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EFFECT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS' (IFRSs) ADOPTION ON ECONOMIC PERFORMANCE OF NIGERIAN QUOTED AGRICULTURE AND TELECOMMUNICATION COMPANIES

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ABSTRACT

This study investigated the effect of IFRS adoption on Economic performance of Nigerian quoted Agriculture and Telecommunication companies over the period 2005-2018 representing seven years pre-IFRS and seven years post-IFRS implementation in Nigeria. Three hypotheses were formulated to assist in providing answers to the questions raised in the study. Ex-post facto research design was employed while purposive sampling was used to select 9 companies used for the study. Data were sourced from the annual reports of the companies and tested using simple linear regression at 5% level of significance. The hypotheses were tested using paired sample t-test,at 5% level of significance. Findings show of no significant difference in the reported Earnings before Interest and Taxes (EBIT), Economic Value Added (EVA), and the level of Economic Profit, in pre and post-IFRS transition periods. This implies that IFRS adoption has little or no effect on the economic performance of firms in Nigeria. Our study recommends among others, that IFRS adoption by countries and implementation by companies, should not be based on the expectations of transforming the economic value of entities but on its informational value and other benefits.

KEYWORDS: ***IFRS adoption, Economic Value Added, Economic profit, EBIT.***

CHAPTER ONE

1.1 Background of the Study

The globalization of economic activities necessitated the integration of national economies and demand for high quality, internationally comparable financial information, which will encourage cross border investment and listing in the new globalized and integrated world. Moreover, the past and recent financial scandals that rocked the corporate world, also draws significant attention to the need for sound accounting and financial reporting framework globally and specifically in Nigeria. An International Monetary Fund (IMF) working paper in 2008 put the number of economic crises that have occurred in the developing world between 1970 and 2007 at 124 (Hakeem, 2013), the economic crises of 2008 etc., and presently, the crash in oil prices and exchange rates which threatens Nigeria's stand as the biggest economy in Africa and the 26th in the world. In a bid to strengthen accounting practice globally, in 1973, the International Accounting Standard Committee (IASC) was formulated. Between 1973 and 2001, the IASC issued 41 standards known as the International Accounting Standards (IASs), the committee was later repealed in 2001, and a newly constituted International Accounting Standard Board (IASB) based in London was created. The Board was charged with the same responsibility as the defunct IASC. Among the objectives of the Board is to

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formulate, issue and promote the adoption of International Financial Reporting standards (IFRS). IFRSs are principle based set of standards that establishes broad rules as well as dictating treatments (NASB, 2009).

In the past few years, many developed and developing countries have adopted IFRSs as their basis for the preparation of financial reports. Presently, over 130 countries are reported to have adopted or converged with IFRS. Countries such as Armenia, Austria, Belarus, Belgium, Bulgaria, Canada, Denmark, Italy, Poland, Romania, South Korea, United Kingdom (UK), Nigeria, etc. The European Union (EU) took the lead when she mandated all listed companies in the EU to prepare consolidated financial statements from 2005.

The adoption of IFRSs is associated with a lot of challenges for developing countries, such as Nigeria who mandated the adoption for listed firms in 3 phases, starting from January 2012 to 2014, without modifying any institutional or regulatory framework to suit the new standards. Basically, a country's accounting and disclosure system is part of its financial system and generally its institutional infrastructure. This is geared towards the informational and contracting needs of the key parties in the economy and its role in the capital market. According to Albrecht (2010) all accounting standards have economic consequences. Furthermore, reasons are adduced to justify that if an accounting standard has no economic consequences, then the standard is not needed. A close examination of the conceptual framework for financial reporting reveals a little characterization of the economic consequences. Therefore this study is set out to address the economic effects of the mandatory adoption on financial statements, through a comparison of economic performances before and after the introduction of IFRS in the Nigerian accounting system.

1.2 Statement of Problem

The bearing of IFRS on economic growth in developing countries which adopted them is conflicting, studies usually document mixed effects bearing in mind the differing status between local standards and IFRS. Woolley (1998) investigated the bearing of IAS on the economic growth of selected Asian countries and came to the conclusion that the average economic growth rate of developing countries when grouped by their approach to adoption or non-adoption of IAS was not significantly different, which underscores the point that adopters were not better of when compared to non-adopters.

