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Assessing International Financial Reporting Standard and Financial Performance of Selected Manufacturing Companies in Nigeria

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ABSTRACT

This study assessed International Financial Reporting Standard (IFRS) and performance of selected manufacturing companies in Nigeria between 2014 and 2021. Evidently, financial performance is the execution and assessment of business transactions, profitability, financial evaluation and company's efficiency which necessitated the need for regulators, multinational corporations, auditing firms, investors, and all stakeholders to recognize the importance of international financial reporting standard (IFRS) in firms or organization. The dependent variable, performance proxied, returns on asset (ROA) and earnings per share (EPS) and the independent variable, International financial reporting standard (IFRS). This study adopted descriptive statistics where data were generated on the explanatory variables indicated and statistical numerical approach (SPSS) was adopted to analyse the data. Multiple regression models and Ordinary Least Square (OLS) were employed. Techniques adopted in the study were multicollinearity test and heteroscedasticity test. Secondary data were obtained from annual reports and accounts, fact book and websites of the selected manufacturing companies on Nigerian Stock Exchange (NSE). The study found that IFRS adoption has a positive but insignificant impact on the performance (earnings per share) with p value 0.3090<2.7%, and also IFRS adoption has a positive but insignificant impact on the performance (return on asset) with p value 0.7856<78% of manufacturing firms listed on (NSE) which means that the adoption of IFRS had an insignificant impact on the performance of manufacturing companies in Nigeria. The study recommended that government should increase incentives and encourage more investment in the Nigerian manufacturing sectors to increase their earning potential and profitability, as these are the country's most important economic sectors.

Keywords: International financial reporting standard (IFRS), return on asset (ROE), earnings per share (EPS), performance

INTRODUCTION

International financial reporting standard encompasses a set of regulations or principles that stipulate the methodologies by which accounts must be formulated, transparent and presented globally (Abata, 2015). In contemporary times, with the world transitioning into a global village and many nations grappling with economic crises, resulting in ramifications for their financial sectors, it is imperative to advocate for uniformity in accounting standards (Soye & Raji, 2016). The unparalleled growth in business transactions and the globalization of capital markets necessitated the need for multinational corporations, auditing firms, investors, regulators and stakeholders to apprehend the great importance of common standards across all areas of financial reporting, giving rise to the pursuit of globally recognized accounting standards (Pavtar, 2017).

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The historical evolution of international convergence towards a universal set of accounting standards can be traced back to 1973. It was during this time that 16 professional accounting bodies from various nations such as Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom, and the United States came together to establish the International Accounting Standards Committee (IASC). This committee was later transformed into the International Accounting Standards Board (IASB) in 2001, which developed global standards and associated interpretations known as International Financial Reporting Standards (IFRS) (Isenmila & Adeyemo, 2013). The adoption of IFRS has brought about a significant change in financial reporting practices worldwide. Nigeria, being a developing economy, has also implemented IFRS to align its financial reporting standards with international best practices. It is not in doubt that IFRS has revolutionized financial reporting practices globally by providing a common language for financial reporting, ensuring consistency, comparability, and transparency across borders. As a developing economy, Nigeria recognized the importance of aligning its financial reporting standards with international best practices to enhance credibility, attract foreign investments, and promote economic growth (Akande, 2020).

Financial performance is the capacity of a company or firm to efficiently use the available resources to achieve desired goals in accordance with the company's business plans, developing stronger relationships with stakeholders and taking into account their relevance to users (Owolabi & Babalola, 2023). On the other hand, according to Adeyanju (2020), the performance of an entity cannot be determined by mere observation. Financial ratios are valuable tools in the decision-making process and serve as a powerful instrument of financial analysis because absolute accounting figures reported in financial statements do not provide a meaningful understanding of a firm's financial position (Bello & Yinusa, 2010). The common indicators utilized in literature to measure firm performance are profitability ratios and stock market ratios (Gyasi, 2010; Odia & Ogeidu, 2013). However, firm performance can also be explained in terms of operational measures such as growth in turnover, growth in market share, and business stability (Barth, Landsman & Lang, 2007). In this study, firm performance is captured from three perspectives, namely profitability, liquidity, and financial leverage. Liargovas and Skandalis (2008) examined the measurement of profitability which aims to assess an organization's ability to generate profits through effective asset utilization. Liquidity refers to the firm’s ability to convert its short-term assets into cash in order to meet its day-to-day operation (Dogan, 2013). Leverage is the amount of debt used to finance other capital expenditure that can improve firm financial performance (Lin, Li & Yang, 2006).

