIS is the bane behind premature collapse of SMEs in Nigeria. The paper observed that proper AIS has enhanced SMEs success and provided requisite information support needed. The paper also noted that AIS has provided the basis for making strategic decision and understanding the accuracy of financial situation of SMEs in Nigeria. It therefore concludes that SMEs have the capacity to turning it fortune through AIS. Hence, studies have showed that financing options require information system that involves objectivity. However, those saddled with the responsibility of mentoring, nurturing as well as revamping SMEs in Nigeria should task them to adopt proper AIS and rescind from encouraging SMEs with credit facilities and other products alike if proper AIS is not maintained.

Lawani et. al. (2015) determined the impact of conservatism and value relevance of accounting information in Nigeria quoted firms. The study used secondary sources of data from the Nigeria Stock Exchange (NSE) between the periods of 2005 to 2010 and employed multiple regression and correlation coefficient for the analysis. The study found that there is the existence of a significant inverse relationship between market-based conservatism and earnings per share for the pooled ordinary least square (OLS), fixed and random effects model. However, higher conservative practices by companies affects the informativeness of financial estimates and declines in stock returns may be seen as an outcome of the markets assessment of disclosure credibility. Ezejiofor et. al. (2014) examined the contributions of accounting records in efficient performance of small scale business in Nigeria. The study used of primary data through questionnaire to elicit information on judgmental sampling techniques and adopted survey research method. The analysis was done by employing mean, standard deviation and weighted value with t-test statistical techniques. The study revealed that the training of professional accountant should focused more on practical ways of solving accounts reporting needs of small and medium scale enterprises.

Abdullahi (2014) evaluated the role of accounting information to the sustainable economic development of small and medium enterprises in Nigeria. The paper adopted secondary data from texts books, journal, conference and unpublished research projects and employed documentary research techniques and narrative survey approach. It observed that most owners and operators of small and medium scale enterprises do not have the requisite accounting knowledge required to enhance the sustainable development of their businesses. Harash et. al. (2014) investigated the influence use of accounting information system (AIS) performance in Small and Medium enterprises (SMEs) in Iraq. The study employed analytical literature survey approach. The study found that accounting information system characteristic employed such as reliability, relevance and timeliness has significant effect on the SMEs performance.

Oladipupo and Ajape (2013) study sought to provide answer to the degree of computer-based accounting system (CBAS) adoption by SMEs in Nigeria. The study used primary sources of data, conducting an empirical investigation through a structured survey to expound extent of CBAS adoption in Nigerian SMEs and adopted a combination of cross tabulation and logistics regression for analysis. The study found that the use of CBAS by Nigerian SMEs is highly significant on SMEs thereby showing that all companies operating in all industries survey used one type of accounting software or the other.

Okoh and Uzoka (2012) aimed at examining the role of accounting information in the survival of small businesses in Warri, Nigeria. The study used structured questionnaire to randomly gathered data from 100 employees among twenty (20) small and medium scale enterprises in Warri, Delta State and employed Chi-Square statistical techniques for analysis. The study indicated that the success of small scale business enterprises in Nigeria depends greatly but are not solely in accounting information that small and medium scale businesses do not keep records due to ignorance about accounting information.

Maseko and Manyani (2011) investigated accounting record keeping practices for performance measurement employed by SMEs in case of Bindura in Zimbabwe. The paper adopted survey research design and primary source of data to generate frequencies and percentage. It was revealed that the majority of SMEs do not keep complete accounting records because of the lack of accounting knowledge and as a result there is inefficient use of accounting information in financial performance measurement.

Akingunola (2011) assessed specific financing options available to SMEs in Nigeria and contribution with economic growth through investment level. The study adopted descriptive statistics and used secondary data from the Central Bank of Nigeria (CBN) publications, statistical bulletin and annual report and statement accounts and employed Spearman Rho correlation test to determine the relationship between SMEs financing and investment level. The study revealed that there is a significant positive relationship between SMEs financing and economic growth in Nigeria through investment level.

Literature Gap

Several works have been done on this aspect of studies both on the global scene and Nigeria. This has been viewed from various countries evidence from underlying part of this study. Majority of works done on the global scene were from developing countries which may reduce our chance to affirmative result. More works on developed countries are required to proffer in-depth solution to the link provided by these studies and to compare results. This study examined the effect of accounting information on the market value of quoted small and medium scale enterprises in Nigeria.