Nigeria mandated the full adoption of IFRS, which commenced from 2012 financial year, without modifications to suit the local business, political and economic environments which could thus, have a negative effect on the economic performance of firms in Nigeria. Though IFRS has the potentials to facilitate cross- border comparability, increase reporting transparency, decrease information costs, reduce information asymmetry and thereby increase liquidity, competition and efficiency of markets (Ball, 2006; Choi & Meek, 2005). Studies have shown that the level of enforcement in adopting countries have a significant impact on the economic consequences of IFRS (Ashrat &Ghani, 2005; Mir &Rahaman, 2005; Ball, 2006; Daske, Hail, Leuz &Verdi, 2008; Armstrong, Barth & Jagolinzer, 2008). Armstrong, Barth, Jagolinzer and Riedl (2007) and Soderstrom and Sun (2007) have found that cultural, political and business differences may also continue to impose significant obstacles in the progress towards a single global financial communication system because a single set of accounting standards cannot reflect the differences in national business practices arising from differences in institutions and cultures.

According to Belkaoui (1994), historically, the rate of growth and development of a nation's economy in both public and private sectors have been tied to a certain extent to the adequacy of the accounting system and the accounting development process in that country. Also, Hooper and Morris (2004) argue that the effectiveness of a company's financial reporting depends on two conditions. First, accounting standards must be well structured, theoretically sound and allow minimum flexibility. And second, there must be in place a set of corporate governance factors to ensure that the accounting standards will be enforced. However, practically in Nigeria there seems to be poor corporate governance framework as highlighted with the reported cases of the failed banks in recent times (Herbert &Tsegba, 2013).

This is indicative of the fact that most companies that appear profitable are not (Daske et al, 2008). Until a business returns a profit that is greater than its cost of capital, it operates at a loss. Never mind that it pays taxes as if it had a genuine profit. The enterprise still returns less to the economy than it devours in resources…until then, it does not create wealth; it destroys it (Drucker, 1995). A company may report accounting profit but loss when economic value is measured (Harper, 2015).

Company may intentionally pay tax to prove that they have made profit for their shareholders and thus a falsification is done with owners, which is not a rare corporate practice. When businesses are doing well in terms of financial performance, it implies greater opportunities for the economy. This is because the profits from business operations generate tax income

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which is used for infrastructural and other major development in the economy, including the implementation of economic policies. IFRS is a more principle based and does not provide the same degree of detailed guidance for the preparation of statements unlike the Nigerian Statement of Accounting Standards. Nigeria is a developing country. Developing countries are likely to suffer from corrupt, slow-moving, or ineffectual governments (La Porta, Silanes, Sheifer, & Vishny, 1999). In these countries, the IFRS switching costs are lower than producing and modifying local standards, thus, the chance to adopt an externally developed body of accounting standards which is perceived to be suitable in the short run but with long run effect of retarding organisations' performance with the consequent economic effects (Owolabi &Iyoha, 2012). There are constant changes to IFRS resulting in different versions, as well as different policies on the recognition of a particular financial activity, which somewhat poses some constraint on the intended comparability and might impair true economic value. Thus, there is a need to measure firms' economic performance in pre and post adoption periods using firm-level economic variables as underlying basis to ascertain the effect of the adoption.

1.3 Objectives of the Study

The main aim of this study is to ascertain the effect of IFRS adoption on economic performance of firms' in Nigeria. This shall be achieved by addressing the specific objectives below:

1. To determine the extent of difference in the level of Earnings Before Interest and Taxes (EBIT) in pre and post-IFRS transition periods.
2. To ascertain the degree of difference in the level of Economic Value Added (EVA) in the pre and post-IFRS transition periods.
3. To assess the difference in the level of Economic Profit (EP) in the pre and post-IFRS transition periods.

1.4 Research Questions

In order to achieve the above stated objectives, the under listed research questions need to be addressed.

1. What is the extent of difference in the level of Earnings Before Interest and Taxes (EBIT) in pre and post-IFRS transition periods?
2. What is the degree of difference in the level of Economic Value Added (EVA) in the pre and post-IFRS transition periods?
3. What is the difference in the level of Economic Profit in the pre and post-IFRS transition periods?

