

Overall Value Relevance of Timeliness of Accounting Information in the Listed Insurance Firms in Nigeria: An Application of Crammer Z Test

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Abstract

The study examined the value relevance of timeliness of accounting information in the listed insurance firms in Nigeria for the period between 2011 and 2019. The study utilized correlation research design, the data was obtained from the published annual financial reports of listed insurance firms in Nigeria and cash craft stock broker website. The population of the study included all the 29 listed insurance firms as at 31st December, 2016. The sample size was sixteen (16) listed insurance firms in Nigeria; five firms were used for firms that release their information late and eleven firms for firms that release their information timely. Two multiple panel regression models were maintained for the purpose of analysis; one model for firms that release their information timely and another model for firms that release their information late. For firms that release their information timely, the GLS results showed that accounting information releases timely is value relevant as well as for firms that release their information lately. However, the one released timely is more value relevant. The study therefore recommends that investors (existing and potential) in the listed insurance firms in Nigeria should use both timely and lately release accounting information for investment purposes, but timely release information should be given preference over lately release one. Regulatory bodies such as SEC, NFRC and NAICOM should intensify efforts in ensuring that listed insurance firms release their information timely.

Keywords: value relevance, share price, accounting information.

1. Introduction

Value relevance as an area of research in the field of accounting and finance has drawn the attention of academics for long, as well as attracting many researches. It is understood to be the ability of financial statement information (quantitative and qualitative) to capture and summarise the share values and is empirically tested as a statistical association between market values of shares and accounting values. Furthermore, accounting is believed to be an information system that is used by various economic units to make informed decision (Bello, 2009). For

accounting information to achieve that, it should be up to date, free from bias and represent a true and fair view of the state of affairs of the entity involved. Similarly, accounting information is only termed value relevant if there is an established association between it and company share prices (Abubakar, 2011).

Financial statements achieve this role if they possess certain characteristics as enumerated by Institute of Chartered Accountants of Nigeria (ICAN 2014). These are: reliability, relevance, timeliness, comparability and understandability. If market participants consider accounting information to be of high quality, a positive relationship between the information and the share prices is expected, and vice versa.

The bases for all investment decisions depend on readily available information to the various stakeholders. In line with this, the companies and allied matters act (CAMA) 1990 as amended, mandates all listed firms on the Nigerian stock-market (first-tier) to submit their quarterly, semi-annually and yearly reports of their operations to the security and exchange commission within ninety days (90) after their financial year end. While those listed on the second tier are to submit only their annual reports and accounts this regulation is to ensure the accounting information is relevant for investment decisions.

However, the relevance of accounting information in the listed insurance firms in Nigeria can be said to be impaired with in recent years. This is due to the inability of the firms to release their accounting information as at when due, and its unavailability will make it difficult for investors to make informed decisions as when due (Adaramola & Oyerinde, 2014). Listed insurance firms are making their accounting information not to be relevant this is because, the information is not made available to the users on time. A publication by the Nigerian Securities and Exchange Commission (2016) showed that, out of the 29 listed insurance firms 12 were unable to submit their audited accounts to the commission ninety days after their financial year as required by law, as a result the insurance companies in Nigeria have been exposed to huge amount of fine as a result of their noncompliance to filing their financial reports before the due date stipulated by the SEC. This has been a serious concern to the shareholders of the affected companies. Because, the fine paid to the commission had effect on their returns. According to the President, Progressive Shareholders Association of Nigeria Boniface Okezie (2018), this has been an issue of concern to the financial players

as the share prices of the insurance firms is falling below par which led to investors' lamentation and some even questioned the annual books of accounts. The study of Edwards and bell (1961) and Ball and Brown (1968) are believed to be the pioneer studies conducted to determine the usefulness of accounting information in determining market value of companies (Global Asset management, 2014), Further to these works, several studies follow.

