

Value Relevance of Accounting Information on Stock Price in Plantation Companies in Sri Lanka

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Abstract

Accounting information plays a crucial role in influencing financial decision-making processes and governing activities in the business world. Investors and governments are the primary stakeholders in accounting information. Dependable and precise accounting information will enhance the value for users of accounting information. This study aims to evaluate the significance of accounting information (specifically Earnings per share and Net Asset Value per share) on the stock market prices of registered plantation companies in the Colombo Stock Exchange of Sri Lanka. The study relies on the publicly available financial statements of the plantation companies spanning a period of five years, specifically from 2015 to 2022. Regression analysis was employed to examine the correlation between accounting information and market prices. According to beta coefficients, a Rs.1 increase in EPS raises the market price per share by Rs.0.32 NAVPS and market price per share are also positively correlated. Share prices are negatively correlated with Total Assets, which is surprising. The study found that EPS and NAVPS significantly affect Sri Lankan plantation companies' market price per share (MPS). The MPS benefits greatly from these factors. However, the study shows that total assets (TA) negatively affect MPS. Sri Lankan investors clearly value accounting data when investing. This indicates that investors of Sri Lankan companies place a higher level of importance on accounting information when making investment decisions.

Keywords: Accounting information, Earnings per share, Net asset value per share, Stock market price, Value relevance

1. Introduction

Information has become essential for human beings in their day-to-day decision-making and activities. Information plays a major role in the corporate world as well as society. Day by day changes have taken place in the way people produce, store, process, and access information. The availability and need for information continuously increase every moment (Pettersson, 1994). Information can be categorized under a variety of areas and subject matters around the world such as economic, science, accounting, management, social and historical, etc. Out of these, Accounting Information (AI) generates value to the investors as well as the company to make timely and accurate investing decisions (Cheong et al., 2022). Therefore, current research takes an interest in accounting information. Accounting may be seen as a mechanism by which the meaning or influence of events is measured as accurately as possible (William J. Bruns, 1968). According to that, the production and collection of information are one of the key functions of financial markets (Qi et al., 2007). Providing investors with valuable and accurate information to reach profitable investment decisions and regulators is considered to ensure the proper functioning of the stock market (Panagiotis E & Dimitrios, 2010).

According to Nimalathan and Vijitha (2014), different forms of information may be used in financial statements such as financial information or non-financial information and accounting information or non-accounting information. The compatibility of financial statements enhances the present return to reflect potential earnings, improving the informativeness of each user's financial statements. It produces companies that map economic activities contained in the financial statements and they are used by interested tenants towards their rational choices (Choi et al., 2019). The term "Value relevance" means financial statements' informativeness (Lam et al., 2013). Value relevance is interpreted as the capacity to gather or summarize information from financial statements that influence share prices and are objectively evaluated in terms of statistics correlation across market and accounting values (Hellström, 2006). Financial information generates value relevance to the parties who seek the information.

Considering the present situation, the accounting environment shows rapid change through delivering accounting information and accounting processes. Most companies use new technology by automating accounting processes. These computerized systems can generate financial statements and reports by processing the input data. At the same time, firms use this to generate annual reports to external parties. In every listed company the annual report and financial statements are the main communication method with the investors and the external parties. Investors and external parties gather financial information through these statements. Financial intelligence thus plays a major act in the effective running of capital markets via the work of financial and information counterparties (Chalmers et al., 2010). The present development of information technology accounting information

reaches the end-users super-fast than the past manual systems. This affects the rapid development of the equity market around the world. More investors are attracted to the share market with the development of communication technologies.