The comprehension of the influence of International Financial Reporting Standards (IFRS) on the operational efficiency of manufacturing firms in Nigeria is of utmost importance for policymakers, regulators, and industry participants. It facilitates an understanding of the efficacy of IFRS evaluation, recognizes the obstacles and prospects, and assists in shaping future approaches and policies. Through the examination of the implications of IFRS on financial and non-financial performance parameters, such as profitability, liquidity, market value, and governance practices, stakeholders can make informed decisions and execute measures to upgrade the overall performance and sustainability of the manufacturing industry (Akande, 2020).

Oduware (2012) established that, IFRS evaluation represents a significant transformation in financial reporting practices globally, and Nigeria has also embraced IFRS to align its standards with international best practices. The manufacturing sector in Nigeria, as a vital catalyst of economic advancement, stands to gain from the evaluation of IFRS. The apprehension of the effects of IFRS on the operational efficiency of manufacturing firms in Nigeria is crucial for stakeholders involved in financial reporting, regulation, and decision-making. According to Uwuigbe et al. (2017), enables the evaluation of the effectiveness of

IFRS, that recognizes the obstacles and prospects, the prediction perspectives to captures value relevance as the ability of financial statement information, to predict future dividends, future earnings and to contributes to the growth and sustainability of the manufacturing industry in Nigeria.

Research Problem

It is noteworthy that the manufacturing sector in Nigeria is confronted with distinct challenges that distinguish it from other sectors. These challenges comprise infrastructure deficiencies, such as inadequate power supply and transportation networks, which can impede operational efficiency and escalate production costs. Furthermore, the sector experiences market conditions influenced by factors such as fluctuating demand, fierce competition, and evolving consumer preferences. Technological advancements also play a crucial role, as manufacturers must adopt modern production methods to remain competitive and efficient (Ajibade, 2011).

According to Kirkham (2012), IFRS represents a mere accounting change and is inadequate in delivering the expected benefits. Similarly, Amaefule, Onyekpere and Kalu (2018) found that disclosing a set of financial statements that are compliant with IFRS does not necessarily lead to higher profit, as other factors such as recapitalization and cross-border listing can trigger such performance in affected DMBs. On the other hand, Ajibade, Nyikyaa and Nyikyaa (2019) have concluded that IFRS adoption has enhanced the decision-making process of stakeholders and increased investor confidence. Against this backdrop, this study aims to empirically evaluate the effect of mandatory IFRS adoption on the performance of manufacturing companies listed in an emerging market such as Nigeria.

The period between 2014 and 2022 is of particular significance in examining the impact of IFRS assessment on selected manufacturing companies in Nigeria. This timeframe covers a significant portion of the post-assessment phase, which enables a comprehensive evaluation of the long-term effects of IFRS implementation on performance. Analyzing performance trends and changes during this period can provide insights into the evolving effects of IFRS assessment and help identify any challenges faced by manufacturing companies in adjusting to this transition (Asika & Ezejiofor, 2018). Despite the extensive research that has been carried out on IFRS assessment in Nigeria, there is still a pressing need to focus on empirical studies that specifically examine the impact of IFRS on the performance of manufacturing companies within the Nigerian context. Given the unique challenges faced by the manufacturing sector, it is essential to assess the specific effects of IFRS assessment on the performance of manufacturing companies between 2014 and 2021.

Objectives of the Study

The main objectives of this study are:

i. To assess the impact of international financial reporting standard on the earnings per Share of listed manufacturing companies in Nigeria.
ii. To examine the influence of international financial reporting standard on the return on asset of manufacturing companies in Nigeria.

Research Hypotheses

In achieving the specific objectives of the study, the following hypotheses were advanced in null form:

i. H_{01}: IFRS has no significant impact on the ROA of selected manufacturing companies in Nigeria between 2014 and 2021.
ii. H_{02}: IFRS has no significant impact on the EPS of selected manufacturing companies in Nigeria between 2014 and 2021.

