CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Due to the profound increase in the volume of country by country capital flows and investment, it is therefore important for the harmonization of financial information; which is a medium of communicating financial transactions, to form a single collection of accounting standards, to achieve an efficient comparability of companies' performance both within and outside the reporting countries. Harmonization is a mechanism in which accounting methods are consitent by setting limitations on how much they can differ (Lakmal, 2014; Aseoluwa & Jelil, 2017). Fritz and Lammle (2003) certified that the worldwide harmonization of bookkeeping guidelines is a cycle, which brings global bookkeeping norms into some kind of understanding, to accomplish a typical arrangement of bookkeeping standards.

According to Umobong and Dike Akani (2015), economic meltdown and the collapse of a number of blue-chip companies in developed countries has prompted global accounting regulators to look out revealing practices and bookkeeping norms as at no other time in this manner creating impulse that roused wanted changes. These emergencies caused worldwide to notice the nature of budgetary reports among other recognized issue.

The examination required audit and globalization of bookkeeping standards and appropriation of the International Financial Reporting Standards (IFRS). The adoption of IFRS has gained global momentum, with initial adoption in developed world and subsequently in developing countries. Those advocating for IFRS have highlighted a lot of merits in solitary arrangement of worldwide bookkeeping standards. One major advantage of a solitary arrangement of worldwide bookkeeping standards as advocated by its proponents is that it enables international investors to compare different financial statements across several companies and across borders. Other identified merits are; elimination of the requirement for restatement of financial statements, reduction of accounting diversity among countries, thus facilitating the cross-fringe development of capital and more prominent incorporation of the worldwide money related markets.

Historically, International Accounting Standards originally came up in the third quarters of the 1950 as an aftermath of the World War II economic and financial crises and the need for integration to enhance capital flow across borders. Before this time, effort was geared toward harmonization of global businesses toward decreasing dissimilarity in accounting concepts and principles adopted in most capital markets in various nations around the world. In 1990s, the principle of convergence replaces harmonization which essentially means the establishment of international accounting standards that is of excellent quality and standard to be adopted in virtually all the major global capital markets. The International Accounting Standards Committee (IASC) was founded in 1973, as a body created to bridge the gaps in the discrepancies between International Accounting Standards by formulating and publishing a standard accounting document of public interest. IASC and Financial Accounting Standards Board (FASB) held a meeting on April 1, 2001 which gave a fresh drive for convergence. Ever since then, the drive in the direction to International Accounting Standards has advanced speedily and in the year 2009, European Union and more than 130 nations of the world have either permitted or required the adoption of IFRS published by the International Accounting Standards Board (IASB) or the local variation of the Board (Ironkwe & Oglekwu, 2016; Ofurum et al., 2014).

According to Ofurum et al. (2014), all Nigerian listed companies in the Nigeria Stock Exchange (NSE) were mandated to adopt IFRS by January 1, 2012 and by 2015 there should be full compliance of all business categories. The journey to IFRS adoption in Nigeria began around mid-2010, when Federal Executive Council approved the road map for its adoption (Aseoluwa & Jelil, 2017). Shortly after this approval, the Financial Reporting Council of Nigerian Act was enacted in 2011, which led to the transformation of the Nigeria Accounting Standards Board to the Financial Reporting Council (FRC) which among other things was mandated to implement the road map for the adoption of IFRS in Nigeria. Accordingly, Nigeria started the appropriation of IFRS in 2012 and required all organizations cited on the Nigerian stock trade and organizations with huge public interest to consent in the first stage (Aganga 2013). However, arguments stand that IFRSs are not relevant to developing countries, as they adopt such just because, it is a product with "network effects", IFRS can be viewed as an accounting standards of high standards when compared to most local standards, and that could assist in fostering increased comparability of financial statements by investors (Odia & Ogiedu 2013).

Eight years after the adoption of IFRS by listed companies in Nigeria, there is developing need to inspect its impact on corporate execution of these organizations that have received IFRS as a guideline in which their budget summary is being readied and introduced. The corporate performance of any organization is of paramount importance to stakeholders and potential investors who might want to determine beforehand the financial performance, market performance and firm value of such organization before investing their hard-earned limited scare resources. From the foregoing, the aim of this study was to examine whether there was an improvement in selected indicators of corporate performance post IFRS adoption compared to pre-adoption era. This study will enable stakeholders who rely on the financial statements to take relevant and informed decisions and also help in policy review and formulation.

1.2 Statement of the Problem

IFRS are the common accounting rules which define how a transaction should be reported. It also includes rules about the information to be included or disclosed on financial statements. It is a unitary set of standards that has helped to solve many problems in the accounting world for organizations, but this system has also been responsible for creating problematic outcomes as well (Morh, 2019; Regolis, 2019).

Though IFRS is a global initiative, a lot of countries are yet to adopt it, including the United State of America (USA). The adoption of IFRS in Nigeria brought alongside a lot of benefits such as an expansion in the portion of unfamiliar capital and exchange the economy, a bridge in the communication gap with stakeholders, uniformity in accounting language, easy and accurate means of comparability of information, enhancement in the evaluation and analysis by users of financial statements, reduction in uncertainties as well as capital cost. Despite all of these advantages, its implementation is however not without challenges especially in developing countries like Nigeria (Adekoya, 2011; Ahmed, 2011).

IFRS is viewed as international financial reporting standards with high quality principles that is recognized and globally accepted by companies around the world. Theoretically, IFRS can help to promote outstanding corporate and firm performance; however, there is as yet no robust nor solid empirical evidence that this causal relationship is quantitatively significant. Its non-flexibility and high cost of reporting associated with it especially for developing companies as they would have to spend equal amount on reporting with developed and established companies, which might be inimical to the performance of small, developing and even developed consumer goods companies. Most studies on effects of IFRS have been based on quality of reporting ()? with few emphasis on effects of IFRS on organizational performance ()?. Few available studies on effects of IFRS on organizational performance were not ex-post-facto studies and mostly done in western countries ()?, few African ex-post-facto studies ()? to determine effect of IFRS adoption on companies' performance. This study filled these gaps by conducting comparative ex-post-facto study of Seven (7) years duration pre-IFRS adoption and also equivalent years post-IFRS adoption to examine the effect of IFRS adoption on the profitability of consumer goods companies in Nigeria.

1.3 Objective of the Study

The general objective of this study is to examine the impacts of the adoption of IFRS on performance of quoted consumer goods companies in Nigeria. The specific objectives are to:

1) Investigate the difference between firm profitability before and after IFRS adoption by quoted consumer goods companies in Nigeria.
2) Ascertain the difference between market performance before and after IFRS adoption by quoted consumer goods companies in Nigeria.
3) Examine the difference between firm value before and after IFRS adoption by quoted consumer goods companies in Nigeria.

1.4 Research Questions

In order to address the problems of the study and to achieve its objectives, this study provided answers to the following research questions.

1) To what significant extent does firm profitability differ before and after IFRS adoption among quoted consumer goods companies in Nigeria?
2) To what significant level does market performance differ before and after IFRS adoption among quoted consumer goods companies in Nigeria?
3) To what significant degree does firm value differ before and after IFRS adoption among quoted consumer goods companies in Nigeria?

1.5 Research Hypothesis

In this research study, the following null hypotheses will be tested for validation or rejection.

$\mathbf{H_{01}}$: There is no significant difference between firm profitability before and after IFRS adoption among quoted consumer goods companies in Nigeria.

$\mathbf{H_{02}}$: Market performance does not differ significantly before and after IFRS adoption among quoted consumer goods companies in Nigeria.

$\mathbf{H_{03}}$: There is no significant difference between firm value before and after IFRS adoption among quoted consumer goods companies in Nigeria.

1.6 Significance of the Study

International Financial Reporting Standards (IFRS) is one of the major contemporary issues in the accounting profession globally, particularly in Nigeria today. Several studies have been conducted by many scholars showing the benefit of its adoption, pre-adoption challenges and its implication to shareholders and the Nigeria Capital Market. Other beneficial areas studied by scholars were its effect on developing countries such as an increasing foreign direct investment (FDI) on their economy (Halbouni, 2015). There is skepticism in some quarters over its usability in developing countries as it was initially adopted in western countries. Nigeria is one of the developing countries for which these standards could be either advantageous or detrimental to the economic growth.

Findings of this study will contribute to the pool of information needed in making relevant economic policies both in Nigeria and other countries that might find it useful. It will also help potential investors to make informed decision. Management? Regulators? Researchers?

1.7 Scope of the Study

The study concentrated on the pre and post implementation effects of IFRS adoption on the performance of Nigerian quoted consumer goods companies. The study utilized secondary data derived from the audited annual financial statements of ten (10) judgmentally selected consumer goods companies from the population of quoted consumer goods companies on the Nigerian stock exchange with complete required data. This study also covered seven years in terms of period before adoption (2005-2011) and seven years after IFRS adoption (2012-2018) in Nigeria.