1.5 Research Hypotheses

The following null hypotheses were formulated to guide this study in providing answers to the questions and thus achieve the objectives;

Hypothesis One

H_0: There is no statistically significant difference in the level of Earnings before Interest and Taxes (EBIT) in pre and post-IFRS transition periods

Hypothesis Two

H_0: There is no statistically significant difference in the level of Economic Value Added (EVA) in the pre and post-IFRS transition periods

Hypothesis Three

H_0: There is no statistically significant difference in the level of Economic Profit in the pre and post-IFRS transition periods

1.6 Scope of the Study

The study is centred on two major Nigerian economic sectors as indicated in their Gross Domestic Product (GDP) contribution just prior to IFRS adoption (2010/2011), the summation of which is more than half of the total Nigerian GDP for the year. According to National Bureau of Statistic (2012), these are; the Agricultural and Telecommunications (Information Communication Technology) sectors.

Therefore, this study is narrowed to companies under these sectors, which are listed on the Nigerian Stock Exchange. This is to ensure that companies under study are IFRS compliant.

The study covers fourteen years, and grouped into two periods as below:

1. Pre-IFRS transition period; 2005, 2006 2007, 2008, 2009, 2010 and 2011.
   This is the seven years before IFRS adoption and represents the period in which financial statements were based on Nigerian Generally Accepted Accounting Principles (NGAAP)
2. Post-IFRS transition period; 2012, 2013, 2014, 2015, 2016, 2017 and 2018. This is the first seven years of IFRS adoption and represents the period in which financial statements are based on International Financial Reporting Standards (IFRS).

The division is necessary to establish equilibrium and avoid bias in results. six years was chosen for the pre-IFRS period, and six years also for post IFRS transition period was considered. Thus, a time frame of fourteen years was chosen for the study because most companies were yet to publish their financial statements for 2019 as at the time of this study.

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Furthermore, this research is focused on economic performance at firm level which could be termed micro economic and only three performance measures were studied. Thus, Macro economic performance measures like the GDP, Foreign Direct Investment etc., are outside the scope of this study.

1.7 Limitations of the Study

Most of the companies under study have not published financial statements for the year end 2019. This study is thus restricted to 2018. The study population is inherently limited to firms in Agricultural and ICT sectors; hence, the study may be influenced by a small number sample size condition as according to Wilson and Tsegba (2013), there may be limitations on account thereof, whereby a study is constrained by a small-number sample size condition.

1.8 Significance of the Study

The outcome of this research shall be relevant to;

1. **Developing countries** who are yet to adopt IFRS in making decisions whether to adopt or not to adopt and in knowing the potential consequences of adoption on their earnings before interest and taxes which directly affect tax revenues ,economic value added by entities and the economic profit of entities. These countries include
2. **Academics** who would want to research further on this topic or conduct researches on related topics will also benefit from the outcome of this study. The outcome of this research could be a trigger point for new research areas; it can form part of empirical review in further research and can also be a source of reference in academic researches.
3. **Standard setting Bodies** who are responsible for the development and modification of accounting standards are not left out as it is obvious this work would be significant to them. This includes the Financial Reporting Council (FRC) of Nigeria, the International Accounting Standards Board, and other foreign Accounting Standard Setters, as it would give them hint on the economic effect of imposed standards on companies' performance and economic value. Thus, gives a clue to the suitability or otherwise of IFRS in Nigeria.
4. Most importantly, this research will be of immense significance to the **Nigerian government** which is directly affected economically by the outcome of this study either negatively or positively. Thus, help her in making further decisions on Accounting Standards with regard to their economic implications.
5. This study lays emphases on EVA, EP (relatively new concepts in accounting) and their measurement procedures**. Companies** can benefit from this study as they will learn to shift focus from profit to creation of economic value and its measurement.

CHAPTER TWO
REVIEW OF RELATED LITERATURE

2.1. Conceptual Framework and Review

The framework below was developed to guide in proper conceptualization, review and investigation of the effect of IFRS adoption on Economic Performance.