LITERATURE REVIEW

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards (IFRS) are standards for reporting financial results that apply to all profit-oriented entities' general purpose financial statements and other financial reporting (Aseoluwa & Jelil, 2017). Chen, Tang, Jiang and Lin (2010) defined International Financial Reporting Standards (IFRS) as a series of accounting pronouncements published by the International Accounting Standards Board to assist preparers of monetary statements, throughout the globe, produce and present prime quality, transparent and comparable financial information. IFRS formerly known as Generally Accepted Accounting Practice (GAAP). However, Ikpefan and Akande (2012) see IFRS as a combination of the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), Standing Interpretations Committee (SICs) pronouncements; and International Financial Reporting Interpretations Committee (IFRICs) guidelines. The IFRS are therefore robust principle-based set of global accounting standards with detailed disclosure requirements that will be useful to a wide range of users for making economic decisions (Pavtar, 2017). The essence of IFRS is to develop a single set of high quality and globally accepted financial accounting standards premised on clearly articulated principles (IASB, 2012).

History of IFRS in Nigeria

Accountancy practices worldwide are guided by a set of guidelines and rules known as accounting standards. These standards provide principles for the treatment and disclosure of specific financial items or groups of items (Adebimpe & Ekwere, 2015). Historically, the Generally Accepted Accounting Principles (GAAP) regulated accounting practice and financial reporting, encompassing accounting standards, company law, stock market regulations, and more. However, these GAAP frameworks varied across nations, leading to diversities in financial reporting standards globally. On the other hand, Nigeria as one of the global players are reporting to global finance market, therefore it legitimize the need to have global financial reporting benchmarks (Asika & Ezejiofor, 2018). Modern businesses increasingly operate beyond national boundaries to maximize short-term profits or long-term wealth.

Challenges of IFRS

Herbert, Ene and Tsegba (2014) opined that the implementation of International Financial Reporting Standards (IFRS) presents numerous development issues and challenges. These challenges can be categorized into three main areas: bounded rationality challenges, process challenges, and technical challenges.

The bounded rationality challenges arise from the capabilities of the firm's staff and their ability to acquire the specialized skills and competencies required for IFRS implementation (Akpaka, 2015). Technical expertise is a fundamental requirement for the effective implementation of IFRS. As stated by the United Nations 2008 (Herbert et al., 2014),

> *"Countries that adopt IFRS face various capacity-related issues, depending on their approach. One significant challenge encountered during the implementation process is the scarcity of skilled accountants and auditors who possess the technical competence to implement IFRS and International Standards on Auditing (ISAs)."*

The other challenge is the process challenges; they are inherent in the nature of the enterprise and its business performance. Implementing IFRS in an environment with poor business performance is likely to result in prolonged implementation or even complete failure. Finally, the technical challenges which encompass both bounded rationality and process management. Transactional difficulties arise due to limited resources, inadequate skills functionality, and poor application management (Agyei-Mensah, 2012).

Operations of IFRS

The effective administration and ample investment in diverse commercial sectors, encompassing small, medium, and large-scale enterprises, constitute a key factor in the economic triumph of any nation. SMEs, specifically, have been identified as a critical stimulant of economic progress in developing countries (Tanko, 2012). In the South-West Geo-political zones of Nigeria, manufacturing companies assume a preponderant role in engaging a significant number of households, mainly due to the less stringent laws and regulations compared to listed companies in developing nations. Comprehensive research has been dedicated to examining manufacturing companies, particularly those featured on stock exchange markets worldwide (Soye & Raji, 2016).

Manufacturing Companies Revenue Recognition Rules

Revenue recognition rules in manufacturing companies align with the International Financial Reporting Standard 15. According to this standard, revenue represents the gross inflow of cash, receivables, and other considerations that arise from the ordinary activities of an organization (Akande, 2020). This notion significantly influences the preparation of the statement of comprehensive income, which serves as the cornerstone of manufacturing companies' operations. As a result, companies are expected to recognize revenue from the sales of goods, provision of services, and utilization of resources from other enterprises that generate interest (Musa, Nasiru & Muhammad, 2017). It is crucial for companies to comply with the principles of IFRS and ensure proper recognition of revenue.