This study is motivated by the persistent decline in the share prices of listed insurance firms on the floor of Nigeria Stock Exchange (NSE) and this has been an issue of concern to the sector regulator (NAICOM). This can be attributed to the inability of the firms to release their accounting information as at when due which has impaired the relevancy and reliability of such information and ultimately led to investors' lamentation. This is what necessitates research to find out the value relevance of timeliness of accounting information in the listed insurance firms in Nigeria. The lateness in the release of accounting information by the listed insurance firms in Nigeria has impaired the relevance of such information for decision making due to the absence of timeliness. The share prices of listed insurance firms have experienced poor performance on the floor of Nigerian stock exchange in recent years, since march 2018 share prices of six listed firms in the sector have been trading below fifty kobo and others are trading slightly above fifty kobo (Guardian, 2018). The investors in the sector lamented and the president independent shareholders association in Nigeria Sir Sunny Nwosu (2018) even called for examination of books of accounts that despite insurance firms reported good performance, why the fall in the share prices?

Therefore, this study aims to examine the value relevance of timeliness of accounting information– earnings per share and book value per share in the listed insurance firms in Nigeria. On the basis of the above gap the following null hypotheses have been formulated.

- H₀₁: Timely released accounting information is not value relevant in the listed insurance firms in Nigeria.
- H₀₂: Accounting information released late is not value relevant in the listed insurance firms in Nigeria.
- H₀₃: Accounting information released timely is not more value relevance than the one delayed in the listed insurance firms in Nigeria.

The findings of this study will enlighten individuals and corporate investors on their investment decision as well as aid planning of their investment. It will be

beneficial to policy makers or regulators to enable them know the value relevance of timeliness of accounting information in order to mitigate delay of financial reports. This study May also help SEC, NAICOM and NFRC in the formulation of future policies as it will serve as an empirical answers and suggestions to it. Additionally, the NFRC will find the study vital as it will serve as a feedback conduit to the council on which accounting information is most widely used for equity valuation in Nigeria. Furthermore, the study will fill the gap in the existing literature by studying the value relevance of timeliness of accounting data in the Nigerian listed insurance firms. Finally, to future researchers, it will increase to the available literature in the area of value relevance and serve as a guide to further studies.

2. Literature Review

Concept of value relevance of accounting information

Beisland (2009) defined value relevance as the capacity of financial statement information to capture and sum up firm value. Value relevance of accounting information is the capacity of any information enclosed in the financial statements to aid the financial statement users determines the value and performance of the company.

Review of Empirical Studies

Mixed findings, conclusion and recommendations have been reported in the studies of value relevance. This is as a result of discrepancy in the countries, domains, technique of analysis and the variables involved. Related empirical studies are reviewed below:

Similarly, Dung (2009) examined value relevance of accounting information in Vietnam between the year 2003-2007 using a sample of 306 listed companies. The study used OLS as technique of data analysis and found earnings to be positively related to share prices. However, considering adjusted R^2 the relationship is weaker than in other developed and emerging economies. In addition, there is evidence that earnings and book value reflect in stock prices and it is higher during capital markets boom periods. However, the data used for the study is old, which may not reflect the current reality and may affect its reliability. Additionally, Bello (2009) examined value relevance of accounting information in the Nigerian listed cement firms using the whole population as the sample of the study. Using Ohlson model, the study used a time frame of ten years between 1996 and 2005 and utilised OLS technique of data analysis. In his comparative analysis of accounting information under historical cost and inflation adjusted, he

found both the information to be of value relevant. However, the latter was found to be more value relevant. Considering time factor a new study is needed with a current data.

Abubakar (2011) in a similar manner examined value relevance in the new economy firms (i.e. telecommunication, media and technology firms (TMT) in Nigeria for a period of four years (2005-2008), using OLS method of data analysis and a sample of four firms out of the total population of eighteen firms and the results showed that both earnings per share and book value per share are not value relevant. Despite the effort put on the work the number of the sample is small considering the population. Additionally, the study used (TMT) firms whose assets are greatly intangible and are not integrated in the financial statements.

Another study by the author revealed that earnings per share amongst other variables are important in determining share price of some selected listed Nigerian banks. The result was obtained from an experiment carried out to determine the degree of value relevance of Salisu Human Resources valuation model (popularly known as Salisu HRV Model). The experiment disclosed that the overall significance of the accounting information is stronger when Human Resources value is included against where it is not included in the financial statements of the selected banks (Abubakar, 2011).