1.8 Definition of Terms

Corporate Performance: In this study, it refers to firm profitability, firm value and market performance.

Firm profitability: It refers to return on capital employed.

Firm Value: It was captured in this study by a measure called enterprise value.

IFRS Adoption: It is construed as the effects before and after the adoption of IFRS by the companies to be sampled for the study.

Market Performance: It was represented by P/E ratio which is an indication of market efficiency.

CHAPTER TWO

LITERATURE REVIEW

2.0 Preamble

This chapter is partitioned into three sections; conceptual review, followed by the theoretical framework and an empirical review. At the conceptual review stage, the relationship existing between the independent variables and dependent variables under this study are revealed. The theoretical framework reveals theories related to the impact of IFRS's on performance of consumer goods companies in Nigeria. The empirical review was premised upon previous studies on the impact of IFRS's on performance of consumer goods companies in Nigeria.

2.1 Conceptual Review

2.1.1 International Financial Reporting Standards (IFRS)

According to Palmer (2019), "International Financial Reporting Standards (IFRS) set regular standards so fiscal reports can be steady, straightforward and similar around the globe". International Accounting Standards Board (IASB) are involved in the issuance of IFRS as they specify how companies must maintain, monitor and report their accounts, identifying the types of transactions and other financial impact activities. In order to build a generic common accounting language, IFRS were established as it made companies and their financial statements consistent and reliable when compared with different organizations in other countries.

The term International Financial Reporting Standards (IFRS) is essentially known as a solitary arrangement of bookkeeping standards, created and kept up by the International Accounting

Standards Board with the goal of those standards being fit for and applied on a globally consistent basis by created, arising and creating economies-in this manner giving investors and other stakeholders of financial statement with the capacity to look at the financial performance of public quoted organizations on a like-for-like premise with their international companions (Ismail, 2017)

IFRS are designed to bring consistency to accounting language, practices and statements, and to help businesses and investors make educated financial analyses and decisions. The IFRS Foundation sets the standards to "bring straightforwardness, responsibility and effectiveness to monetary business sectors around the globe cultivating trust, development and long-haul budgetary soundness in the worldwide economy." Companies profit by the IFRS in light of the fact that financial specialists are bound to place cash into an organization if the organization's strategic approaches are straightforward (Damilola et al., 2019)

Historical Antecedent of IFRS

With the objective of making international examinations as simple as could reasonably be expected, IFRS began in the European Union, with the objective of making business undertakings and records open over the continent (Palmer, 2019). The concept of international Financial Reporting System is not new as it has its origin in up during the third quartile part of 1950, in response to post World War II economic crisis and the need for financial integration and the related enhancement in capital flow across borders. Prior to this time, attempts were aimed at the harmonization of accounting standards. Harmonization basically means reducing the difference in accounting standards and concepts embraced in most financial markets in countries around the world. The concept Harmonization was replaced by another concept, “Convergence” in the 1990s. Convergence simply means the creation of international accounting standards that is of exceptional quality to be adopted in almost all the major global capital markets (Ironkwe and Ogeleku, 2016).

The idea spread rapidly internationally, as a quotidian language, which allowed for a greater communication globally. Although the U.S. and some other countries don't use IFRS, most do, and they are scattered across the globe, making IFRS the most globally universal set of standards. It has now been made a compulsion for use by more 143, including the European Union and by more than two-thirds of the G20. The G20 and other international organizations have consistently assisted the work of the board and worldwide accounting principle project. The G20 is a casual gathering of 19 nations and the European Union, with representatives of the International Monetary Fund and the World Bank. The finance ministers and governors of the central bank started meeting in 1999, at the recommendation of the G7 account priests because of the worldwide monetary emergency of 1997-99. From that point forward, there has been a financial ministering meeting (Ismail, 2017).

IFRS are often mistaken for International Accounting Standards (IAS), which are the earlier standards that IFRS replaced. IAS was published from 1973 to 2000, and the International Accounting Standards Board (IASB) subsequently replaced the International Accounting Standards Committee (IASC) in 2001.

Standard IFRS Requirements

According to (Palmer, 2019) IFRS covers a broad spectrum of accounting activities. There are specific business areas of practice for which it is mandatory to follow IFRS rules. The areas

1) Statement of Financial Position: Otherwise known as a balance sheet. IFRS influences the ways in which each component of a balance sheet are to be reported.
2) Statement of Comprehensive Income: This can be in a single statement, or it can be prepared separately as profit and loss account statement or a statement of other income, including property and equipment.
3) Statement of Changes in Equity (statement of retained earnings): This documents the company's change in earnings or profitability for the given fiscal period.
4) Statement of Cash In-Flow: This report is summary of company's financial transactions in the given period, it separates cash flow into Operations, Investing, and Financing.

In addition to these basic reports, a company must also give a summary of its accounting policies. The full report is often seen side by side with the previous report, to show the changes in profit and loss. A parent company must create separate account reports for each of its subsidiary companies.

2.1.2 Global Adoption of IFRS

There are contrasting reports on the number of countries, IFRS are used in at least 120 countries, as of March 2018, including those in the European Union (EU) and many in Asia and South America, but the U.S. uses Generally Accepted Accounting Principles (GAAP) (Palmer, 2019). Though, Ismail (2017) reported that IFRS Standards are presently commanded for use by in excess of 143 nations, including the European Union and by more than 66% of the G20. The G20 and other international associations have reliably upheld crafted by the board and its central goal of worldwide bookkeeping standards.

Though the U.S. Securities and Exchange Commission (SEC) has affirmed that it won't adopt IFRS but would continue reviewing a proposal to allow IFRS information to supplement U.S. financial filings. GAAP has been called "the gold standard" of accounting. However, there are arguments in some quotas that global adoption of IFRS would save money on duplicative accounting work, and the money spend on analyses and comparing companies at global level.

According to Adeuja (2011), out of 53 countries in the continent only 18 African countries have fully adopted IFRS guidelines in their financial reporting. These countries are: Nigeria, Ghana, Kenya, Lesotho, Tanzania, South Africa, Zimbabwe, Botswana, Libya, Malawi, Morocco, Namibia, Mauritius, Mauritius, Mozambique, Sierra Leone, Swaziland, Tanzania, Uganda and Zambia. Simon Ridley, a group financial director with Standard Bank stated that a great challenge hindering Africa's successful adoption of IFRS may be as a result of limited representation of the continent on international accounting regulatory bodies like International Accounting Standards Board (IASB).

2.1.3 International Financial Reporting Standard (IFRS) in Nigeria.

The Federal Government of Nigeria on 2nd September 2010 officially declares IFRS adoption in Nigeria and initiated the guidelines to be followed for its accomplishment. The consent to IFRS adoption by the Federal Government of Nigeria made the country becomes enlisted member of those countries that have adopted IFRS across the globe. The guiding principles to be followed for implementing IFRS are in three consecutive phases. The first phase comprises of Listed and Significant Public Interest Entities that are mandate to prepare and present their audited financial statements in compliance to relevant IFRS by 31st December, 2012. The second period of IFRS usage centers around Public Interest Entities that are approved to follow IFRS design for legal reasoning by 31st December, 2013. The third phase on the other hand, expects all Small and Medium sized Enterprises (SMEs) to mandatorily comply with the adoption of IFRS as statutory reporting by 31st December 2014 (Uwadiae, 2012).

As a universally accepted fact, Accounting is seen as the language of business through which performance and position of an entity is being communicated to outsiders (stakeholders) need to be related in a universal language. IFRS has offered this expression a reality in light of the fact that through the acknowledgment of IFRS, organization language can be spoken as it is universally perceived, acknowledged, and comprehended by virtually all overall financial specialists.

Adejoh and Hasnah (2014 Adejoh and Hasnah (2014) noticed that the requirement for a high caliber and a uniform way for which budget reports is being readied and introduced offered ascend to IFRS. IFRS as a principle-based format is seen as a set of published financial accounting pronouncements given by the IASB to assist Accountants and Auditors across the world in the preparation, presentation and reporting of transparent, high quality and comparable financial information to aid informed decision making.

IFRS according to Siti et al. (2014) is common global language designed to be followed by companies across international boundaries to reflect its financial activities and to improve the understanding, comparability and quality of financial reporting. Chakrabarty (2011) is of the opinion that IFRS as a standard are meant to attain these objectives; support in the standardization of the varied accounting principles and policies obtainable across the globe and enhancing comparability of financial statements. To also facilitate the preparation and presentation financial statements that is transparent, comparable of high-quality information. Furthermore, the objective is meant to reduce alternatives ways of preparing Financial Statements and thereby eliminate the element of subjectivity.