Concept of Financial Performance

Financial Performance of a firm is a systematic assessment of profitability and financial evaluation of any commercial enterprise (Christopher & Mmanuel, 2021). It is used to gauge the overall financial well-being of a firm over a specific period and can also be utilized to analyse industries or sectors collectively. Tendeloo and Vanstraelen (2005) researched that firm itself, as well as various stakeholders such as managers, shareholders, and others, contributes to understanding the financial position of the organization at a particular point in time and also how the financial performance of the firm is over a given duration. In accounting literature, firm performance is encapsulated by financial performance, which includes the effectiveness of the firm towards profitability, value maximization, shareholders' wealth maximization, and maximizing profit on investment. Firm performance can also be explained in terms of operational measures such as growth in turnover, growth in market share, and business stability (Hadiza & Abdulraham, 2021). Moreover, inspection cannot ascertain the performance of an entity. Financial ratios are useful tools in the decision-making process and serve as a potent instrument of financial analysis. This is because absolute accounting figures reported in the financial statements do not provide a meaningful understanding of the financial position of a firm (Bello &Yinusa, 2010).

Empirical Review

Several studies examined the implementation process, impacts and adoption of International Financial Reporting Standard (IFRS) and performance. Moreover, few authors or researchers evaluated the significant importance of IFRS and financial performance: proxied Earnings per Share (EPS) and Return on Asset (ROE) of manufacturing companies in Nigeria.

Aseoluwa and Jelil (2017) examined IFRS adoption and performance of quoted consumer goods manufacturing companies in Nigeria between 2010 and 2014. Dependent variable, performance proxied return on asset and Tobin's q and the independent variable, is IFRS. Secondary data were obtained from annual audited financial report of the selected manufacturing companies on Nigerian Stock Exchange. The data analysis was done using the pooled OLS estimator. The study found that there was no significant relationship between the adoption of IFRS and performance of manufacturing firms listed on the NSE.

Osho, Olutayo and Emmanuel-Adeyefa (2021) researched International financial reporting standards (IFRS) and financial performance of multinational companies in Nigeria from 2012 to 2020. Dependent variable, financial performance proxied return on capital employed (ROCE) and the independent variable, IFRQ proxied firm Size (FMS), Leverage (LEV) and Age (AGE). Secondary data were gathered from annual document of pattern business of quoted multinational businesses on Nigerian Stock Exchange. The data analyses used in the study were cross-sectional, time series data and OLS regression techniques. The study found that IFRS significantly associated with financial performance of multinational companies in Nigeria.

Asian (2015) investigated the IFRS adoption and firms performance and presented a comparative analysis of quoted food and beverage manufacturing firms in Nigeria from period of 2009 to 2013. Dependent variable, firms performance proxied market performance, earnings per share, price earnings ratio and dividend yield and the independent variable, is IFRS Adoption. Secondary data were employed using financial statement of the quoted food and beverage companies listed on the NSE. Data employed in the study were comparative analysis and T test. The study found that there was weak correlation between adoption of IFRS and firm performance of quoted food and beverage manufacturing firms in Nigeria.

Adeyanju (2020) examined the impact of the adoption of IFRS on performance of private sector enterprises in Nigeria between 2013 and 2018. Dependent variable, firm performance proxied return on asset, debt ratio and current ratio and the independent variable, is IFRS adoption. Secondary data were gathered from the audited financial statement and account of the selected firms on NSE. Data employed in the study were correlation and ex facto design, random effect, correlation and regression. The study found that IFRS adoption had no significant impact on performance of private enterprises in Nigeria.

Ibrahim (2022) assessed IFRS adoption and accounting –based performance measures: evidence from emerging capital market from the period of 2014 to 2019. Dependent variable, accounting-based performance proxied profitability, leverage and liquidity and the independent variable, proxied IIFRS adoption. Secondary data were obtained manually from the published financial statement of 67 of listed companies in the Saudi stock market. Data employed in the study the Mann-Whitney U test. The study found that there was low significant impact of IFRS on the accounting-based performance measures.