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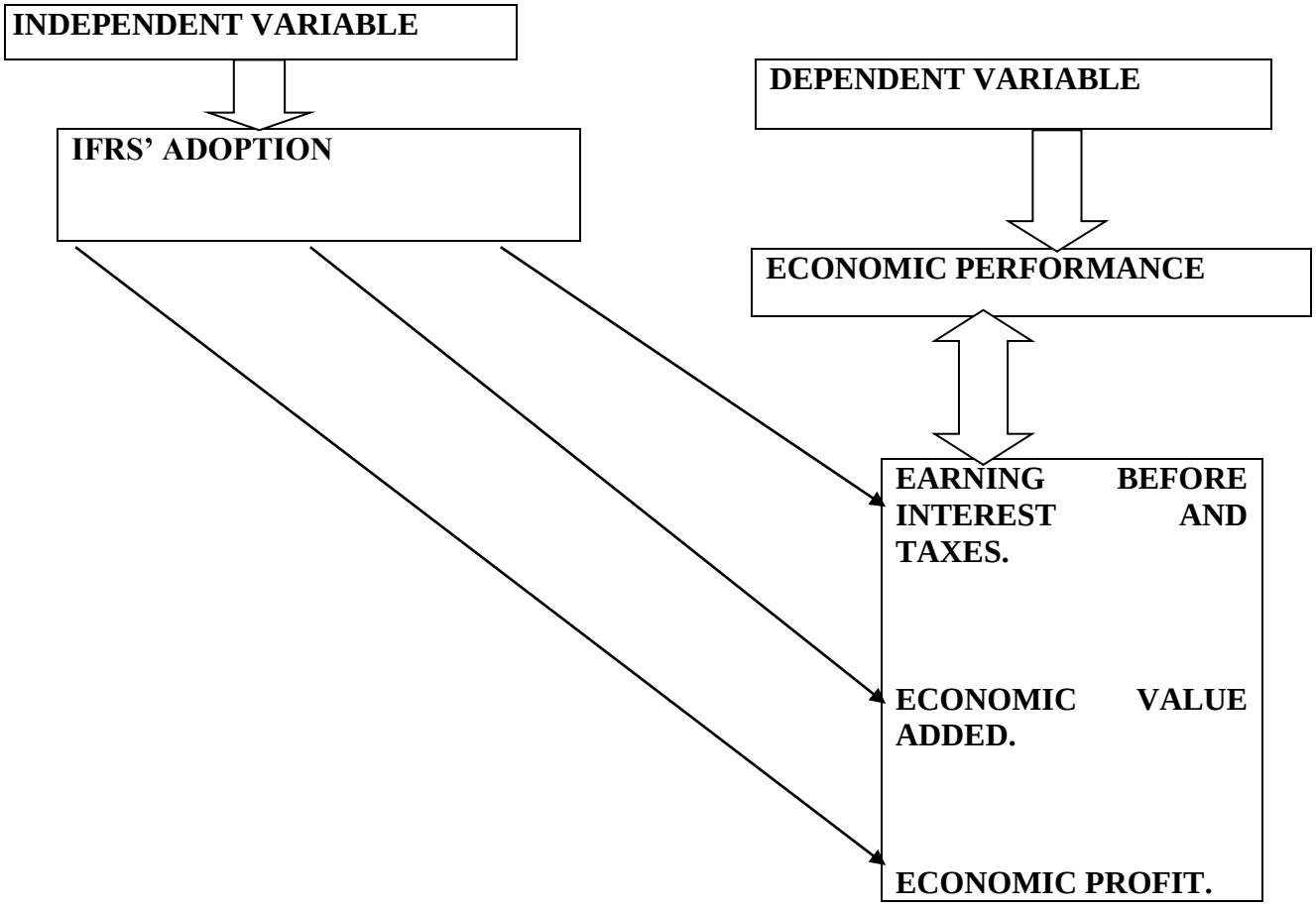
Figure 1: Conceptualization



Source: Researcher's conceptual framework 2019

2.1.1. The Concept of IFRS Reporting

IFRS has been known for years as IAS which was issued since 1973 and lasted until 2000 by the IASC. On April 1, 2001, IASB replaced the IASC and took over their responsibility of developing a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles (www.ifrs.org, 2015). The IFRS became the outcome. IFRS as used in this study consists of;

1. IAS issue before 2001
2. IFRS issued after 2001
3. Interpretations originated from the International Financial Reporting Interpretations Committee (IFRIC) issued after 2001
4. Standing Interpretations from the Standing Interpretations Committee (SIC) issued before 2001
5. The Framework for the preparation and presentation of Financial Statements which explains the principles underlying IFRS.

IFRS are more comprehensive than their predecessors (IAS) and are considered an improved set of standards (Hicks, 2010; Deloitte, 2010). International agencies such as the World Bank, International Organization of Securities Commission (IOSC) and the International Federation of Accountants (IFAC) promote the adoption of IFRS to create a solid international financial infrastructure, which in turn should stimulate the economics of the countries that adopt it. The result being that as at 2015 over 150 countries have adopted IFRS fully or partially by way of convergence with their local standards or on the move towards adoption (www.ifrs.org) . The rate of adoption was noticed to have increased after some international agencies like EU mandated their member

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countries to adopt, irrespective of the country's economic status. Currently there are 41 IAS and 9 IFRS number of standards currently in issue. The growth in international trading activities and the need to achieve cross border comparability of financial statements, and a nation's desire to achieve uniformity with other nations, also contribute immensely to the high rate of adoption of IFRS among Nations.