Moreover, Clarkson, Hanna, Richardson and Thompson (2011) also investigated value relevance with regards to IFRS adoption in Europe and Australia on the value relevance of earnings for equity valuation. Using a sample of 3,488 firms that at the start adopted International Financial Reporting Standards (IFRS) in the year 2005, the study compared the figures reported in 2004 to the IFRS figures that were reported in 2005, the results showed that earnings and book value have negative and significant relationship with share prices and the relationship increased after IFRS adoption. On the other hand the applicability of this study in an emerging economy like Nigeria may not be justifiable considering socio economic and cultural differences.

Another study by the same author examined impact of equity per share on the market value per share of listed oil and gas firms in the Indian capital market for a period of six years between 2006 and 2011. The study used a sample of six firms, using OLS technique of data analysis and it found equity per share to be

positively and significantly associated with market value of equity. The study is having a limitation as it studied only one independent variable.

Kargin (2013) as well carried out a comparative study of value relevance of accounting information in the listed firms in turkey using Ohlson model (1995), taking into consideration prior to and after IFRS adoption. The study covered a period between 1998 and 2011. 1998-2004 for pre adoption while: 2005-2011 for post adoption, OLS tool of analysis was used and it was documented that earning is more value relevant in the pre adoption period than the post adoption period while; post-IFRS book value is more value relevant to pre-IFRS adoption one.

Bilgic and Ibis (2013) also carried out a comparative value relevance analysis of pre and post-IFRS adoption in the listed firms in turkey. The time frame is between 1997 and 2011; 1997-2004 was the period for pre adoption and 2005-2011 for post adoption, using OLS tool of data analysis. After filtering, the study used a sample of 113 firms. The results revealed that: earnings and book value per share to be positively and significantly value relevant. By and large, after IFRS adoption, there is an insignificant increase in the value relevance of the duo.

Besides, Altahtamouni and Alslehat (2014) also conducted a study of value relevance of accounting information among all the Jordan listed banks between 2002 and 2011. The study employed OLS tool of data analysis and Ohlson model (1995), it was finally found that earning per and book value per share to be positively and statistically correlated with share prices. However, the study didn't state the theory that underpins the study.

So also, Blibok (2014) also investigated the impact of IFRS adoption in the listed banks on the floor of Warsaw (Poland) stock market. Using a sample of 17 banks between 1998 and 2012, period 1998- 2004 was used for pre IFRS adoption while 2005- 2012 for post IFRS. The results showed that earnings and book value have positive and significant relationship with share prices and the relationships increased slightly after IFRS adoption.

Terzungwe and Rabi (2015) also studied association between accounting information and share prices in the listed food and beverages firms in Nigeria. The study used a sample of 9 food and beverages firms using OLS technique of analysis and the time frame of the study is between 2001 and 2010. In addition the study used Ohlson model (1995) and found that earning, book value and dividend

per share are positively and significantly associated with share prices in the industry. Nevertheless, a study with a current data will serve as a contribution to the body of knowledge.

Alfraih and Alanezi (2015) also carried out a study aimed at exploring the association between compliance with International Financial Reporting Standards (IFRS) compulsory disclosures and the value relevance of accounting information. This relationship was done in the context of quoted companies in Kuwait. The value relevance of financial statement information- with emphasis on earnings and book value per share were studied empirically using Ohlson's (1995) valuation model. The study maintained a sample of 119 listed firms and OLS technique of data analysis was employed; the results showed a significant association between the level of compliance with IFRS and the value relevance of earnings and book value per share in the Kuwait's Stock Exchange. However, the study used cross sectional data, but this study improved on it by employing panel data.

The following study was conducted by Sullubawa (2015) with an objective of investigating the value relevance of accounting information in the Nigerian stock exchange. Additionally, the study also examined the effect of IFRS adoption on the value relevance of accounting information in the Nigerian listed companies. Samples of 68 listed companies on the floor of NSE were used and the study covered a period of 6 years (between 2009 and 2014). It investigated the pre-IFRS period between 2009 and 2011 while the post-IFRS period between 2012 and 2014. The study utilised pooled OLS to analyse the data extracted from the listed firm's financial reports.

The study found accounting information among the quoted companies in Nigeria to be value relevant, having used Ohlson Model, Earnings and book value were found to be positively and significantly associated with market value of shares. More so, the study found that value relevance of earnings has increased in the post-IFRS period. The study is deficient because, the data used for analysis was gotten from an online data source which places a question of reliability on the data.