A key goal of accounting information is to convey investors and creditors with relevant facts, there has been considerable analysis into the correlations among share prices and accounting indicators (Pirie & Smith, 2008). Under the accounting information financial ratios creates informativeness to determine the stock price. Past researchers have established value significance of accounting information dramatically increase in recent years by observing over the duration of their series of investigations on banking and insurance, plantation, manufacturing, and other topics, they gathered a range of financial data such as earnings per share, return on equity ratio, book value per share, and so on. (Ahmadi & Bouri, 2018). As a result of the above statements accounting information makes an impact on price changes in share market price. At the same time out of several industries, this study focuses on the plantation industry because in Sri Lanka the plantation companies act as the largest export owner, where coconut, tea, and rubber have become the main agricultural export commodities (Rajakaruna et al., 2016).

Research Problem

According to Nidhi and Kamini (2007), the variation of share prices is not autonomous in nature and both inherent and extrinsic forces have been developed to affect stock price fluctuations. Accounting information plays an important role here. According to prior researches on operating earnings, the book value of shares, EPS, NAVPS, dividend, and net profit have been identified as the elements influencing share price (Collins, 1967). According to Seetharaman and Raj (2011), EPS plays a significant impact in investor's decisions and the stock market price. Accordingly, these studies emphasize the connection between accounting information on the share price. The relation among share price and a number of independent accounting variables is explored by meaning significance analysis (Alfraih, 2016). Based on that this study implies the impact of accounting information on the market price of shares.

There are several studies in China and Malaysia in the manufacturing and service sectors regarding the impact on the stock price from accounting information (Ahmadi & Bouri, 2018; Lam et al., 2013). Accounting information enclosed in the documented financial statements of banking institutions enrolled under the Colombo Stock Exchange for share market decisions in Sri Lanka is still being considered by investors (Perera & Thrikawala, 2010). Considering those in the Sri Lankan context there is a dearth of past research about the impact of accounting information on share price targeting the plantation industry because most of them are based on the banking sector and manufacturing sector etc. This makes a gap in the available and the present study make an effort to fill that gap.

In order to analyze whether accounting information such as earnings per share, net asset value per share influences stock price, there are primarily two questions. These are related to the research variables.

- Does Earnings per share (EPS) impact on stock price?
- Does Net asset value per share (NAVPS) impact on stock price?

The objectives of the study are mainly focused on finding a better solution for the research questions at the end.

- To examine the impact of EPS on stock market price.
- To examine the impact of NAVPS on stock market price.

2. Literature Review

2.1 Accounting Information

Accounting should keep track of business transaction and non-transaction records as a database in order to disclose the information to the organization's stakeholders so that they can draw conclusions. Currently, millions of investors gather information from company documents on a daily basis. Investors, borrowers, and a variety of other groups are the main recipients of financial records (Chalu, 2019). Every successful decision is supported by reliable, valuable facts about the business. As a result, we recognize that accounting plays a vital part in generating accounting information.

Every business tries to make the most of its limited resources, including human resources, in order to deliver a profitable product or service. The firm has the ability to create a profit, and both internal and external parties are willing to invest their resources in the firm, allowing the firm to grow and generate a substantial profit in the coming years (Park & Chai, 2021). They evaluate financial accounting information from other similar firms to make investing decisions. As a result, accounting data is critical for decision-making at all times (Gardent & Reeves, 2010).

Accounting has two key functions: one measure operating activities and the other measures non-operation activities. The second one is to relay the facts about such operations to all external and internal stakeholders so that appropriate decisions can be made. Investors make choices based on the share price in order to benefit from purchasing or selling the company's shares (Kijewska, 2018).

According to Beaver (1968), the primary goal of accounting information is to assist interested parties in making decisions. The price mechanism is one major function in the economy. Because of fluctuating economic activity, pricing rises and falls. As a result, the stock market price is continually

fluctuating. Akbari (2013) mentioned, the stock market is expanding and is recognized as one of the most significant mechanisms in the growth of the economic system, with its importance growing by the day. According to that accounting information helps to make financial decisions in the stock market.

2.2 Established Theoretical Perspectives

There is no lack of theories on the financial markets because of the rapid change. In reality, there is no widely acknowledged body of study that explains why prices fluctuate on a daily basis (Ruhani et al., 2018). After World War II, the conventional approach to financial theories underwent a significant transformation into the modern world. Formal economic theories that draw from a variety of theoretical frameworks have been used to understand financial markets (Archer & Dambrosio, 1969).