2.1.2. Approaches to IFRS Adoption

The approaches which a country or a jurisdiction can utilise for the purpose of IFRS reporting are stated in Teferi and Pasricha (2016), are;

Big Bang Approach

This approach is popularly referred to as adoption. This is whereby a country changes its existing accounting system to globally recognize accounting standards called International Financial Reporting Standards (IFRS) by totally replacing all its accounting standards entirely with IFRS. Big bang approach is a strategic decision by a country to adopt IFRS on a single date or, perhaps, a series of dates applied to companies of different sizes, an example here is Nigeria (Jubril, 2012). Under this approach, once IFRS is adopted, all IFRS standards should be complied while preparing financial statements and the existing accounting standard should be replaced with IFRS. Financial analysts and accountants have argued that the impact of simultaneous adoption will be an overwhelming task for preparers and will result in confusion among investors. As stated in Joel (2016), many experts say that the Big Bang approach is probably a more efficient and less painful approach tantamount to ripping off a band-aid quickly. In doing so, businesses will limit their attention to ensuring that the standards continue to be implemented correctly, rather than periodically updating the entire system and knowledge base.

According to IFRS Foundation(2013) in its Adoption guide, adopting IFRS is like starting a family as it requires careful planning, commitment and complete understanding of its implications.

Staggered Approach

This approach is commonly referred to as convergence as it involves customising a country's local accounting standards with IFRS over time. Convergence approach, gradual movement is made towards IFRS through customizing with the existing accounting standards and IFRS are applied gradually. Accor to IFRS Foundation Guide (2013), Converging a few local standards to IFRSs each year can allow local preparers and auditors to learn a few topics at a time rather than immersing themselves in the full set of IFRSs and convergence approach can also allow time for necessary changes in local legal frameworks. According to research performed by the Corporate Executive Board (Jefferson 2008), European companies that adopted IFRS in 2005 with revenues of over $5 billion spent on average $3.3 million dollars to implement IFRS. Whereas with the Big Bang approach, costs would incur over a short period of time, the costs would be spread out over a longer period of time under the staggered approach, thus somewhat easing cash flow considerations. This is particularly relevant for smaller businesses that do not have the financial capacity necessary to meet the high upfront capital requirements.

Although implementing the converged standards will cause considerable financial burden, personnel and resources will be also be taxed, limiting their utility for a variety of other tasks including increasing sales, improving efficiencies, and activities related to daily core operations. The big bang approach would require a company to direct their attention almost entirely to the transition process until complete. The staggered approach would require less diversion, but for a prolonged period of time (Joel, 2016).

2.1.3. Reasons for IFRS and Benefits of IFRS Adoption

Ikpefan and Akande (2012) asserted that companies have a lot of benefits to derive from conversion to IFRS. They opined that;

Compliance with foreign reporting requirements will help streamline a company's financial reporting. This will help minimize reporting costs as a result of common reporting systems and consistency in statutory reporting. It enables comparison/benchmarking with foreign competitors possible. Besides, adoption of IFRS offers companies' an edge over competitors in the eyes of users. Thirdly, since the adoption of IFRS transcends national boundaries/cross border, acquisitions and joint venture is made possible and there will also be easy access to foreign capital.

Fourthly, companies can trade their shares and securities on stock exchanges world-wide. For instance, present and emerging stock exchanges would require financial statements prepared under IFRS. Globally, investors would be able to make rationale and informed decisions.