In a similar manner, Rodosthenous (2017) examined value relevance of accounting information in the early years of financial crisis in Greece between 2010 and 2012. The study employed Ohlson model (1995) and a sample of 150

firms among the listed firms in Greece. The study documented that earnings per share is positively and statistically while book value per share to be negatively and insignificantly related to share prices in the period of crisis. The empirical study studied all listed firms; as a result of the heterogeneity of the firms the findings cannot be applicable to a particular sector.

In addition, Solomon, Memba and Muturi (2016) studied value relevance of accounting information in the listed firms on the floor of Nigerian stock exchange between 2004 and 2014. The study used a sample of 58 firms, after analysing data using OLS tool of analysis, it was documented that book value is positively but insignificantly correlated with share prices. However, the study used only one independent variable.

Theoretical Framework

The theory that was used to underpin this theory is the semi strong efficient market hypotheses (EMH) theory developed by Eugene fama in 1960s. In a semi strong-form efficient market, the present market price is the best obtainable unbiased predictor of a fair price, having absorbed all relevant information whether the information is in the public domain or not. This implies that excess returns cannot constantly be achieved even by trading on inside information. This does prompt an interesting observation that someone must be the first to trade on the inside information and hence make an excess return. Attractive as this line of reasoning may be in theory, it is unfortunately nearly impossible to test it in practice.

In the context of this study, semi-strong-form of efficient market hypothesis best suits the Nigerian capital market and therefore the study deems it the suitable theory to underpin it, as this study will introduce new variables other than book value and earnings that have been predominantly used by previous studies, the study selects EMH because it is more encompassing as it takes care of all information besides book value and earnings.

Model Development

This subheading provides explanations on the model development. The model was initially developed by Ohlson in 1995. The model documented that firm value is a linear function of book value and future earnings.

According to the model, Share Price is a function of Earnings and Book Value of Equity.

Model 1

$$SHP_{it} = f(\text{EPS}_{it}, \text{BPS}_{it},) \dots\dots\dots (1)$$

The above model is based on Ohlson (1995) valuation framework. But this relationship is not realistic because Ohlson model is not developed on the basis of income itself but residual income. In order to make the relationship in equation (1) above to be consistent with Ohlson's valuation model, earnings should be regarded as a proxy for residual income. Moreover, past empirical studies have shown that current earnings have an association with firm value which confirms the model's functionality. Equations (1) can be expressed as follows:

$$SHP_{it} = \beta_0 + \beta_1 \text{EPS}_{it} + \beta_2 \text{BPS}_{it} + \varepsilon_{it} \dots\dots\dots (2)$$

Where:

SHP_{it} = share price of firm i in year t

EPS_{it} = earnings per share of firm i in year t

BPS_{it} = book value per share of firm i in year t.

β_0 = constant or intercept

β_1 and β_2 = coefficients of explanatory variables

ε_{it} = error term.

To tackle the issue of timeliness, another model is needed that will take care of firms that release their information lately.

3. Methodology

The research design is correlation; the choice of the design was informed by the research paradigm which is the positivism approach. Multiple panel regression was used for the analysis with the aid of STATA 13. The study covers a period of nine years (2011-2019), the choice of this period has been influenced by the availability of data of the firms, delay in the release of accounting information by the listed firms and the poor performance of share prices of the firms in the sector.

Population, sampling technique and sample of the study

The population of the study consists of all the twenty-eight quoted insurance firms on the floor of Nigerian stock exchange as at 31st December, 2016. The study employed census strategy which includes all the listed insurance firms as at the date mentioned. However, a filter was used and we arrived at a sample of 16 firms- 11 for those that release their information within the prescribed period by the SEC (90 days after the financial year end) and 5 firms for those that release late.