There are several theories that discuss the value relevance of accounting information on share market price. In Theory of Capital Structure, Modigliani and Miller (1958) proposed that dividend distribution enhanced the firm's value to its owners, while the other recognized that dividend distribution discouraged the company from investing in profitable initiatives. Markowitz (1952) and Tobin (1958) describe returns expected by resource providers are calculated by the risk-free rate plus the forecasted market risk premium modified by the beta coefficient in the Capital Asset Pricing Model. According to the Efficient Markets Hypothesis (EMH), the market price of stock includes all existing information and knowledge about that share. In EMH Classical, behavioral, and efficient capital market theories are three primary types of theories for understanding stock market performance in the literature of economics and finance (Cho et al., 1984). Classical economic theory describes the demand and supply determine the share market prices in the capital market activities. Among the theories to analyzing stock behavior, the efficient capital market theory has risen to the top. An efficient capital market, adhere to Fama (1970), is "a market wherein the prices always completely mirror available accounting information." The efficient markets hypothesis (EMH), also known as the Random Walk Theory, states that present stock market prices accurately represent all available accounting information such as EPS, NAVPS, dividend payout (Ruhani et al., 2018). The efficient markets theory of asset prices is one of the first and most stunning uses of the theory of rational expectations. According to the rational expectations hypothesis, the actors in an economy will behave in a way that is consistent with what may be rationally expected in the future according to the available information (Sargent, 1960). The researcher uses both these theories to come up with the conclusion for this research.

2.3 Value Relevance of Accounting Information

Past literature has shown inconsistencies of accounting information's important for investors to take their stock market decisions. The number of studies implies that the value relevance of accounting

information increases every day to the future (Francis & Schipper, 1999). The most significant technique to learn about overseas corporations is to look at their financial statements in their annual reports. At the same time researches indicate that the accounting theory and practices did not change with the development of the economy and technology (Meyer, 2007). That impacts the relevance of accounting information. However, past literature implies accounting information has become a significance of normalization of the society which has not lost its relevance (Iyoha & Oyerinde, 2010).

Ohlson (1995) designed a visual representation of the link between firm value and accounting information. According to the researcher, the value of an organization may be defined as the book value of profit and the significance of the information. *The Ohlson model* is widely regarded as the most significant advancement in capital stock market research.

Several studies have taken place regarding the value relevance of accounting information in various sectors around the world. A study compares Japan, China, and Korea about the comparative value relevance of several accounting information disclosed in listed manufacturing entities in the stock market over a 10-year period (Kwon, 2018). According to this comparison, the researcher found that Chinese enterprises have a negative impact on the value relevance of accounting information on net asset value and positive with accounting earnings and operating income.

Furthermore, Khanagha (2011) study observes the significant validity of accounting information in current and previous periods using a local database and design templates of global financial reporting standards implementation using various approaches for a sample of UAE firms. The findings reflect the portfolio and general disclosure and highlight the importance of financial information in UAE capital markets.

In the Australian context, research can be found about the value relevance of accounting information with the adoption of IFRS. It measured accounting information accuracy using the relationship between accounting the combined importance of equity and earnings book value. The outcome reveals that equity and earnings book value shifts less with the application of IFRS but earnings become more value relevant in this situation (Chalmers et al., 2010). Abayadeera (2010) shows how value-relevant information can lower an organization's earnings while increasing its book value. He also discovered, through their study, that important elements such as book value and earnings had just a little impact on share price determination in Australia's high-tech sectors.

The relationship among accounting information and stock price per share has been discovered by Ball and Brown (1968) in their research. At the same time, this study revealed the significance of the association between stock prices and accounting data analysis in financial statements. Mostafa (2016) explores the value relevance of accounting information using book values, earnings, and cash flow

from operating activities. They ultimately come up with the result that cash flow from operations does not create value relevance, but earnings and book value does. Out of these three variables, earnings have significant value relevance on stock price more than the others.