Pre and Post IFRS Adoption in Nigeria

Prior to the execution of IFRS in 2012, Nigeria makes use of the Nigerian Generally Accepted Accounting Practice (NG-GAAP) in the preparation of their Financial Statement. The Nigerian Accounting Standard Board (NASB) is seen as a body sovereign charged with the duty to develop and issue Statement of Accounting Standards (SAS) for financial statements preparers and users (Ofurum et al, 2014).

The Federal Government of Nigeria in 2010 designed the roadmap to be followed for a successful IFRS adoption in the country, which consist of three phases. Financial Statement prepared in compliance to IFRS comprises the followings: Statement of Financial Position, Statement of Comprehensive Income, and Statement of Changes in Equity, Statement of Cash Flows and Accounting Policies.

The fundamental theories supporting NG-GAAP and IFRS are not on the whole parallel. The inception of IFRS has brought about a great deal of responsibility on the part of IASB in setting International Accounting Standards (IAS) that will fit different business entities across the globe. Indigenous professional accountants and auditors need to keep abreast with the content of the frameworks that make up the financial statement to enable them give clarification to various stakeholders when the need arises (Adejor and Hasnah, 2014).

2.1.4 Benefits of IFRS Adoption

The adoption of IFRS has several benefits. Madawaki (2012) outlined some of these benefits as follows;

1. Advancement of the aggregation of important information on the presentation of different revealing elements at both public and private levels in Nigeria in this manner empowering likeness, straightforwardness, proficiency and unwavering quality of budgetary detailing in Nigeria.

2. Assurance of useful and meaningful decisions on investment portfolio in Nigeria.

Investors can easily compare financial results of corporation and make investment decision.

3. Attraction of Foreign Direct Investment – countries attract investment through greater transparency and a lower cost of capital for potential investors.

4. Assurance of easier access to external capital local companies.

5. Decrease of the expense of working together across fringes by disposing of the requirement for beneficial data from Nigeria organizations

6. Facilitation or easy consolidation of financial information of similar organization with offices in various nations.

7. Simpler guideline of monetary data of substances in Nigeria

8. Improved knowledge on worldwide money related revealing standards by tertiary foundations in Nigeria.

9. Better quality monetary data for investors and administrative specialists.

10. Government to be able to better access the tax liability of multinational companies.

In addition, Ahmed (2010) stated that, adopting IFRS reduces information asymmetry which would lower costs of equity and debt financing, it smoothens the communications between operators, shareholders, lenders and other interested parties resulting in lower costs. IFRS adoption, would offers comparability, lower transaction costs and greater international investment and reduces accounting manipulations and positively impacts firms‟ stock return and stock related financial performance measures (Epstein, 2009).

2.1.5 Concept of Consumer Good Companies

According to Chappelow (2020), the consumer goods sector is a classification of stocks and organizations that identify with things bought by individuals and households rather than by manufacturers and ventures.

These businesses manufacture and distribute goods for their own use and pleasure that are meant for immediate use by the consumers. This sector involves companies engaged in the manufacture of food and packaged goods

Consumer goods can be ordered comprehensively as durable or nondurable, and the general consumer goods sector can be separated across a wide range of industries. While certain types of product, such as food, are essential, others, such as automobiles, are considered luxury items. Generally speaking, as the economy rises, consumer demand grows and the sector will experience a greater demand for higher-end products. At the point when consumer request shrivels, there is an expanded relative interest for esteem items. Numerous organizations in the consumer goods sector depend vigorously on commercial and brand acknowledgment. Performance in the consumer goods sector relies intensely upon consumer conduct. Growing new flavors, molds, and styles and showcasing them to consumers is a need.

The consumer goods sector includes a diverse array of varied industries. Everything a consumer purchases and uses falls into this group, so it can be useful to consider how their varying attributes will influence the performance of the industry. Broadly, this sector can be divided into durable and nondurable goods. Many nondurable goods can be viewed as quick moving consumer goods, which are packaged goods with high sales volume, fast stock turnover, and regularly short time spans of usability, for example, food. Durable goods include many big-ticket consumer goods, such as cars, major appliances, and household electronics.

Numerous consumer goods sector organizations are confronted with a scope of close contenders, substitute goods, and likely adversaries. Competition is fierce on price and quality, therefore, brand recognition and differentiation are critical to the performance of companies in the consumer goods sector.

2.1.6 IFRS and Corporate Performance of Entities in Nigeria

One may be compelled to inquire if the adoption of a uniform global financial reporting framework would improve financial performance. Theoretically, IFRS can help to foster exceptional corporate and firm performance; however, there is as yet no buoyant empirical evidence that this causal relationship is quantitatively significant. Performance simply means any recognized accomplishment or the achievement of set goals (Ironkwe and Ogelekwu, 2016).

Thus, a company that is performing well is one that is successfully achieving its goals and is efficiently executing suitable strategies (Nsijilem, 2015). The corporate performance of an entity can be measured in terms its profitability, leverage, solvency etc. the performance of an entity can be measured through the use of ratio and trend analysis. However, this study focuses on some selected indicator of financial performance in terms of EPS and ROE (Ironkwe and Ogelekwu, 2016).

Financial Statement Information are organized in a manner that enable its stakeholders draw logical conclusions in relation to the financial performance and well-being of the reporting organization (Frank and Sangster, 2008). They also noted that ratio analysis is the initial step in assessing the financial performance and position of a given entity. The profitability of any given entity is of paramount interest of almost all categories of stakeholders which is calculated in relation to sales or assets and equity investment as noted by Ezirim and Nwakama (2004) as cited by Ironkwe and Ogelekwu (2016). A companies' profitability measure specifies if the entity is performing satisfactorily or not. Management performance can be determined by profitability indicators along with other measures. This therefore determines the viability of the company (Ironkwe and Ogelekwu, 2016).

The performance of Public Listed Companies in Nigeria is expected to improve as a result of IFRS adoption. As business reacts to the requests and chances of IFRS transformation, returning to its crucial business performance management (BPM) cycles will probably demonstrate beneficial (Rusnak (2009) in Ibanichuka and Asukwo, 2018). Corporate performance can be measured in various ways. For example, Ventrakaman and Ramanujam in Hasan et al (2010) divide corporate performance into operational and financial performances. Operational performance includes: (i) market share, (ii) product quality, and (iii) marketing effectiveness. Financial performance is broken down into two subcategories: (i) market-based performance (e.g., stock price, dividend payout and earnings per share) and (ii) accounting-based performance (e.g., return on assets and return on equity).

The concept of corporate execution in bookkeeping written works alludes regularly to budgetary perspectives, for example, profit, return on assets (ROA) and economic value added (EVA), utilizing the epithet of the main concern (Hasan et al, 2010). Kaplan & Norton (1992) authored the all-encompassing estimation of corporate execution as adjusted scorecard, where the center thought is to adjust the domination of monetary and non-budgetary viewpoints in corporate execution. Kaplan and Norton‟s extended corporate performance is in line with the measurement of corporate performance by Ventakraman & Ramanujam.

Simons [2000] in Ibanichuka and Asukwo (2018) defines corporate performance using an approach of market mechanism by which the company actively interacts with the financial, factor and customer product markets. In the capital market, the corporate performance aims to satisfy stakeholders in the form of their financial metrics. In the factor market, such as manufacturers and other manufacturing operators, the corporate willingness and ability to pay in time the negotiated sum is critical in evaluating corporate performance. Finally, from the point of view of the customer product market, corporate performance would be assessed by parties in the market based on the capability of the corporation to deliver value to customers with affordable price which is the net effect, in turn, will be indicated in the corporate revenue (Ibanichuka and Asukwo, 2018).

The IFRS Adoption and Profitability

The adoption of IFRS has to do with preparing the financial statements based on relevant IFRSs and IAS. The main aim is to prepare a set of financial statement that can be used for global comparison. By its adoption, it will enhance international comparison and companies will be able to attract international investment form international investors. This will help in reducing cost of capital and also help firms in raising sufficient capital (Sharma & Gupta, 2019).

According to political costs theory, information asymmetry is expected to reduce with good performance, this is because, companies will be more eager to publish more information when profit is made so as to justify their profitability (Schipper, 2015). On the other hand, when there is poor performance, managers hide the reasons for losses or lower profit. Similar to leverage level, the association between profitability and voluntary IFRS adoption is a priority, since compliance with IFRS makes earnings management more difficult and tend to make firms to be more conservative, as firms choosing to use IFRS may be providing a signal of better performance, thereby expected that the pro-pensity to adopt IFRS increases with profitability (Sharma & Gupta, 2019).