Sources and Method of Data Collection

The data for this study was gotten from the published and audited annual reports of listed insurance firms in Nigeria and the Cash Craft asset Management (stockbroker) website

Model specification and Variable measurement

The study adopted Ohlson (1995) model developed in the previous section and it is specified below: Equation one will take care of firms that release their accounting information timely while equation two will take care of firms that release their information late.

$$SHP_{it} = \beta_0 + \beta_1 EPS_{it} + \beta_2 BPS_{it} + e_i \dots\dots\dots 1$$

$$SHP_{it}^{lat} = \beta_0 + \beta_1 EPS_{it}^{lat} + \beta_2 BPS_{it}^{lat} + e_i \dots\dots\dots 2$$

Where;

SHP^{lat} = share price of firms that release their information late.

EPS^{lat} = earnings per share of firms that release their information late.

BPS^{lat} = book value per share of firms that release their information late.

β_0 = constant or intercept

lat = when firm did not submit its financial statement within 90 days after the financial year end

$\beta_1 - \beta_5$ = coefficients of explanatory variables

i = insurance firm

t = year

ε = error term.

Variable Measurement

The variables of the study were measured as follows:

Share price (SHP); This is the market price per share as obtained from the cash craft website three months after the accounting period (Abubakar, 2011).

Earnings per share (EPS); This is the net profit after tax on ordinary activities divided by the outstanding number of shares at the end of the accounting year (Abubakar 2011).

Book value per share (BPS); This is measured as the net value of equity divided by the outstanding number of shares at the end of the accounting period (Bello 2009).

4. Data presentation and discussion

In this section the results of the study are presented and discussed, from which conclusion will be drawn. We begin by presenting descriptive statistics, followed by correlation matrix, multicollinearity tests, heteroscedasticity test and finally regression results. Each result is followed with interpretation of what it means.

Descriptive statistics

The descriptive statistics highlight the basic features of all the regression variables used in the study: the dependent and independent variables as reported in the below tables.

Table 4.1A: summary of descriptive statistics for firms that release their information timely (2011-2019 data)

Variables	Obs	Mean	S.D	Min	Max
SHP	99	0.7715	0.2772	0.5	2.00
EPS	99	0.0350	0.1071	-0.39	0.30
BPS	99	1.1450	0.4881	0.16	2.39

Source: output of descriptive statistics from STATA 13

From table 4.1A above, the mean value of SHP is 0.77, minimum is 0.5, maximum is 2.00 and standard deviation of 0.28. This shows that among the listed insurance firms that release their information timely, the minimum share price is 0.5 and maximum is 2.00. The average share price standing is 0.77 and a standard deviation of 0.28 close to average confirms non presence of outliers. The mean value of EPS is 0.04 minimum is -0.39, maximum is 0.3 and standard deviation 0.11. This shows that among the listed insurance firms that release their information timely the minimum earnings per is -0.39 and maximum 0.30, on average the firms earn 0.04 and a standard deviation of 0.11 confirms non presence of outliers.

Coming to book value per share the mean of 1.15 shows that on average book value among the firms is 1.15, min is 0.16 and max of 2.39 signifies minimum book value per share and maximum book value per share among the listed insurance firms the release their information lately to be 0.16 and 2.39

respectively, the standard deviation of 0.49 shows that most of the firms are having book value above average.

Table 4.1B: summary of descriptive statistics of firms that release their information lately (2011-2019 data)

Variables	Obs	Mean	S.D	Min	Max
SHP	45	1.3247	0.6995	0.50	2.69
EPS	45	0.1980	0.2470	0.00	1.4
BPS	45	1.3270	0.6259	0.23	2.73

Source: output of descriptive statistics from STATA 13

From table 4.1B above, the mean value of SHP is 1.32, minimum is 0.5, Maximum is 2.69 and standard deviation of 0.70. This shows that among the listed insurance firms that release their information lately the minimum share price is 0.50 and maximum is 2.69. The average share price is standing at 1.32 and a standard deviation at 0.70 confirms most share prices in the Nigerian listed insurance firms are above average. The mean value of EPS is 0.20 minimum is 0.00, maximum is 1.4 and standard deviation is 0.25. This shows that among the listed insurance firms that release their information lately the minimum earnings per is 0.00 and maximum value of 1.4, on average the firms earn 0.20 and a standard deviation of 0.25 confirms non presence of outliers.

For book value per share, the mean of 1.33 shows that on average book value among the firms is 1.33, min of 0.23 and max of 2.73 signifies minimum book value per share and maximum book value per share among the listed insurance firms the release their information lately to be 0.23 and 2.73 respectively, the standard deviation of 0.63 shows that most of the firms are having book value above average.