2.4 Earnings Per Share (EPS)

Earnings per share (EPS) is a representation of how much money a business makes per share is divided by the shareholders based on the order in which the shares are purchased. According to Islam et al. (2014), The majority of investors base their investment decisions on the EPS. As a result, when determining the stock value, EPS is recognized as the most important element in valuation. This is because it measures the net income earned per share of total stock in the company, earnings per share is also known as net income per share (Nalurita, 2019). Earnings per share (EPS) is a statistic that shows how economically stable a company is from the standpoint of its shareholders. As a result, earnings per share of a bigger company may be stronger and bigger compared to profits per share of a smaller company. Based on the timeframe in consideration, EPS can be further differentiated. Profitability could be projected using previous earnings, current earnings, and estimated future earnings. EPS is the most frequent method of assessing a company's profitability, it's important to remember that data obtained may be manipulated, accounting modifications, and restatements (Nalurita, 2019).

2.5 Net Asset Value Per Share (NAVPS)

The NAVPS is calculated by dividing a company's total net asset value by the total number of outstanding shares. In this scenario, the assets may comprise the market value of a fund's investments, cash and cash equivalents, accumulated revenue, and debtors, while the liabilities comprise the sum of long-term and short-term obligations, as well as accumulated expenses like utility costs and staff pay. According to Glickman (2014), the existing stock price is frequently used to compare NAV per share. It trades at a discount to NAV if NAV is lower than the stock value.

2.6 Market Price per Share (MPS)

The market price per share is the latest value at which an individual share of a company's stock was traded. According to Nidhi and Kamini (2007), the average price of the share throughout the period of the year is called MPS. Across the trading day, supply and demand forces drive stock rates up and down. The market capitalization of a business is calculated using the average price per share.

2.7 Relationship between EPS and NAVPS

Perera and Thrikawala (2010) conducted research regarding the relationship among accounting information and market price per share. This is based on the listed commercial banks under the CSE

between five-year periods. The main components used as accounting information are EPS, return on equity, and dividends published on financial statements. According to the ultimate result, there is a value relevance and a relationship between AI and Market Price Per Share (MPS).

EPS takes a significant place among the investors for financial decision-making and analysis processes. The impact of EPS on the stock market price of the banking industry in Malaysia for nineteen years was tested by Seetharaman and Raj (2011). Results found that EPS is acting as a performance measurement tool for business and at the same time it generates a very strong relationship between listed banks' market price per share in Malaysia and share market price.

Miah (2012) examines the magnitude of the relationship between stock price and two important accounting factors, including such as EPS and NAVPS, in order to assess the usefulness of accounting information. According to that, there is just a 25.47 percent association between increases in EPS and changes in share price in the businesses studied. Furthermore, there is a negative association between movements in NAVPS and changes in share price. The connection between EPS and NAVPS is just 1.9 percent. In Bangladesh, accounting information is not adequately expressed on share prices, and investors cannot use accounting information to make investment decisions. It concludes that changes in accounting factors have little effect on the valuation of a company's stock. Other qualitative considerations, on the other hand, play a significant role in this regard.

Okoro et al. (2020) examine the link between financial information and the stock valuation of publicly traded companies in Nigeria. From 2008 to 2017, past data was gathered from the financial statements of 23 industrial companies. The study variables clarified 79% of the difference in the market valuation of the quoted firms. The beta coefficient of the variables has a positive impact on the stock valuation of the quoted companies. The study states that there is a major association among accounting information and market valuation of the listed companies based on the regression analysis. Primarily focused on the Ohlson model, (Keong, 2010) examines the relationship among share price and net book value, earnings per share, and dividends per share. Aside from accounting indicators, this analysis looks at accounting information that has a linear structure. This result from the residual income model, in particular the Ohlson model, provides a valuable context for investigating methodological correlations among share prices and accounting information.