However, adoption of IFRS is typically a long-term choice in financial information disclosure policy which may be considered regardless of a firm's profitability. Barth (2007) examined accounting quality during the pre and post and IFRSs era which was for a sample of 327 firms that voluntarily adopted IFRS between 1994 and 2003. The findings show that the post IFRSs adoption led to lower earnings management, higher value relevance and more timely recognition of losses compared to the pre-transition local Generally Accepted Accounting Principles (GAAPs). Also, study Okafor and Killian (2011) in Nigeria and from the perspective of stakeholders; achieved through the use of questionnaire discovered that the benefits derivable in terms of improvement in performance of business, and its impact on other business performance are higher during IFRSs adoption era than during Generally Accepted Accounting Principles (GAAPs) era; it was therefore recommended that management should start making comprehensive plans ahead of IFRS adoption while on the other hand, findings by Agyei-Mensah(2012) did not support earlier findings by Okafor and Killian (2011). Similar study by Alu and Akinwunmi (2017) discovered that IFRS adoption has no significant relationship with performance of manufacturing firms listed on the Nigerian Stock Ex-change when proxy by Return on Asset (ROA).

Financial performance.

Financial performance alludes to estimating an organization's operations and arrangements in monetary terms. In other words, in terms of value in dollars, pounds, euro’s etc.

Market performance.

Market performance measures how well a company or product performs in the marketplace. In other words, whether a products market share has risen, if product upgrades helped build sales etc. Product market performance specifically talks about a product rather than the whole company. Market performance is seen as the behaviour of a security or asset in the market place. (Lang et al 2003; Bartor et al 2001). Market performance is not tangible or seen, thus proxies will have to be developed. Such proxies of market performance include, Price Earning Ratio, Earnings Per Share and Dividend Yield.

Earnings per Share (EPS)

Earning is an indicator of share investment performance in the sense of identifying profitability associated with share capital. It has the advantage of apparent simplicity as is capable of being compared over and between companies. Earnings per share refers to a portion of the earnings of a company allocated to each unit of outstanding shares. It is earnings divided by the number of ordinary shares held by the company at the end of the financial year. It is an indicator of profitability and is calculated by subtracting from net income dividend due to preferred stockholders the value obtained is then divided by the average number of shares.

It is calculated by dividing the company's profit after tax by the hinter of shares outstanding.

EPS =PAT/Outstanding Shares

Where PAT represents Profit after tax.

Lee (2006) observed that this ratio is subjected to creative accounting more directly than others.

The reason he gave for this is that the focus is entirely on profit. Any manipulations of profit positively or negatively will immediately distort the Earnings Per Share. Care however must be taken in arriving at profit in order not to mislead users of the financial information.

Price Earnings Ratio

This expresses the market price of the shares as the number of years of its current earnings.

A high Price Earnings Ratio means that investors expect the profits of the company to grow because the success or failure of any business entity lies in the hands of the management.

Price Earning Ration (PER) is calculated as Quoted Price of one share divided by Earnings Per

Share.

P.E.R = Quoted Price of one Share/E P

Dividend Yield =Dividend Per Share/Share Price x 10

2.1.7 Conceptual (Operationalized) Model

The conceptual model is structured to explore the difference between the adoption of IFRS and consumer goods market performance. In this conceptual model, IFRS Adoption and market performance are the independent (predictor) and dependent (criterion) variables. The aim of the current study projects at bridging the void by presenting a sound framework for good decisions and contrasting the effects of IFRS implementation on pre and post IFRS adoption on corporate performance and profitability.

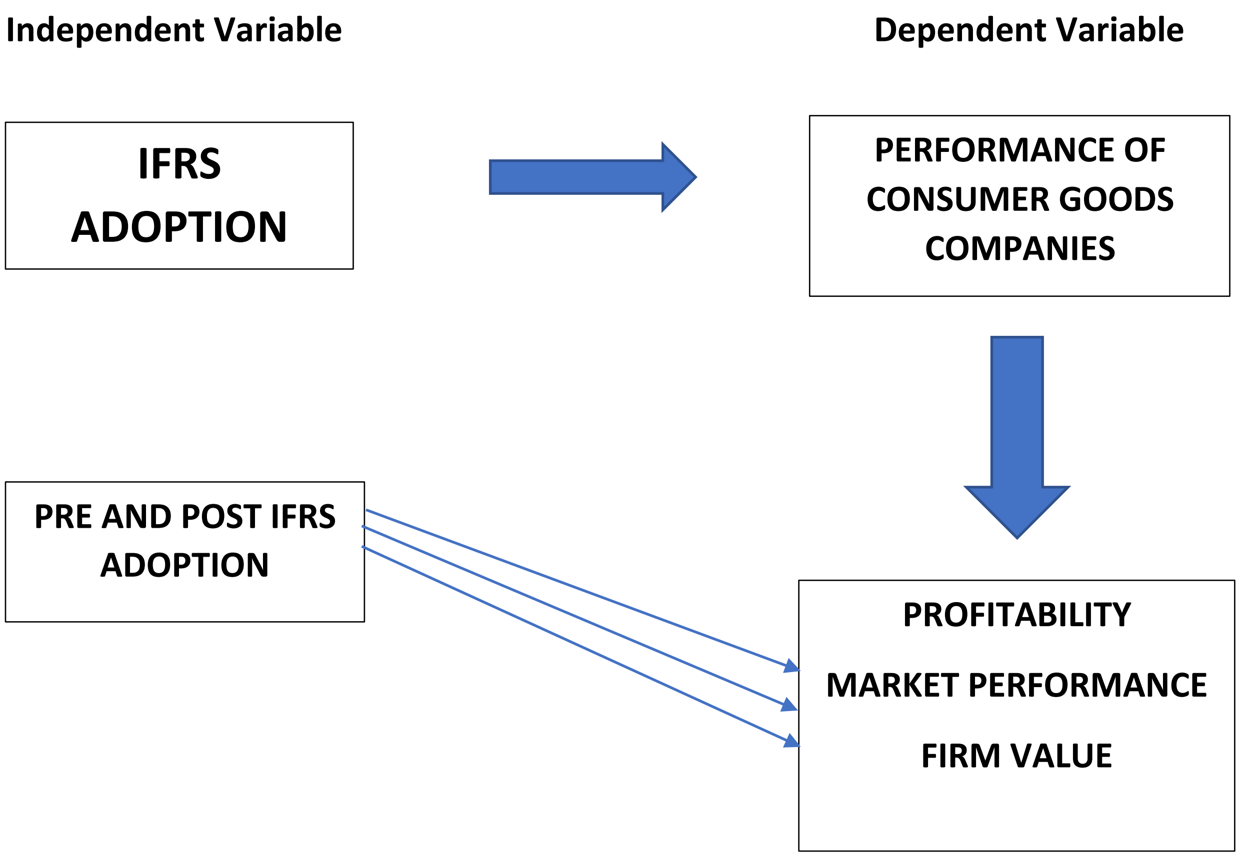

Figure 2.1

2.2 Theoretical Framework

2.2.1 The Stakeholder Theory

Stakeholder theory was postulated by Freeman in 1984. The principle of stake-holder theory was gradually integrated into management theory since the 80s. Freeman, (1984), argued that corporate bodies have a wide coverage of accountability than the parochial representation of agency theory. Wheeler et al, (2003), support this argument by saying that stakeholder's theory is a product of sociology and organizational disciplines that identify a good array of other stakeholders in an organization.

Stakeholder theory postulated that a stakeholder is 'any group or individual who can affect as well as been affected by the achievement of the organization's objectives. In other words, whoever is affected by failure or success of the enterprise is a stakeholder. Unlike the agency theory, stakeholder theory demonstrated that there are chains of parties who are affected by the management decisions such as suppliers, employees and business partners. This study is therefore anchored by this theory since the adoption of IFRSs is meant to protect the interest of different stakeholders to a business. Such stakeholders include shareholders, management, investors, government, lenders and tax authorities. This theory is deficient in the sense that it makes the re-sources of the enterprise to be shared with different groups in the environment in which a business operates, this will lead to reduction in the wealth of the shareholders who contribute the capital and bear business risks. Despite this deficiency, this theory is still relevant to the study as there exist more than one stakeholder to businesses that affects and is affected by the company. Thus, there consideration in financial reporting will help in making the company to prosper and attract more supports from them.

The focus of his theory is articulated in two core questions of;

1) What is the purpose of a firm? And
2) What responsibility do managers of firms have to stakeholders?

The first question impels firms forward and permits them to create remarkable exhibitions (Freeman, Wicks & Parmer, 2004). The second question pushes the directors to express how they need to work together and explicitly the sort of connections they need to make with their stakeholders. This theory also expects managers to develop and run their firms in a way that is consistent with the demands of the theory that is, stakeholders' value maximization rather than shareholder's value maximization.