METHODOLOGY

Research Design

The study employed a causal-comparative, also known as ex post facto (after the fact) research design, is a method used to identify a causal link between independent variables and the dependent. The ex-post facto design is equally considered apt for the study because it examines potential causes and their effects by identifying some current consequences and working backwards by examining the causes.

Population of the Study

The total population of this study consists of sixty (60) manufacturing companies listed on the Nigeria Exchange Group (Ngx) as at 2021.

Sample and Sampling Techniques

The sample size for this study comprises five (5) Manufacturing companies currently operating in Nigeria. The judgmental sampling technique was adopted in the selection of the sample size. The selected manufacturing companies include: Dangote Cement Plc, Nigeria Breweries Plc, Nestle Nigerian Plc, Guinness Nigerian Plc, and Unilever Nigeria Plc.

Table 1: Sample of the Study

S/no	Name of Company	Year of Corporation
1	Dangote Cement Plc	1992
2	Nigeria Breweries Plc	1946
3	Nestle Nigerian Plc	1961
4	Guinness Nigerian Plc	1962
5	Unilever Nigeria Plc	1923

Method of Data Collection

This study used secondary sources of data. The data were obtained from the annual reports and accounts of the sampled Manufacturing companies listed on Nigerian Stock Exchange (NSE). Panel data were extracted from the annual reports and accounts of the companies for the purpose of assessing the relationship between the variables of the study.

Table 2: Variables Measurement and Definitions

Nature of Variable	Measurements
IFRS	Measured as "1" if there is adoption and "0" if otherwise (Alagbe, 2021)
Return on Asset	Profit before tax divided by total assets (Alagbe, 2021)
Earnings Per Share	Net income minus preferred dividend divided by the average number of shares outstanding yields (Agyei-Mensah, 2012)

Source: Author's Compilation (2023)

Techniques of Data Analysis

In order to achieve the set objectives of this study, the study adopts majorly the use of descriptive statistics to summarize the collected data in a clear and understandable way using numerical approach. This was done with the aid of the statistical package for social science (SPSS) version, 23.

The analysis is anchored on multiple linear regression models which is formulated as used in Alagbe (2021) is given as:

$$\text{IFRS} = f\,(\text{PR}+ \text{EPS})$$

The econometric specification is as follows:

$$(\text{IFRS})_{it} = b0 + b1(\text{PR})_{it} + (\text{EPS})_{it} + \varepsilon it$$

Where:
IFRS = IFRS adoption,
PR = Probability (proxy Return on Asset),
EPS = Earnings per share,
e=Error term,
i=Vector of the variables.

DATA ANALYSIS AND DISCUSSION OF RESULTS

Diagnostics Test of Independent Variables and Dependent Variable

This section presents the results from the pre and post estimation tests conducted to ensure that the results obtained are robust. These tests include the normality test, multicollinearity test (Gunst & Wedster, 1975) and heteroscedasticity test (Glejeser, 1969; Breusch & Pegan, 1969; Godfrey, 2006).

Multicollinearity

The correlation coefficient in Table 3 shows that there is absence of harmful relationship among the predictors. In addition to the correlation matrix, the study uses Collin command as presented on Table 3. Apparent in the results it shows absence of multicollinearity with mean variance inflation factor (VIF) of 1.1189. This result indicates the absence of multicollinearity since none of the explanatory have up to 10 VIF.

Table 3: Variance Inflation Factors

Variable	**Coefficient Variance**	**Uncentered VIF**	**Centered VIF**
C	0.003	1.760	NA
ROA	0.042	1.554	1.1189
EPS	7.432	1.799	1.1189

Source: E-views 9 output.

Heteroscedasticity

The study uses Breusch–Pagan–Godfrey Test to affirm the compliance of the research model with the assumption. It tests whether the variance of the errors from a regression is dependent on the values of the independent variables. The results obtained from Breusch-Pagan-Godfrey test for heteroscedasticity (see Table 4). The results show that the p value is insignificant at 5 percent, which implies that there is absence of heteroscedasticity. Consequently, the interpretation of OLS is appropriate.

Table 4: Heteroscedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.887577	Prob. F (2,36)	0.4205
Obs*R-squared	1.832714	Prob. Chi-Square (2)	0.4000
Scaled explained SS	7.229977	Prob. Chi-Square (2)	0.0269

Source: E-views 9 output.