King and Langli (1998) go through a study to examine the connection between share prices with NAVPS and EPS accounting variables in Germany, Norway, and the United Kingdom. NAVPS and EPS were strongly linked to actual market values in all three countries, according to their findings. Variables in Germany have the lowest correlation with stock markets, while variables in the United Kingdom have the highest, while variables in Norway are in the middle. In Germany and Norway, NAVPS demonstrate more than earnings, but in the UK, they clarify less. Hemadivya and Rama Devi

(2013) made a study using the regression method about the impact of EPS on the stock market price per share using several sectors in India. Their conclusion was there is no significant impact of EPS on MPS, and it only affects 10% of the market. This is different from the other studies of the value relevance of accounting information on stock market price.

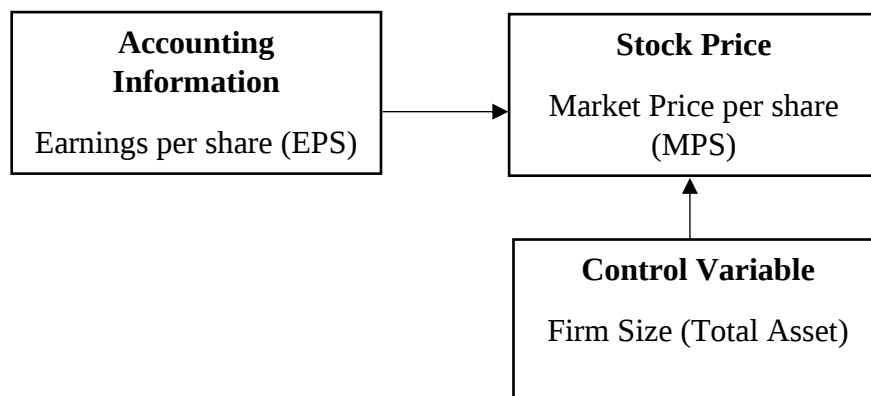
Investigation on Ghanaian equity market done by Ogeh Fiador (2013) using regression analysis model, found that NAVPS creates value relevance on stock market price and it creates a negative relationship with the price per share. Pradhan and Dahal (2016) made research regarding factors affecting the Nepalese commercial banks using NAVPS, EPS, DPS, and PE ratios. Here NAVPS act as the independent variable along with the others. They finally concluded that NAVPS, EPS, DPS, and profit earnings ratio is a very weak effect in determining the stock market price.

3. Methodology

The study utilizes regression analysis conducted using SPSS software to examine data obtained from the annual reports of 18 plantation companies listed on the Colombo Stock Exchange (CSE) from 2015 to 2022. The study aims to clarify the correlation between accounting indicators and market prices per share by utilizing measurements such as earnings per share (EPS) and net asset value per share (NAVPS). The inclusion of plantation companies from the Food Beverage & Tobacco sector is a deliberate and calculated decision, made to fill a void in current research that mostly concentrates on the manufacturing and banking sectors (Ahmadi & Bouri, 2018; Badu & Appiah, 2018; Choi et al., 2019; Seetharaman & Raj, 2011). The research highlights the importance of accounting information, which is primarily obtained from secondary data sources such as annual reports. It supports the findings of Nimalathan and Vijitha (2014), emphasizing its relevance for decision-makers and researchers in comprehending market dynamics.

3.1 Conceptual Framework

Figure 1: Conceptual Framework



The above-mentioned variables will be used for the data analysis of the plantation companies to come up with the result about the relevance of accounting information on the market price of the share. The regression analysis technique is used for the data analyzing process of the research (Akbari, 2013). This technique helps to archive the ultimate goal of the researcher. The researcher intends to use the regression method for data analysis and it will be done by using a statistical package for the social sciences (SPSS) software. Accordingly, the regression model of the study can be demonstrated as below,

$$MPS = \alpha + \beta_1 EPS + \beta_2 NAVPS + \beta_3 TA + \varepsilon_i$$

MPS = Stock Price, α = Intercept, EPS = Earnings per share, NAVPS = Net asset value per share, TA = Total Asset (Firm size), $\beta_1, \beta_2, \beta_3$ = Slope of variables, ε_i = Random error

In order to achieve the research objectives, the researcher developed the following hypothesis for the objectives of the study.