2.2.2 Agency Theory

Agency theory refers to a set of propositions in governing a modern corporation which is typically characterized by large number of shareholders or owners who allow separate individuals to control and direct the use of their collective capital for future gains. These individuals may not always own shares but may possess relevant professional skills in managing the corporation. The theory provides many useful ways of analyzing the relationship between owners and managers checking how the end purpose of optimizing the returns to the owners, particularly where the managers do not control the corporation's resources.

The agency theory has its roots in economic theory. This was exposited by Alchian and Demsetz (1972) and further developed by Jensen and Meckling (1976). In the agency theory, the principal (owners and shareholders) delegates the decision making power to the agent (directors, managers and management) who may pursue interests that may not necessarily be in favour of the principal but may in fact hurt the principal through information asymmetry (Ross, 1973; Fama, 1980). The agency theory deals with entrusting resources to the agent who in turn is required to produce a report in qualitative and quantitative manner and are expected to align the interest of the owners of a business and managers of a business and managers in order for the set objectives of the organization to be achieved.

According to Kiel and Nicholson (2003), Agency theory is the detachment of control from ownership. It infers that the expert troughs deal with a firm for the benefit of the company's proprietors. Gerrit and Mohammad (2007) argued that (as cited in Adeyemi & Olowookere, 2011) the agency theory states that agents have more information than the principals and as such this information asymmetry could adversely affect the principal's ability to monitor if the organization is being run in their best interest. Hence, it was asserted that managers possess superior knowledge and expertise compared to the owners of the firm. Consequently, they are in a position to pursue their personal interest at the expense of the shareholders.

2.2.3 Value Maximization Theory

This theory states that the primary objective and purpose of a firm being in existence is to get the most out of shareholders wealth, which is maximize shareholders wealth in the long run (Abdul-Baki et al 2014). According to him, this theory explains that all the activities of an organization whether charitable or otherwise, is basically seeking to make profit. This theory also states that at the long run, there will be maximization of other stakeholders and financial claimants like debt and warrant holders (Abdul- Baki, 2014)

The study therefore noted that the fundamental reason or essence of a firm's Financial Statement being disclosure in compliance with IFRS is to maximize mangers' and firm's value at the long run.

2.3 Empirical Review

Quite a number of theoretical and empirical works have been carried out in this subject by various scholars as result of its relevance to the accounting profession worldwide and the overall performance of the organization. The year 2012 was a very significant in the history of Financial

Reporting in Nigeria, because all Public Listed Companies on Nigeria Stock Exchange (NSE) were mandated to prepare their Financial Report in compliance with the provisions of IFRS. As a result of this declaration, many research works have been conducted in relation to IFRS adoption in Nigeria couple with some foreign studies that will also be reviewed for this study.

In a comparative study conducted by Sharma and Gupta (2019), The study was conducted to examine the effect of IFRS on profitability position of IFRS adopted companies with special reference to developed and developing countries. The sample for the purpose of the study consisted of a total of 29 companies of selected developed countries and 27 companies of selected developing countries. The collected data was time series as well as cross section. Consequently, the study applied panel data technique for the purpose of analysis. Further, the findings showed that IFRS had a significant impact on profitability of the concerns, but there was no significant difference in the profits of IFRS adopted companies of developed countries and developing countries.

Ihab (2012) conducted a study in United Arab Emirate (UAE), the aim of the research was to examine the key influence of the adoption of International Financial Reporting Standards (IFRS) on the users of financial reports both in Dubai Financial Market (DFM) and the Abu Dhabi Stock Exchange (ADX). The research has also explored the effect of implementing the IFRS on profitability of firms and stock performance in the two stock markets. The study has used two main methods to collect and analyse the primary data. Right off the bat, questionnaires were utilized to measure how the preparers and users of financial statements interpret the implementation of IFRSs in both DFM and ADX, and how their decision-making has been influenced by this transition to IFRSs, Subsequently, SPSS was utilized to evaluate the collected data of the questionnaires utilizing different tests, for example, t-test, ANOV A test, and Correlation test. Secondly, this report used the secondary analysis of results to analyze the primary effects of adopting IFRS upon share performance and profitability of quoted firms in the two stock exchanges. Several multiple regression models were used for the second data collection methods were based on the versions of Ohlson and the modified Ohlson models. The principal results of the analysis from the questionnaire indicates that most of the financial report users were in favour of the adoption of IFRSs in the UAE.

However, many of the users argued that the change to IFRSs had to have been given careful consideration as they could have adverse effects on the group accounting system and raised the issue of lack of competence and lack of readiness of representatives who are ill-prepared for IFRSs. Discoveries of the survey have additionally demonstrated that the preparers at the banking sector were happier with the adoption of IFRSs than was the situation in different sectors. The outcomes from the examination of secondary data indicated that the reception of IFRSs had esteem importance for both the DFM and the ADX, with the more prominent relative effect being at the previous. In addition, the analysis of results showed that the adoption of IFRSs had an impact on some financial indicators and this impact was higher in the ADX than it was in the DFM. The investigation additionally showed that the appropriation of IFRSs greatly affected the exchanging volume of offers both of the financial exchanges, with the effect being altogether higher in the ADX.

Jeno (2011) analyzed the effect of the appropriation of worldwide bookkeeping principles on the administration execution of organizations recorded on the Budapest Stock Exchange in Hungary utilizing a subjective near methodology which empowered him to look at the consequences of organizations that embraced global budgetary revealing guidelines obligatorily from 2007 and those that adhered to public bookkeeping rules.

The pre-adoption examination period is in year of 2006 and the post-adoption is in year of 2007. A total sample of 65 IFRS adopting and 260 local (Hungarian) accounting rules user firms were examined in the study based on the financial data from published accounting statements in Budapest Exchange Trade (BET) and Hungarian Business Information database. However, mathematic-statistic methods were introduced in the course of the research and, logistic regression models were employed capturing the profitability, liquidity, dividend, leverage, growth and asset ratios as well as the size of the firms. The findings show that the selected proxies in the statement of financial position (especially for solvency and prosperity) deteriorated after the adoption of IFRS and earnings management reduced as well after the period of post-adoption. To this end therefore, the study concluded that as a result of the adoption, the policy and requirements became gradually more transparent and brighter; and the application of the standards as well as the implementation process became more user friendly.

In another study conducted in Nigeria by Blogun, Abiodun and Asamu (2018). The objection of the study was to examine the effect of IFRS adoption on financial performance of Listed Consumer Goods Companies in Nigeria. The research work chose 10 out of the apparent multitude of 28 Listed Consumer Goods Companies in Nigeria. Ex post facto research configuration was embraced and regression analysis through the guide of Eviews 9 was utilized in investigating the impact of IFRS appropriation on execution of the chosen listed companies. The findings revealed that IFRS adoption has significant positive effect on return on total asset, IFRS adoption has negative insignificant effect on interest coverage ratio, significant positive effect on basic earnings power ratio and that IFRS adoption has negative insignificant effect on leverage. Based on the findings, the study concluded that IFRS adoption has joint significant effect on Return on asset, on Basic earnings power and on Interest coverage while the reverse was the case for financial leverage. This study is limited in the context of consumer goods companies only. Future studies can extend the result of this study by investigating other industry in identifying the implication of IFRS adoption in their businesses.

In a study carried out by Alu and Akinwumi (2017) to investigate the Adoption of International Financial Reporting Standards (IFRSs) by Nigerian Quoted Consumer goods Manufacturing Companies with the view of establishing empirically, the appropriateness or otherwise of the adoption in relation to the performance of the companies. An ex-post-facto research design was adopted for the study. Secondary data was obtained from the audited annual financial reports of ten (10) of such manufacturing companies purposively selected from the population of manufacturing companies listed on the Nigerian stock exchange for a period of five (5) years (2010-2014). The data analysis was done using the pooled OLS estimator through the aid of Stata software version 11. The findings show that there is no significant relationship between the adoption of IFRS and performance of manufacturing firms listed on the Nigerian Stock Exchange. However, the findings of this study might have been affected by the choice of accounting policies of the companies under investigation and some environmental factors such as the economic, socio-cultural, political and legal factors. Hence, the assert that, although the adoption of IFRS is not significantly related to the performance of Nigerian Quoted Consumer goods Manufacturing

Companies, extant literature established that adoption of IFRS is worthwhile in view of the fact that it enhances better accountability, comparability, transparency and as well, improves the quality of financial reporting, however, IFRS is not an end in itself but a means to an end.