Normality

The study uses the Jarque-Bera test (Gel & Gastwirth, 2008) to validate the normality of the residual. The Jarque-Bera on Table 5 revealed that the variables are not normally distributed. The probability values are significant at 5% level of significance. Consequently, the study concludes that the residuals are close to a normal distribution which can be accepted.

Descriptive Statistics

This sub-section discusses the descriptive statistics of the data generated on the dependent and explanatory variables of the study. It provides the summary statistics relating to the measure of central tendency, such as the mean, the measures of dispersion, such as the standard deviation, the minimum and the maximum values of the study variables.

The descriptive statistics (mean, standard deviation, minimum, and maximum) of the employed variables are shown in Table 5. As can be seen in Table 5, the average value for

IFRS adoption across the years considered and across the sample of manufacturing companies was 0.92, with average profitability of 0.14 billion naira, and average EPS of 13.119 naira. Table 5 further shows that the minimum and maximum values for the IFRS adoption indicator are 0 and 1, respectively. Earnings per share revealed a minimum of -0.69kobo and a maximum of 57naira, 63kobo paid by manufacturing companies. However, profitability has a minimum of -0.118 billion naira and a maximum of 1.32 billion naira.

Table 5: Descriptive Statistics of Variables

Variables	Mean	Std	Min.	Max.	Skewness	Kurtosis	Jarque-Bera Values
IFRS	0.9250	0.2667	0.000	1.000	-3.227	11.414	187.433 (P V=0.00)
EPS	13.119	16.898	-0.690	57.630	1.4180	3.8161	14.516 (P-V=0.00)
ROA	0.1403	0.2231	-0.118	1.3200	3.7765	20.723	618.61 (P-V=0.00)

Note: IFRS = International financial reporting standard; EPS = Earnings per share and ROA = Return on assets.

Source: E-view Computations Output, 2023

Correlation Analysis

This section delves into the examination of the robustness of the association between each of the explanatory variables, as well as the moderating variables and dependent variable. Additionally, it illustrates the extent of the relationship between explanatory variables themselves, which is conducted in order to test the presence of multicollinearity among the explanatory variables. The presentation of the correlation coefficients is found in Table 6, which encompasses all samples in the entirety of the research.

Table 6 showcases the correlation coefficients concerning the relationship between the dependent variable and explanatory variables. The correlation coefficients' values range from -1 to 1, and the sign of the correlation coefficient indicates the direction of the relationship (whether it is positive or negative). The absolute values of the correlation coefficient demonstrate the strength of the relationship, with higher values indicating stronger relationships. The correlation coefficients on the main diagonal equal 1.000 for all the variables, signifying a perfect positive linear relationship that each variable has with itself.

Table 6 shows that international financial reporting standards adoption is positively correlated with earnings per share and return on assets with coefficient correlation of 0.1910 and 0.1038. However, the 20% and 10% correlation coefficient for EPS and ROA respectively shows that the two study variables have a poor direct relationship with IFRS. Also, the positive relationship indicates that EPS and ROA move in same direction with IFRS. It also suggests that the adoption of IFRS leads to increase in manufacturing companies' EPS and ROA.

Table 6: Correlation Matrix for IFRS and Firm performance

VAR.	IFRS	EPS	ROA	VIF
IFRS	1.0000			1.20
EPS	0.1910	1.0000		1.15
ROA	0.1038	0.3249	1.0000	1.13

Note. E-views 9 output based on data extracted from listed manufacturing firms.

Presentation and Interpretation of Regression Results

This section analyses and discusses the regression result of the study. The essence is to estimate and discuss the relationship that exists between IFRS adoption and firm performance of sampled manufacturing firms between 2014 and 2021.

Regression Results on International Financial Reporting Standards and Firm Performance

Table 7 displays the result of estimated coefficients, z-statistic, probability, coefficient of determination of research models.

Table 7: OLS Regression Results for IFRS and Firm Performance

Variables	**Coef.**	**Z**	**P>|z|**
Constants	0.8807	15.54	0.0000
EPS	0.0027	1.03	0.3090
ROA	0.0558	0.27	0.7856
Adjusted R^2	-0.0135		
F-statistic	0.7395		
Prob (F-statistic)	0.4842		

Note. E-views 9 output based on data extracted from listed manufacturing firms.