Table 4.2A: Summary of descriptive statistics of firms that release their information timely (2011-2019 data)

variables	Obs	Pr(skewness)	Pr(kurtosis)	Adj chi2 (2)	Prob>chi2
SHP	99	0.0000	0.0000	40.76	0.0000
EPS	99	0.0002	0.0001	21.58	0.0000
BPS	99	0.0004	0.0424	13.53	0.0012

Source: output of descriptive statistics from STATA 13

From table 4.2A the joint (Skewness and Kurtosis) probability values of SHP, EPS, BVPS, are all significant, which signifies that the data is not normally distributed.

Table 4.2B: summary of descriptive statistics of firms that release their information lately (2011-2019 data)

variables	Obs	Pr(skewness)	Pr(kurtosis)	Adj chi2 (2)	Prob>chi2
SHP	45	0.0169	0.8394	5.49	0.0642
EPS	45	0.0000	0.0000	38.89	0.0000
BPS	45	0.0250	0.0908	7.02	0.0299

Source: output of descriptive statistics from STATA 13

From table 4.2B the joint (skewness and kurtosis) probability values of SHP, EPS, BVPS, DPS, LEV and CASH are all significant, signifying the data not to be normally distributed.

Correlation matrix

The correlation matrix table shows the relationship between all pairs of variables in the regression model; the relationship between all explanatory variables individually with explained variable and the relationships among the independent variables themselves.

Table 4.3A: Correlation matrix of firms that release their information timely

	SHP	EPS	BPS
SHP	1.0000		
EPS	0.4252	1.0000	
BPS	-0.0024	0.1812	1.0000

Source: output of correlation matrix from STATA 13.

An examination of table 4.3A above shows that the relationship between the dependent variable and the independent variables to be positive with the exception of the relationship between SHP and BPS that is negative. Additionally, among the regressors all the correlation values are less than 0.8 therefore the chances of Multicollinearity is low but cannot be concluded unless Multicollinearity test is conducted. Gujarati (2004) states that a correlation of greater than 0.8 may amount to Multicollinearity.

Table 4.3B: correlation matrix of firms that release their information timely

	SHP	EPS	BPS
SHP	1.0000		
EPS	0.1563	1.0000	
BPS	0.2469	0.1179	1.0000

Source: output of correlation matrix from STATA 13.

An examination of table 4.3B above shows that the relationship between the dependent variable and the independent variables to be positive with the exception of the relationship between SHP and BPS that is negative. Additionally, among the regressors all the correlation values are less than 0.8 therefore the

chances of Multicollinearity is low but cannot be concluded unless Multicollinearity test is conducted. Gujarati (2004) states that a correlation of greater than 0.8 may amount to Multicollinearity.

Multicollinearity Test

In multiple regression models, the existence of high correlation between the independent variables can cause statistical and computational difficulties. To examine extent of multicollinearity, variance inflation factors (VIF) and tolerance tests were carried out. The results are presented below.

Table 4.4A: multicollinearity test (tolerance and variable inflation factor) of firms that release their information timely

Variable	VIF	1/VIF
Bvps	1.35	0.7424
Eps	1.14	0.8775
Mean VIF	1.245	

Source: output of tolerance and variable inflation factor from STATA 13

From the above table, the tolerance value (1/VIF) of the individual variables is greater than 10% and less than 1. So also, the highest value of VIFs is 1.35 (less than 10), confirms the absence of multicollinearity among the variables (Gujarati, 2004).

Table 4.4B: Multicollinearity test of firms that release their information lately (tolerance and variable inflation factor)

Variable	VIF	1/VIF
BVPS	2.65	0.3769
EPS	2.17	0.4618
Mean VIF	2.44	

Source: output of tolerance and variable inflation factor from STATA 13

From the table above, the tolerance value (1/VIF) of the individual variables is greater than 10% and less than 1. So also, the highest value of VIFs is 3.31 (less than 10), also confirms the absence of multicollinearity among the variables (Gujarati, 2004).