In another study conducted in Nigeria by Umobong and Ibanichuka (2016), the study examined IFRS adoption and firm's financial performance using Secondary data acquired from Nigeria stock trade for the period 2006 to 2014 and attempts to learn whether IFRS adoption lessens budgetary outcome controls by looking at monetary outcomes pre and post IFRS of food, drink and pharmaceuticals firms. Independent sample t-test and ANOVA were carried out on data to compare pre and post IFRS adoption. Findings indicate no significant difference of mean of Return on assets, Return on Equity and Earnings per share in the two periods implying that IFRS adoption does not impact on reported performance. In view of these discoveries, the investigation presumed that IFRS neglected to forestall enlarged income and suggest controllers update of corporate administration components, train staff on IFRS, and inside review strengthening.

Ibanichuka and Asukwo (2019) in their study which was aimed to statistically examine the effect of International Financial Reporting Standard (IFRS) adoption on the financial performance of petroleum marketing entities in Nigeria. The study made use of comparative analysis that assesses corporate performance pre- and post-IFRS adoption in the petroleum marketing sector of Nigeria. A sample size of ten (10) Listed Petroleum Marketing companies in which their data were available on Nigerian Stock Exchange (NSE) as at December 31, 2015 was used. A time series research design was used for this study. One-way Analysis of Variance (ANOVA) and The One Sample t Test were the statistical tools used to test the hypotheses. The test of hypotheses and other breakdown of data were empirically completed by SPSS statistic 20.0. The findings of the study revealed that Pre-IFRS and Post-IFRS adoption have no significant effect on Return on Asset and on Return on equity; however, both Pre-IFRS and Post-IFRS adoption have a significant impact on Earnings Per share. The study concluded that there is no significant relationship between IFRS adoption and corporate performance of petroleum marketing entities in Nigeria. The study therefore recommended that Institutional factors such as the government, financial reporting council of Nigeria, and Accounting Professional bodies should intensify education and training of accountants on IFRS implementation and interpretations. Also, management of corporate organizations should ensure effective and efficient management of resources at their disposal in order to maximize shareholders' wealth.

In a study conducted in Nigeria by Damilola et al.. (2018). The study examined the comparison between pre- and post-adoption of IFRS based financial statements of listed Small and Medium ESMEs in Nigeria. generated from the yearly report of the sampled listed SMEs on Nigerian stock exchange considering the period 2012-2015. The study used Return on Capital Employed (ROCE), Return on Equity (ROE), Debt to Equity (D/E) and Earnings per Share (EPS) as an intermediary for measuring the profitability, liquidity and market ratios of the sampled SMEs. Data for the study utilized one-sample Kolmogorov Smirnov test, descriptive measurements and Mann Whitney u-test. Findings from the study show that there is no significant difference between profitability and leverage ratios of IFRS and NGAAP.

Ezeani and Oladele (2012) carried out a research on the Adoption of IFRS to Enhance Financial Reporting in Nigerian. The fundamental reason of accepting this uniform standard in preparing and presenting Financial Statement is for Nigerian Economy to fit into International Best Practice of the world in terms of Financial Reporting. They found out that there is a great deal of accounting and financial areas Auditors and Accountants need to focus in dispatching their duties and responsibilities which has implications both positive and negative. One of their recommendations among many others is that syllabus of Nigerian Institution ought to be evaluated to include IFRS, so that Accounting graduates will be up to date with IFRS Standards and guidelines.

In Turkey, Sibel (2013) studied the Impact of IFRS on the Value Relevance of Accounting Information with the aid of Ohlson Model (1995). His result showed that Value Relevance of Accounting Information has improved in the Post-IFRS Adoption periods (2005-2011) bearing in mind the book value whereas improvement has not been ascertained in value relevance of Earnings. Affirmation was also made as regards improvement of Value Relevance of Accounting Information as a consequent to IFRS Adoption in Turkey.

As the years progresses, researchers, scholars and students were still inquisitive about this new concept IFRS. This led to a work by Adejor and Hasanh (2014) on Adoption of IFRS in Nigeria:

Concept and Issues. They found out that there is high rate of compliance to IFRS by most Financial Institution and other Corporate Bodies with minute drawback. It was recommended that provision of appropriate guidelines should be introduced and implemented. This can be achieved through awareness programs and training to improve the degree of compliance. Study conducted by Ikati (2015) on Measuring the Impact of IFRS on Market Performance of Quoted Manufacturing Companies in Nigeria, concludes that the Post-IFRS group (M= 3.7845) EPS is significantly more than the Pre- IFRS group (M= 2.4353) EPS. Donwa et al. (2015) explore the Oil and Gas Sector to examine the Effect of IFRS on Accounting Ratios in Nigeria. In their empirical analysis it was discovered that Liquidity for NGAAP was higher than that of IFRS both in the short- and long-term solvency, there was higher performance and profitability ratios (EPS, ROE) under IFRS, and finally there was no significant difference between the two regimes.

Umobong (2015) studied on IFRS adoption and firm"s performance: a comparative analysis of quoted food and beverage manufacturing firms in Nigeria. Earnings per share, price earnings ratio and dividend yield were chosen as performance model. Data was gathered and isolated into pre and post IFRS-similar examination and t test was carried out to investigate impact of pre and post IFRS selection on market performance of the organizations. Findings indicate that differences on market performance between pre and post IFRS periods are not significant suggesting a weak correlation between adoption of IFRS and market performance of quoted food and beverage manufacturing firms in Nigeria stock exchange.

Yahaya, Joseph & Safiya, (2015) examined international financial reporting standards" adoption and value relevance of accounting information of listed deposit money banks in Nigeria. The paper examines post-IFRS adoption value relevance of accounting information using two models. First, a price model which utilized intermediaries, for example, market price per share, book estimation of value per share, earnings per share and income per share. Second, a return-model which utilized intermediaries like, annual return, earning per share, change in earning per share, were used. The results show that the explanatory power r2 for the price model specification is 84% for the total sample and that all coefficients are statistically significant. a correlation of coefficients shows that the eps of 3.47 has a higher logical force than some other factors. At that point results likewise show that logical intensity of bookkeeping numbers expanded from preadoption (60%) to post-reception (78%). Additionally, illustrative force (r2) for the return model determination is 13.4% for the absolute sample and only coefficient of EPS level is statistically significant. the logical force for the return model expanded from pre-selection (15.6%) to post-appropriation (16.4%). as indicated by both sub-tests simply a coefficient of EPS level is factually significant. so, the result of the return model also indicates adoption of IFRS improved relevance of accounting numbers in the deposit money banking sector.

Umoren & Enang (2015) investigated on IFRS Adoption and Value Relevance of Financial Statements of Nigerian Listed Banks. The study involves twelve (12) listed banks in Nigeria. In particular, fiscal summary figures of 2010 and 2011 (pre-reception period) and 2012 and 2013 (post-appropriation) were used. Descriptive statistics and least square regression were conducted to analyze the effect of IFRS adoption on the accounting quality. The result indicates that the equity value and earnings of banks are relatively value relevant to share prices under IFRS than under the previous Nigerian SAS. Results likewise demonstrated that earnings per share is steadily esteem significant during post-IFRS period while book estimation of value per share is gradually less worth applicable during the post-IFRS period.

Okoye, Jane, & Raymond, (2014) Impact of the IFRS Adoption on Stock Market Movement in Nigerian Corporate Organization. Descriptive method was adopted utilizing the stock price and shares exchanged during two years periods. SPSS Version 7.0 was likewise used to acquire the mean, difference and Standard Deviation. It saw that the appropriation of IFRS in Nigeria It observed that the adoption of IFRS in Nigeria will enhance credible financial statements that will also provide a basis for the strength of a corporate entity in capital market hence is a welcome development in Nigerian economy.

CHAPTER THREE

METHODOLOGY

3.0 Preamble

In this section, the procedures and techniques used in carrying out the research were explained. It covers the research design, sources of data, data collection instrument, validity and reliability of the instrument, procedures for data collection, data analysis technique and model specification. This study is a comparative analysis that assesses the performance of quoted consumer goods manufacturing companies in Nigeria pre- and post-IFRS adoption.

3.1 Research Design

This study adopted the ex-post facto research design and random sampling survey, [i.e. an examination of companies (or subjects) annual financial reports] of the quasi-experimental research design by examining the interrelationship among a number of variables between pre - and post-IFRS adoption in Nigeria. The study utilized secondary data obtained from the audited annual financial statements of ten (10) quoted consumer goods companies, randomly selected from the population of consumer goods companies listed on the Nigerian stock exchange with complete required data. This study also covered seven years in terms of period before adoption (2005-2011) and after adoption (2012-2018) of IFRS in Nigeria, to examine the effect of IFRS adoption on performance of the quoted consumer good companies.