Hypothesis 01

H0: There is no impact of EPS on MPS when controlled for the effect of firm size.

H1: There is an impact of EPS on MPS when controlled for the effect of firm size.

Hypothesis 02

H0: There is no impact of NAVPS on MPS when controlled for the effect of firm size.

H1: There is an impact of NAVPS on MPS when controlled for the effect of firm size.

4. Data Analysis and Discussion

4.1 Descriptive Statistics

Table 1: Descriptive Statistics Data

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
EPS	152	-52.78	23.09	-1.83	11.47
NAVPS	152	-83.33	128.58	39.00	44.97
TA	152	6.35	6.96	6.68	0.13
MPS	152	2.90	93.00	27.40	22.09
Valid N (listwise)	152				

Source: Survey Result (SPSS)

From 2015 to 2022, Table 1 displays the mean value (M), minimum value (Min), maximum value (Max), and standard deviation (SD) of EPS, NAVPS, TA, and MPS. According to the standard deviation, NAVPS shows a 44.97 (SD = 44.97) value and as a result, NAVPS deviates significantly from the mean value. At the same time, EPS represents 11.47 (SD = 11.47) of standard deviation values. EPS, NAVPS, and MPS have a high standard deviation which means individual investors who are willing to invest in plantation companies can refer to these descriptive results to take an idea about risk and return (SD = 11.47, SD = 44.97, SD = 22.09). According to that, the standard deviation helps to measure the risk profile of the index which is very significant for future investment decisions. TA presents the least standard deviation since the least deviation belongs to TA (SD = 0.13). At the same time, a standard deviation is a valuable tool in investing and trading techniques since it can be used to calculate market and stock volatility. The mean value of EPS shows a minus value which the reader can understand the investment in plantation companies within these five years not averagely profitable (M = -1.83, SD = 11.47). According to Islam et al. (2014), this could be the reason for micro and macro-economic factors such as interest rates, trade activities, government policies, and weather conditions. The movement of independent variables can be seen in the minimum and maximum parameters. The minimum level of EPS and NAVPS shoes a minus value but MPS shows a positive value which means per share value becomes positive because it is driven by demand (Min = -52.78, Min = -83.33, Min = 2.90). The normal distribution of measured data was investigated in this research. The mean and standard deviation variables influence the normal distribution curve. The model identified by the researcher is normally distributed, with a bell-shaped distribution curve because this characteristic of the data set must be archived before run the regression analysis.

4.2 Regression Analysis

The influence of accounting information on the share market price of Plantation Companies listed on the CSE was investigated using regression analysis in this research.

Table 2: Model Summary

Model Summary ^b							
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson	
1	.843 ^a	0.711	0.697		6.89095	1.628	
Predictors (Constant): EPS, NAVPS, TA							

Source: Survey Result 2015-2022

The influence of the independent variable on the dependent variable is interpreted in this model summary table. R-value indicates the power of the influence which can be identified as lower value to the lower impact and higher value to the higher impact and also the accuracy of the forecast of the dependent variable (Dhakal, 2018). According to table 2, it indicates a higher R-value of 0.843 (R = 0.843) which represents the correlation of accounting information and share market price. The degree of variation in the dependent variable that can be determined from the independent variables is recognized as the R-Square and is also called the coefficient of determination (Dhakal, 2018). In here R square indicates the impact of accounting information on share market price per share as 0.711 (R = 0.711) which means independent variables explain 71.1% of the variation in the dependent variable. At the same time, it can be assumed that the stock market price of plantation companies in Sri Lanka are influenced by accounting information. Further, 29% of the variation in the share prices of plantation companies are due to factors that were not considered by the present study. In the above table, the adjusted R square displays the amount of variance explained only by independent factors that have an impact on the dependent variable and it is 69.7%. This also suggests that accounting information has a significant influence on determining the share prices of plantation companies in Sri Lanka. Based on the above results, the researcher can conclude there is a significant impact from accounting information on the share market price of plantation companies in Sri Lanka according to this model summary.