METHODOLOGY

This study uses ex-post facto research design approach for the data analysis. This approach combines theoretical consideration (a prior criterion) with the empirical observation and extracts maximum information from the available data. It enables us therefore to observe the effects of explanatory variables on the dependent variables. There are 10 quoted small and medium scale enterprises trading in the second-tier security market.

Model Specification

In order to achieve the objectives of this study and test of the hypotheses, a functional effect in form of multiple linear regression model consisting of dependent and independent variables will be formulated. The regression models are presented as follows;

$$MV = \beta_0 + \beta_1 DER_{it} + \beta_2 DPS_{it} + \beta_3 EPS_{it} + \beta_4 ROE_{it} + \mu_{it} \tag{1}$$

Where

MV = Market value of the quoted small and medium scale enterprises

DER = Debt equity ratio of the quoted small and medium scale enterprises

EPS = Earnings per share

ROE = Returns on equity

DPS = Dividend per share

μ_{it} = Stochastic or disturbance/error term.

α0 = Constant or intercept.

A-Priori Expectation of the Result

The explanatory variables are expected to have positive and direct effects on the dependent variables. That is a unit increase in any of the variables is expected to increase market value. This can be express mathematically as $\beta_1, \beta_2, \beta_3, \beta_4 > 0$.

RESULTS AND DISCUSSION OF FINDINGS

Table 1: Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Pooled Effect Model				
ROE	0.032480	0.033095	0.981413	0.3275
EPS	0.250062	0.123951	2.017426	0.0449
DPS	0.005642	0.006452	0.874426	0.3829
DER	0.031910	0.020106	1.587099	0.1140
C	9.953181	1.835172	5.423568	0.0000
R-squared	0.049825	Mean dependent var		14.93914
Adjusted R-squared	0.023185	S.D. dependent var		2.146708
S.E. of regression	2.121677	Akaike info criterion		4.373452
Sum squared resid	963.3238	Schwarz criterion		4.481087
Log likelihood	-476.2665	Hannan-Quinn criter.		4.416913
F-statistic	1.870285	Durbin-Watson stat		1.662720
Prob(F-statistic)	0.087183			
Fixed Effect Model				
ROE	0.860146	1.044343	1.356385	0.0366
EPS	0.028731	0.160273	0.179262	0.8579

DPS	0.914421	0.008112	1.777683	0.0070
DER	0.722684	0.021505	1.054861	0.0428
C	12.36263	2.094911	5.901265	0.0000
		Effects Specification		
Cross-section fixed (dummy variables)				
R-squared	0.791491	Mean dependent var		14.93914
Adjusted R-squared	0.573583	S.D. dependent var		2.146708
S.E. of regression	2.066219	Akaike info criterion		4.411093
Sum squared resid	819.6977	Schwarz criterion		4.857006
Log likelihood	-458.4258	Hannan-Quinn criter.		4.591145
F-statistic	1.624076	Durbin-Watson stat		1.905250
Prob(F-statistic)	0.000169			
		Random Effect Model		
ROE	0.037520	0.034969	1.072944	0.0445
EPS	0.203111	0.130057	1.561714	0.0198
DPS	0.007445	0.006745	1.103839	0.0709
DER	0.029011	0.020108	1.442768	0.0005
C	10.52168	1.866897	5.635922	0.0000
		Effects Specification		
			S.D.	Rho
Cross-section random			0.472147	0.0496
Idiosyncratic random			2.066219	0.9504
		Weighted Statistics		
R-squared	0.441900	Mean dependent var		12.18603
Adjusted R-squared	0.315038	S.D. dependent var		2.096432
S.E. of regression	2.072931	Sum squared resid		919.5673
F-statistic	1.559801	Durbin-Watson stat		1.726119
Prob(F-statistic)	0.160262			
		Unweighted Statistics		
R-squared	0.448637	Mean dependent var		14.93914
Sum squared resid	964.5282	Durbin-Watson stat		1.658316
		Correlated Random Effects - Hausman Test		
Test Summary		Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random		7.415428	6	0.0341

Source: Computed by Researchers from E-view 9.0

Analysis of Results

Following the various methods of panel data analysis, the question of which is the most appropriate or suitable methods arises. Therefore, some means of selecting the most suitable method among the different approaches especially between the fixed effect model (FEM) and random effect model (REM) is needed. But when such a correlation exists, the Fixed Effects Model would be more suitable because the random effect model would be inconsistently estimated. From the table above the probability of the Hausman test is greater than 0.05, therefore, the study adopt the random effect model.