Table 7 displays the Ordinary Least Squares (OLS) regression coefficients and z-statistics. The adjusted R-squared value of -0.0135 reveals the extent to which the adoption of International Financial Reporting Standards (IFRS) shows negative influence on the performance of manufacturing firms listed on the Nigerian Exchange Group. The data indicates that IFRS adoption induces 13% of the variation in firm performance, as measured by Earnings per Share (EPS) and Return on Assets (ROA), while the remaining 87% can be attributed to other variables not considered in the model. However, the p-value of the F-statistics, which is 0.4842, exceeds the significance level of 0.05, thus indicating non-significance at all levels. This result implies that we cannot reject the null hypothesis, which states that there is no significant relationship between firm performance and the adoption of IFRS by quoted manufacturing companies in Nigeria.

From the data presented in Table 7, it can be inferred that the adoption of IFRS has a positive impact on the performance of firms, as measured by EPS. Specifically, the coefficient and probability value of EPS are reported as 0.0027 and 0.3090, respectively. This indicates that a 2.7% increase in EPS can be directly attributed to the adoption of IFRS. Stated differently, the adoption of IFRS is associated with an increase in firm performance, as reflected in EPS. These findings align with those of Amaefule, Onyekpere, and Kalu (2018), and Vodova (2011) similarly found no significant association between EPS and IFRS adoption. In contrast, the results of Alagbe's (2021) study indicate a negative relationship between EPS and IFRS adoption.

The coefficient for the firms' Return on Assets (ROA) is positive (0.7856), indicating a 78% increase in ROA caused by the adoption of International Financial Reporting Standards (IFRS). However, this increase is considered statistically insignificant. This finding is consistent with Alagbe's (2021) research, which also found a positive association between ROA and IFRS adoption. In contrast, Aseoluwa and Jelil (2021) as well as Amaefule, Onyekpere, and Kalu (2018) found a negative relationship between ROA and IFRS adoption.

Test of Hypothesis

Test of Hypothesis One

The first hypothesis of the study states that IFRS adoption does not have significant impact on earnings per share (EPS) of listed manufacturing companies in Nigeria. The coefficient and probability value (0.0027 and 0.3090 respectively) for EPS as revealed in Table 7, which depicting that IFRS adoption has insignificant impact on EPS. The study therefore fails to reject the null hypothesis. Therefore, it can be concluded that IFRS adoption does not have significant impact of EPS of listed manufacturing companies in Nigeria.

Test of Hypothesis Two

The second hypothesis of the study states that IFRS adoption does not have significant impact on return on asset (ROA) of listed manufacturing companies in Nigeria. The coefficient and probability value (0.0558 and 0.7856 respectively) for ROA as revealed in Table 7 depicts that IFRS adoption has insignificant impact on ROA. The study therefore fails to reject the second null hypothesis. Therefore, it can be concluded that IFRS adoption does not have significant impact of ROA of listed manufacturing companies in Nigeria.

SUMMARY OF FINDINGS

This investigation evaluated the influence of the adoption of International Financial Reporting Standards (IFRS) on the performance of Nigerian manufacturing companies that are listed

A number of insightful outcomes emerged from the study findings are:

i. IFRS adoption has positive but insignificant impact on the performance (earnings per share) of manufacturing firms listed in Nigerian.
ii. IFRS adoption has positive but insignificant impact on the performance (return on asset) of manufacturing firms listed in Nigerian.

CONCLUSION AND RECOMMENDATIONS

This study investigated the impact of IFRS adoption on company's performance, specifically focusing on return on asset (ROA) and earnings per share (EPS) in the Nigerian context. The study indicated a positive association between the aforementioned performance indicators and IFRS adoption, the relationship is not statistically significant. Ultimately, this study concludes that the adoption of IFRS has an insignificant effect on the performance of manufacturing companies in Nigeria.

i. The Financial Reporting Council of Nigeria (FRCN) should ensure that corporations in Nigeria report their financial statements in accordance with IFRS principles.
ii. Government should increase incentives and encourage more investment in the Nigerian manufacturing sectors to increase their earning potential and profitability, as these are the country's most important economic sectors.

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