3.2 Population of the Study, Sampling Technique and Sample Size Determination

The population for this study comprises all quoted consumer goods manufacturing companies listed in the Nigeria stock exchange. Ten (10) quoted companies were judgmentally selected from the twenty (20) consumer goods manufacturing companies listed on the Nigeria Stock Exchange (NSE). Meanwhile, only quoted consumer goods companies for which data are available over the entire sample period for all the variables needed to calculate the needed parameters were included in the final samples, as all companies with incomplete data were automatically excluded (and replaced) from the study.

3.3 Sources and Method of Data Collection

This study made use secondary data where all data related to the quoted consumer goods companies' financial performance, market performance and firm value were extracted from corporate financial statements, NSE fact books as well as the relevant companies' websites. The data covered a period of seven years pre IFRS adoption (2005 – 2011) and post IFRS adoption (2012 – 2018). The annual report of the selected quoted companies is always published in the respective company annual magazine, they are also obtainable from their websites, newspapers publications, Nigeria Security Exchange commission (NSE) fact books and other verified sources like stock brokers.

3.4 Model Specifications

Assessments of strategy impacts utilizing difference-in-differences can be produced by just ascertaining the difference in means for a given result among treatment and examination gatherings, when the intercession was started. Nonetheless, regression models make it conceivable to test whether distinction in-contrasts gauges are statistically significant. The regression model that was adopted for this study and was based on the functional relationship between the dependent and the independent variables thus, the regression equation is presented as follows:

$$Y = f(X) \text{ (Use equation format)} \qquad (1)$$

The dependent variable is the performance of quoted consumer goods manufacturing companies (CPF), measured by firm profitability (FPx), market performance (MPx) and firm value (FVx), while the independent variable is IFRS adoption (IFRS_ADP) which takes the value of zero (0) in the period prior to the adoption and one (1) in the periods post adoption.

3.5 Measurement of Variables

Dependent Variable: Corporate performance is the dependent variable. It is a vector variable consisting of three variables namely: firm profitability, market performance and firm value.

Firm Profitability

Firm Profitability is a subjective measure of how well a firm can use assets from its primary mode of business and generate income. The term is also usually used as an overall measure of a company's general budgetary wellbeing throughout a given period time. It essentially reflects consumer goods company's outcomes and results that shows by and large monetary soundness of the sector throughout a specific timeframe. It measures how well a consumer goods company is utilizing its resources to maximize the shareholders wealth and profitability. Although, a complete evaluation of a firm's profitability takes into account many other different kinds of measures but most common performance measurement used in the field of finance and statistical inference is financial ratios. In this study, it refers to return on capital employed (ROCE). It can be represented mathematically as follows:

$$ROCE = \frac{\text{Profit before Interest and Tax X 100\%}}{\text{Net Assets}}$$

Firm Value

Firm value is also known as Enterprise Value (EV), is the measure of a company's total value It looks at the whole market esteem as opposed to just the value esteem, so all ownership interests and asset claims from both obligation and value are incorporated. EV includes in its count the market capitalization of a company yet additionally short-term and long-haul obligation as well as any cash on the company's monetary record. Enterprise value is a popular metric used to value a company for a potential takeover.

Formula and Calculation for EV;
EV=MC + Total Debt−C (Use equation format)

MC=Market capitalization; equal to the current stockprice multiplied by the number of outstandi ng stock shares

Total debt = Sum of short-term and long-term debt

C= Cash and cash equivalents (the liquid assets of a company, but may not include marketable securities)

Market Performance

Market performance measurement is the assessment of "the relationship between marketing activities and business performance". It was represented by P/E ratio which is an indication of market efficiency. Mathematically, it can be expressed as follows:

$$\text{P/E Ratio} = \frac{\text{Market Price per Share}}{\text{Earnings per Share}}$$

3.6 Method of Data Analysis

Data generated for this study was analysed using SPSS version 23. The data generated was presented using descriptive statistics. A descriptive statistic in form of tables were used to present appropriate data computed from the annual financial companies under investigation. The comparison of the two dispensations was carried through paired T-test to examine the impact of IFRS adoption on corporate performance of quoted consumer goods companies in Nigeria, seven years pre and post adoption. The means of the independent variables [financial performance of the quoted companies (FPx), Market performance (MPx), and Firm value (FVx) of the quoted companies] were correlated in the pre and post IFRS adoption eras to established extent of relationship and provide answers for the research questions.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION OF FINDINGS

4.1 Data Presentation, Analysis and Interpretation

This chapter shows findings and empirical results which are presented, analyzed and interpreted of the study and discusses these findings in extension. The study is comprised of all the firms in consumer goods sector in Nigeria, since they are entities and organization operating under Nigeria Stock Exchange, and ten (10) consumer firms have been selected out as a case study out of the listed companies for the period of fourteen (14) years from 2005 to 2018. Section 4.1 offers the descriptive statistics, Section 4.2 tests the hypothesis while section 4.3 is the chapter summary.

4.1.1 Descriptive Statistics

Descriptive analysis unveils the mean or average, and the standard deviation of the distinguish variables of interest in the study. It also employs the minimum and maximum values of the variables which assist in getting a clear picture about the maximum and minimum values a variable can obtain and achieve.

RESEARCH QUESTION ONE

To what significant extent does firm profitability differ before and after IFRS adoption among quoted consumer goods companies in Nigeria?

Table 4.1: Description of firm profitability before and after IFRS adoption among quoted consumer goods companies in Nigeria

Adoption	Minimum	Maximum	Mean	Standard Error	Standard Deviation
Before	-12055.45	1730.29	-93.87	175.18	1465.64
After	-30.93	118.98	27.33	3.37	28.23

Table 4.1 above indicates that mean firm profitability of consumer goods companies in Nigeria was lower before IFRS adoption (-93.87) and higher during the periods of IFRS adoption (27.33). Although highest firm profitability (1730.29) was recorded before IFRS adoption, this period also recorded the lowest firm profitability (-12055.45) of companies.

RESEARCH QUESTION TWO

To what significant level does market performance differ before and after IFRS adoption among quoted consumer goods companies in Nigeria?

Table 4.2: Description of market performance of quoted consumer goods companies in Nigeria before and after IFRS adoption

Adoption	Minimum	Maximum	Mean	Standard Error	Standard Deviation
Before	-29.07	114.51	10.30	2.27	19.01
After	-60.00	135.16	13.19	2.94	24.58

Table 4.2 above indicates that mean firm profitability of consumer goods companies in Nigeria was lower before IFRS adoption (10.30) and higher during the periods of IFRS adoption (13.19). Highest market performance (135.16) and lowest market performance (-60.00) were both recorded during periods after the adoption of IFRS.

RESEARCH QUESTION THREE

To what significant degree does firm value differ before and after IFRS adoption among quoted consumer goods companies in Nigeria?

Table 4.3: Description of firm value of quoted consumer goods companies before and after IFRS adoption

	N'm				
Adoption	**Minimum**	**Maximum**	**Mean**	**Standard Error**	**Standard Deviation**
Before	-5.18E4	1.14E8	1.86E7	2.71E6	2.27E7
After	-7.88E6	3.84E8	6.08E7	9.96E6	8.34E7

Table 4.3 above indicates that mean firm value of consumer goods companies in Nigeria was lower before IFRS adoption (1.86E7) and higher during the periods of IFRS adoption (6.08E7).

Highest market performance (3.84E8) and lowest market performance (-7.88E6) were both recorded during periods after the adoption of IFRS.

4.2 Test of Hypothesis

In this research study, the following null hypotheses will be tested for validation or rejection.

H_{01}: There is no significant difference between firm profitability before and after IFRS adoption among quoted consumer goods companies in Nigeria.

Table 4.4: Mean comparison of firm profitability before and after IFRS adoption among quoted consumer goods companies in Nigeria

Mean±Standard Deviation		T-Value	Df	Sig.	Remark
Before	**After**				
-93.87±1465.64	27.33±28.23	-0.693	69	0.491	NS

Overall, there was no significant difference in firm profitability before adoption (-93.87±1465.64) and after adoption (27.33±28.23).

H_{02}: Market performance does not differ significantly before and after IFRS adoption among quoted consumer goods companies in Nigeria.

Table 4.5: Mean comparison of market performance among quoted consumer goods companies in Nigeria before and after IFRS adoption

Mean±Standard Deviation		T-value	Df	Sig.	Remark
Before	**After**				
10.30±19.01	**13.19±24.58**	**-0.970**	**69**	**0.335**	**NS**

The result in table 4.5 shows that there is no significant difference in the mean market performance of quoted consumer goods companies in periods before and after IFRS adoption.

H_{03}: There is no significant difference between firm value before and after IFRS adoption among quoted consumer goods companies in Nigeria.