Heteroscedasticity test results

To test for heteroscedasticity, the study employed breusch-pagan/cook-weisberg test. For Firms that release their accounting information timely, the results showed a chi2 (1) of 3.76 and a probability of 0.525 (insignificant) indicating absence of heteroscedasticity. So also for firms that release their accounting information lately, the results disclose that the chi2 is 1.55 and the prob> chi2 is 0.2125.

Regression results

Having run fixed effect and random effect regressions, hausman test for fixed effect was conducted and the probability of the chi2 is not significant. This informed the study to conduct langrangian multiplier test for random effect, it was significant and this is what informed the researcher's decision to interpret random effect regression results.

Table 4.5A: Regression results of firms that release their information timely

Variables	Coefficients	Standard error	Z	Probability
intercept	0.6497	0.0601	10.80	0.000
EPS	0.7742	0.2423	3.19	0.001
BPS	0.0247	0.1411	0.18	0.861
R ²	41.56%			0.0000

Source: output of regression results from STATA 13.

An examination of table 4.5A above shows that the model is well fitted as indicated by the R² of value of 0.4156 and a probability of 0.0000 which means the explanatory variables all put together explained the dependent variable up to 41.56% at 1% level of significance. As a result, we reject the null hypothesis that states accounting information of firms that release their information timely is not value relevant.

Individual results show that the coefficient of earnings per share is 0.7742 and a probability of 0.001 indicating a significant positive relationship between earnings per share and share prices among the listed insurance firms that release their accounting information timely in Nigeria at 1% level of significance. This reveals that a 1 naira increase in earnings will result to 0.7742 naira increase in the share prices. Additionally, the coefficient of book value per share is 0.0247 and a probability is 0.861, indicating positive relationship between book value per share and share prices in listed insurance firms that release their accounting information timely in Nigeria. However, it is not significant.

Table 4.5B: Regression results of firms that release their information lately

Variables	Coefficients	Standard Error	Z	Probability
intercept	1.1800	0.1998	5.91	0.000
EPS	0.1595	0.4858	0.33	0.745
BPS	1.3798	0.7025	1.96	0.061
R ²	22.35%			0.0042

Source: output of regression results from STATA 13.

Having run fixed effect and random effect regressions, hausman test for fixed effect was conducted and the probability of the chi² is not significant, the study went further to conduct langrangian multiplier test for random effect, its probability of the chi² was insignificant as a result we run and reported robust OLS.

An examination of table 4.5B above shows that the model is well fitted as indicated by the R² of 22.35% and a probability of 0.0042 which means the explanatory variables all together explained the dependent variable up to 22.35% at 1% level of significance. As a result, we reject the null hypothesis that states accounting information of firms that release their information lately is not value relevant.

Individual results show that the coefficient of earnings per share is 0.1595 and a probability of 0.745 indicating an insignificant positive relationship between

earnings per share and share prices among the sampled firms that release their information untimely.

Additionally, the coefficient of book value per share of 1.3798 and probability of 0.061, indicates a positive and significant relationship between book value per share and share prices in listed insurance firms that release their accounting information late in Nigeria at 10% level of significance. This means that a N1 increase in book value lead to increase in share prices by 1.38.

Crammer Test

Crammer test for comparing adjusted R² Produced a calculated value of 0.50 and a table value of 0.34 which signifies differences between the overall value relevance between firms that release their information timely and those that release untimely. Going by the two adjusted R² of 41.56% and 22.35% for firms that release their information timely and those that release untimely respectively. This means, the accounting information release timely is more value relevant than the one release untimely, as such we reject the third null hypothesis that states “Accounting information released timely is not more value relevance than the one release untimely in the listed insurance firms in Nigeria.”

5. Conclusions and recommendations

The study focused on the value relevance of timeliness of accounting information in the listed insurance firms in Nigeria. The study considered share prices as proxy for firm value, while earnings per share and book value per share as accounting information. Data was analysed using multiple panel regression (OLS). We found that accounting information release timely in the listed insurance firms in Nigeria is value relevant, so also the one release lately. However, the one release timely is more value relevant.

We therefore recommend that investors (existing and potential) in the listed insurance firms in Nigeria should use both timely and lately release accounting information for investment purposes, but timely release information should be given preference over lately release one. Regulatory bodies such as SEC and NAICOM should intensify the effort that will make sure that listed insurance firms release their information timely.

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