Table 3: Coefficient Analysis

Variable	B	t -Value	p-Value	VIF
(Constant)	128.057***	3.218	0.002	
NAVPS	0.294***	10.173	0.000	1.101
EPS	0.322***	3.194	0.002	1.097
TA	-17.922***	-3.001	0.004	1.015
F - Value	50.120			
Sig	.000 ^b			

a. Dependent Variable: MPS

*** represent significant levels at 0.01

Source: Survey Result 2015-2022

According to table 3, when considering the F statistics Overall significant level of the regression model is a solid fit for the data. Here the p - value is smaller than 0.05 ($p = .000$), accounting information has a dominant influence on the stock price at a 1% significant level. As a result, the entire regression model is significant.

The beta results represent how each variable influences the outcome of the dependent variable. According to this research data, the regression beta coefficients should be evaluated because Beta coefficients can be either positive or negative. In table 4.3, the beta coefficient of EPS is 0.322 ($\beta = .322$) and it is statistically significant ($p = .002$) and shows a positive relationship, which means the market price per share will rise by Rs.0.32 for every Rs.1 increase in the EPS in plantation companies Sri Lanka. Islam et al. (2014) mentioned that if a company maintain a good EPS, the customers and investors may have greater impression regarding the company and it will generate higher demand and sale for its shares which result to increase the MPS. According to Miah (2012), there is a positive association between EPS adjustments and share price fluctuations in a sample of 105 companies which are including the banking sector, oil, food, engineering, textile sectors, etc. This study shows similar results to the researcher. NAVPS shows 0.294 ($\beta = .294$) of beta value which is a positive relationship with the market price per share of plantation companies and it is significant ($p = .000$). According to Glickman (2014), there is a positive relationship between NAVPS and market price per share because investors always seek higher NAVPS prior to their investing and it will generate higher demand for shares which will cause higher MPS. The effective market hypothesis also describes that available all accounting information such as EPS, NAVPS and etc. impacts the stock market price and the performance (Cho et al., 1984). Even if the EPS and the NAVPS represent a positive relationship

the TA (Log of TA) represents a significance negative relationship with the market price per share and it is -17.922 ($\beta = -17.922$). Mothlagh et al. (2016) mentioned, there is a negative impact on total assets and the market value of shares which can be a cause of the rational thinking of the investor and the share split which means most of the companies with higher asset value split their existing shares to new shares and it will decrease the MPS. According to the results of this research rational expectation will drive the investor's decisions based on financial information and market demand with a positive and negative relationship (Sargent, 1960).

VIF value discovers multicollinearity in regression analysis and determines how much a regression coefficient's variance is exaggerated as a result of the model. According to table 4.3, all independent variables present VIF value of less than 5, which means that there are no multicollinearity issues in the model. Finally, the researcher can conclude the regression results according to the combination of several indicators in table 4.3 as follows. There is a significant relationship between EPS and a share market price ($p = .002$). NAVPS value significant at 0.000 ($p = .000$). R, R square, f- value, and VIF value interpret the overall model is significant and fits for the study from the above 4.2 and 4.3 tables. According to that, the researcher can interpret the final conclusion as there is a strong positive impact from EPS and NAVPS to the MPS of plantation companies in Sri Lanka while TA shows a negative significant impact which means that there is a significant value relevance of accounting information on share market price in plantation companies in Sri Lanka.

5. Key Findings

The influence of EPS, NAVPS, and TA on the share market price of plantation businesses was investigated using regression analysis. Here the model that the researcher took for this study is strong because R square represents the impact of other factors which were not considered for the study as 28.99%.