F-Test: The F-calculated value is 1.624076 from the fixed regression results while the P-value of F-statistic are 0.000169 at 5% level of significance, considering the P-value, the chosen level of significance α =0.05 [5%] is less than the P-value of F-statistic. It is concluded that the regression model is statistically significant. This means that the joint influence of the explanatory variables on the dependent variable is statistically significant.

Coefficient of Multiple Determinations (R^2): The computed coefficient of multiple determinations of 0.791491 from the fixed effect shows that 79.1 percent of the total variations in the market value of the quoted small and medium scale enterprises is accounted for, by the explanatory variables while the remainder is attributed to variable that is influenced by other factors not included in the regression model.

Durbin Watson statistics (DW): The computed DW is 1.905250 from the fixed results; show that at 5% level of significance with two explanatory variables and 100 observations. The value of computed DW is greater than the lower limit. Therefore, there is no evidence of positive first order serial correlation.

Regression Coefficient and T-Statistics: The t-statistics and regression coefficient found that return on equity have positive and significant effect in increasing market value of the quoted small and medium scale enterprises, earnings per share have positive but no significant effect while dividend per share and debt equity ratio have positive and significant effect in determining increase in market value of the quoted small and medium scale enterprises. The findings of this study confirm the findings of Lucky et al (2016) on prudential determinants of stock prices of quoted commercial banks in Nigeria. it is also in line with the findings of Ibanichuka and Alasin (2018) that all the audit report variables have positive impact on value relevance while model found that audit compensation, audit familiarity and corporate governance have positive effect and audit independence, joint audit and audit size have negative effect on stock prices but contrary to the findings of Abayadeera (2010) 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. The findings of this study confirm the findings of King and Langli (1998) that both the book value and the earnings per share have significant relation with the stock price and hence equity investment decision, the findings of Omoye, and Eriki, (2014) balance sheet information has significant positive influence on the probability of companies that adopt high earnings management but contrary to the findings of Muhammed (2014) that board composition, institutional shareholding, managerial shareholding and audit committee significant negative relationship with earnings quality.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The effect of accounting information and market value of quoted small and medium scale enterprises in Nigeria has been a subject of importance in accounting studies most especially in the developed countries. The relationship between accounting information and market value of quoted firms has been well studied but with limited studies in the developing countries of Africa and particularly Nigeria and to management of quoted small and medium scale enterprises. The t-statistics and regression coefficient found that return on equity have positive and significant effect in increasing market value of the quoted small and medium scale enterprises, earnings per share have positive but no significant effect while dividend per share and debt equity ratio have positive and significant effect in determining increase in market value of the quoted small and medium scale enterprises. 79.1 percent of the total variations in the market value of the quoted small and medium scale enterprises are accounted for, by the explanatory variables while the remainder is attributed to variable that is influenced by other factors not included in the regression model. From the findings, the study concludes significant effect of accounting information on the market value of the quoted small and medium scale enterprises.

Recommendations

i. Base on the findings of the study, the following recommendations are formulated:
ii. Management of the quoted small and medium scale enterprises should formulate dividend policy that enhance the market value of the firms an optimal capital structure should be formulated and corporate strategies should be toward internal and external factors that affect Earnings per Share negatively of the quoted small and medium scale enterprises should discourage in the firms and factors that affect positive should be encouraged.
iii. Base on the positive effect of return on equity on the market value, the study recommend that management of the quoted small and medium scale enterprises firms should formulate policies that will increase profitability and internal and external factors that affect negatively the profitability of the firms should be discouraged.
iv. Quoted firms should disclose their financial information at every accounting period. This is expected to provide clearer information about the operating and financial performances of companies to equity investors.
v. 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.

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