Table 4.6: Mean comparison of firm value among quoted consumer goods companies before and after IFRS adoption

Mean±Standard Deviation (N'm)		T-Value	Df	Sig.	Remark
Before	**After**				
1.86E7±2.27E7	6.08E7±8.34E7	-4.489	69	0.000	S

Table 4.6 shows a is significant difference in firm value before adoption (1.86E7±2.27E7) and after adoption (6.08E7±8.34E7), (t-value = -4.489, sig. = 0.000).

4.3 Discussion of Findings

The aim of data analysis and presentation is to determine the impact of International Financial Reporting Standards (IFRS) adoption on performance of quoted consumer goods companies in Nigeria. The study used firm's profitability, market performance and firm value to measure performance of the listed companies in the period fore and after IFRS adoption by the consumer goods companies in Nigeria. From the results generated, analysed and presented, it can be inferred that the impact of IFRS adoption on the profitability of the listed consumer goods companies in Nigeria is insignificant. Also, the test of hypothesis to determine the differences in overall profitability in the period pre-IFRS and post-IFRS adoption revealed no significant difference in the overall firm profitability.

The study showed that mean firm profitability of consumer goods companies in Nigeria was lower before IFRS adoption (-93.87) and higher during the periods of IFRS adoption (27.33). Although highest firm profitability (1730.29) was recorded before IFRS adoption, this period also recorded the lowest firm profitability (-12055.45) of companies. This implies that the margin of the profitability was lower in the period pre-IFRS adoption, the adoption of IFRS has brought about a negligible increase in the profitability of the consumer goods companies. Therefore, it can be said that the financial reports give relatively the same information in both eras: IFRS and GAAP. Hence, the adoption of IFRS did not disrupt financial position of the consumer goods companies studied in a significant way. These findings are in line with the study conducted by Sharma and Gupta (2019), Ugbede et al., 2014, and Eneje et al., 2016 who all found no significant impact of IFRS adoption on profitability of the concern but at variant to the findings of Balogun, Abiodun and Asamu (2018) and Ikati (2015) who reported significant higher performance and profitability ratio (EPS and ROE) under IFRS.

Furthermore, the study also found an overall increase in average market performance ratio from the period before adoption (10.30) to periods after adoption (13.19) of IFRS. This shows that adoption of standards IFRS reporting may have contributed positively to the market performance of the listed consumer goods companies in Nigeria. Correlation of market performance in the period before IFRS adoption and post-IFRS adoption showed a significant ($p=0.437$) trend towards the positive direction, that is, firm market performance increases as there is an increase from before adoption to after adoption of IFRS. On the contrary, the test of hypothesis showed no significant difference in market performance of quoted consumer goods companies in periods before and after IFRS adoption. This indicates that the overall increase in average market performance noted might have been as a result of other extraneous variable(s). This is in line with the findings of Damilola et. al. who found no significant difference in leverage ratio of

IFRS and NGAAP, but runs contrary to the findings of Ikati (2015) who reported higher performance during IFRS regime compared to pre-IFRS adoption.

Finally, the study revealed an overall increase in average firm value from the period before adoption (1.86E7) to periods after adoption (6.08E7) of IFRS. Seventy percent of the companies had their firm value leap during the period after adoption of IFRS compared to the period before the adoption of IFRS. Highest market performance (3.84E8) and lowest market performance (-7.88E6) were both recorded during periods after the adoption of IFRS. Overall, there is significant positive difference between IFRS adoption and firm value before adoption) and after adoption, that is firm value after adoption was significantly higher than firm value before adoption. This difference tends towards the positive trend, that is, firm value increases with an increase from before adoption to after adoption of IFRS. These findings run at variant with the findings of Alu and Akinwumi (2017) & Ibanichukwu and Asukwo (2019) who both reported no significant relationship between adoption of IFRS and firm value of consumer goods companies listed on the Nigeria Stock Exchange (NSE).

Based on the above, this study is, therefore, anchored on stakeholders' theory; since the adoption of IFRSs is meant to protect the interest of different stakeholders to a business in term of quality reporting and financial disclosure which IFRS offers. Such stakeholders include shareholders, management, investors, government, lenders and tax authorities. Though, this theory can be said to be deficient in the sense that it makes the resources of the enterprise to be shared with different groups in the milieu in which a business operates, this will lead to decrease in the wealth of the shareholders who contribute the capital and bear business risks. Notwithstanding, this theory is still considered relevant to the study because there is more than one stakeholder to businesses that affects and is affected by the company. Thus, there consideration in financial reporting will help in making the company to prosper and attract more supports from them.

The focus of his verbalized in two center inquiries of;

What is the purpose of a firm? And

What responsibility do managers of firms have to stakeholders?

The first question drives firms forward and permits them to create outstanding performances (Freeman, Wicks & Parmer, 2004). The subsequent inquiry push the administrators to express how they need to work together and explicitly the sort of connections they need to make with their partners. This theory also expects managers to develop and run their firms in a way that is consistent with the demands of the theory that is, stakeholders' value maximization rather than shareholder's value maximisation.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of the Study

The general objective of this study is to examine the impacts of the adoption of IFRS on performance of quoted consumer goods companies in Nigeria. The performance of the listed companies was measured using Firm Profitability, Market Performance, and Firm Value. Ex-post facto research design was employed using time series data obtained from various Annual Reports on the Nigeria Stock Exchange (NSE) and audited annual financial report obtained from the individual company's website. Out of the total Twenty (20) companies listed on the NSE, ten (10) consumer goods companies were judgmentally selected for this study. The study made use secondary data, where all data related to the quoted consumer goods companies' profitability, market performance and firm value were extracted from corporate financial statements, NSE fact books as well as the relevant companies' websites. The data covered a period of seven years pre-IFRS adoption (2005 – 2011) and post-IFRS adoption (2012 – 2018). The data generated were paired with paired T-Test to ascertain the differences in Means in the period before and after the adoption of IFRS.

The test of hypothesis to determine the differences in overall profitability in the period pre-IFRS and post-IFRS adoption revealed no significant difference in the overall firm profitability. Conversely, the study found an overall increase in average market performance ratio from the period before adoption (10.30) to periods after adoption (13.19) of IFRS. The test of hypothesis showed no significant difference in market performance of quoted consumer goods companies in periods before and after IFRS adoption.

The study also examined the impacts of IFRS adoption on firm value and discovered an overall increase in average firm value from the period before adoption (1.86E7) to periods after adoption (6.08E7) of IFRS. Seven out of the ten companies that were studied had their firm value leaped during the period after adoption of IFRS compared to the period before the adoption of IFRS. In the same vein, firm value was significant before adoption (1.86E7±2.27E7) and after adoption (6.08E7±8.34E7), that is firm value after adoption was significantly higher than firm value before adoption.

5.2 Conclusion

In view of the discoveries of this study, impacts of the adoption of IFRS on performance of quoted consumer goods companies in Nigeria can be categorically stated as positive. This, notwithstanding the fact that the firm value and market performance rose significantly during the period after the adoption of IFRS, the reverse is the case for the profitability of the listed consumer goods companies which was found to be insignificant. Findings of this study support the opinion that differences in performance in the period before the adoption of IFRS and after the adoption of IFRS is significant (though it has weak effect on the profitability), thus, supporting proponents of adoption of IFRS in Nigeria. This study view IFRS as not an end in itself but a means to an end - it enshrines superior accountability, comparability, pellucidity and, advances the quality of financial reporting. Despite the fact that there are continuous debates concerning the relevancy of IFRSs to developing countries, as many still see its adoption as a product of what can be termed as “network effects”, this study view it as a high-quality accounting standard when compared to NGAAP.

5.3 Recommendations

The contribution of this study to the body of knowledge is that perhaps, it is a practical study that explores the International Financial Reporting Standards (IFRS) adoption and performance of Nigerian Quoted consumer goods manufacturing companies listed in the Nigeria Stock Exchange with the view of determining the appropriateness or otherwise of the adoption. This study hereby makes the following recommendations;

1. Increase in the level of awareness and campaign among managers, investors and other stakeholders, specifically the non-adopters, on the imminent benefits of adopting IFRS. This will help to enhance compliance with IFRS protocols and bring about uniformity in accounting practices, preparation and reporting of annual financial reports can be achieved.

(ii) Those companies that have adopted IFRS should be consistent in adherence to IFRS standards and requirements so as to preserve and sustain the gain which the adoption of IFRS has brought, more importantly to the consumer goods sector’s performance.

(iii) Finally, the Federal Education Ministry Nigeria should strive to include IFRS standards into the curriculum of the Nigerian educational institutions, right from secondary to tertiary levels. This effort will inculcate early in students, basics of IFRS and its advantages.

5.4 Areas for further study

Future studies can examine other consumer goods firms, firms in other sectors, and future time periods. Since IFRS continue to develop, future research will be needed to compare it with HGAAP. and to evaluate ongoing modification efforts.

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