The link between EPS, NAVPS, and share market price was shown by the beta value of the coefficient value of regression analysis. The beta value and the significance value of EPS are shown as 0.322 and 0.002 ($\beta = .322$, $p = .002$) which means that there is a positive statistical significance impact ($p = .002$) from EPS to Market price per share on plantation companies in Sri Lanka. As well as the NAVPS is a significant determinant of MPS ($\beta = .294$, $p = .000$). Firm Size (Log of Total Asset) represents a negative significant association with MPS ($\beta = -17.922$, $p = .004$).

According to the above-mentioned factors, the results of the study support the researcher's objectives and hypothesis. H0 of both hypotheses shows that there is no impact from EPS, NAVPS, and Log TA

to MPS but according to the regression results the H0 is rejected, and the final result can be interpreted as there is an impact from EPS, NAVPS on the stock price when controlled for TA.

6. Conclusion

EPS and NAVPS exhibit a strong positive relationship with market price, indicating that companies with higher profitability and asset backing are more attractive to investors. For Sri Lankan plantation companies, improving these financial metrics can enhance market valuation and investor confidence.

However, Total Assets (TA) show a negative impact on the market price per share, suggesting that larger companies may face challenges related to asset utilization and efficiency. In the Sri Lankan context, this could be due to factors like outdated practices or underutilization of agricultural assets, making these companies less appealing despite their size.

Investors in the Sri Lankan plantation sector can use EPS and NAVPS as key indicators to guide their investment decisions, focusing on companies that demonstrate both profitability and strong asset management. Companies, in turn, should work on optimizing these metrics to attract investment and improve long-term growth prospects. Overall, the study highlights the crucial role of accounting information in shaping share market prices and influencing investor behavior in Sri Lanka's plantation sector.

7. Implications

This study highlights the critical role of financial metrics, specifically Earnings Per Share (EPS) and Net Asset Value Per Share (NAVPS), in guiding investment decisions in the Sri Lankan plantation sector. Investors should not rely solely on Market Price Per Share (MPS), as it can be influenced by market sentiment and external factors, potentially obscuring a company's true financial performance. Given the volatile nature of the plantation sector—often affected by fluctuations in global commodity prices and domestic agricultural challenges—EPS and NAVPS provide more reliable indicators of a company's profitability and asset valuation.

Moreover, investors must consider non-financial factors such as climatic conditions and sustainability practices. Sri Lanka's plantation industry, particularly in tea, rubber, and coconut, is highly sensitive to environmental factors. For instance, climate change poses significant risks, including altered rainfall patterns and increased susceptibility to pests and diseases. Thus, investors should evaluate a company's adaptability to these conditions, including its use of sustainable agricultural practices, which have gained traction in response to both market demands and regulatory pressures.

In addition to EPS and NAVPS, future research should explore the impact of other financial metrics, such as Return on Equity (ROE) and Return on Assets (ROA), which provide insights into a

company's efficiency and profitability relative to shareholder equity and total assets. Understanding these ratios can help investors gauge how effectively a company is managing its resources to generate returns.

Furthermore, macroeconomic factors such as exchange rate volatility, interest rates, and inflation are pivotal in shaping investment decisions within the Sri Lankan financial sector. For example, the depreciation of the Sri Lankan Rupee can significantly affect the cost of imported materials for plantation companies, impacting their operational costs and ultimately their profitability.

Comparative studies between Sri Lanka's plantation sector and those of other emerging economies, such as Indonesia and India, can provide valuable insights into best practices and potential areas for improvement. Additionally, examining the practices of developed markets like the USA and Australia, known for their advanced agricultural technologies and sustainable practices, could inform strategies for enhancing productivity and competitiveness in the Sri Lankan plantation sector.

In conclusion, a multifaceted approach that integrates both financial and non-financial information, alongside macroeconomic considerations, is essential for investors seeking sustainable investment opportunities in the Sri Lankan plantation industry. By adopting this comprehensive evaluation framework, stakeholders can make more informed decisions that contribute to the sector's resilience and long-term growth.

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