Akande (2012) further asserted that convergence of financial statements provides a platform for management to view all companies in a group on a common platform. Thus time and efforts reduced to adjust the accounts in order to comply with the requirements of the national GAAP. Business acquisitions are reflected at fair value than at the carrying values. There will be more objectivity and

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transparency in financial statements. A single set of accounting standards worldwide would ensure that auditing firms standardize their training and quality of work that they maintain globally. They summarised by stating that implementation of IFRS would give rise to the following benefits:

i. Uniform application of principles – same language ii. Cross border investments leading to economic growth and development. It will also lead to increase globalization of commerce and trade. iii. Easy comparability of financial statements of two or more companies' worldwide.

iv. Tax authorities will find it easy to assess tax payers for payment and collection. v. Administrative cost of accessing the capital markets would be reduced for companies globally. In addition time and money will be saved by international accounting firms in planning of accounting and audits.

vi. Multinational companies will find it easy to carry out mergers and acquisition, easy access to multinational capital, the cumbersome task of consolidation of group financial statements would be simplified and accounting and audit functions will also be made easy

2.1.4. Concept of Financial Reporting in Nigeria

Before 2012, financial reporting of both private and public entities was regulated by the Nigerian National Accounting Standard Board who issued Accounting standards (Statements of Accounting Standards (SAS)) from time to time. The SAS formed part of the Nigerian Generally Accepted Accounting Principle (NGAAP). The NASB was the only recognized independent body in Nigeria responsible for the development and issuance of accounting standards. The NASB is the brain child of the Institute of Chartered Accountants of Nigeria (ICAN). It started on 9th September 1982 and was made a government parastatal in May 1992 as component of the then Federal Ministry of Trade and Tourism. The House of Representative passed the Bill that gave NASB a national outlook on the 20th of May 2003 while the Senate passes her own Bill on 28th May 2003 and was passed into law by the then President Olusegun Obasanjo on 10th july 2003. The NASB issued over 30 accounting standards. Just like every other accounting standard setting Bodies,the NASB had its critisms,some of which were valid and constructive (nigerianaccounting,2015).

In 2011, the Federal Executive Council of Nigeria enacted the Financial Reporting Council Act, which in effect nullified the NASB Act and brought the Financial Reporting Council (FRC) of Nigeria into existence which took over from the NASB and take responsibility for production of accounting standards for use in financial reporting in Nigeria.

In a bid to ensure better financial reporting in a globalized existence and to fulfill membership obligation of foreign institutions, Nigeria adopted the IFRS emanating from an International standards setting Body, while the FRC is left with the responsibility of mandating compliance, given the fact that weaknesses on national accounting and financial reporting system could undermine financial stability and intermediation, and adversely impact on the investment climate. The transition period spanned from 2012 for public companies to 2014 for others establishments in Nigeria including small/medium enterprises. the full adoption of IFRS was in anticipation of the under listed benefits by Jubril (2010):

(a) Promotion of the compilation of meaningful data on the performance of various reporting entities at both public and private levels in Nigeria thereby encouraging comparability and reliability of financial reporting in Nigeria.
(b) Assurance of useful and meaningful decisions on investment portfolio in Nigeria.
(c) Attraction of Foreign Direct Investment (FDI);
(d) Assurance of easier access to external capital for local and domestic companies.
(e) Reduction of the cost of doing business across borders by eliminating the need for supplementary information from Nigerian companies.
(f) Facilitation of easy consolidation of financial information of the same company with offices in different countries.
(g) Easier regulation of financial information of entities in Nigeria.
(h) Enhanced knowledge of global financial reporting standards by tertiary institutions in Nigeria.

Currently, this phased transition process has been completed and IFRS reporting fully effective for all entity. Although, there is still poor system of monitoring to ensure compliance for entities that are not publicly listed.

2.1.5. The concept of Economic Profit and Economic Value Added (EVA) as measures of Economic performance of firms.

Economic Value Added (EVA) is the financial performance measure that comes closer than any other to capturing the true economic output of an enterprise. EVA is the amount of economic value added for the owners by management. EVA is exceptional from other traditional tools in the sense that all other tools mostly depend on information generated by accounting. And we know accounting; more often produces historical

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data or distorted data that may have no relation with the real status of the company (WiseGeek, 2016). But, EVA goes for adjustments to accounting data to make it economically viable.

Under conventional accounting, most companies appear profitable but many in fact are not. As Drucker (1995) put the matter in a Harvard Business Review article, "Until a business returns a profit that is greater than its cost of capital, it operates at a loss. Never mind that it pays taxes as if it had a genuine profit. The enterprise still returns less to the economy than it devours in resources…until then it does not create wealth; it destroys it." Company may intentionally pay tax to prove that they have made profit for their shareholders and thus a falsification is done with owners, which is not a rare corporate practice. EVA corrects this error by explicitly recognizing that when managers employ capital they must pay for it, as if it were a wage. It also adjusts all distortions that are very much prevalent in the information generated by conventional accounting, (Nikhil, 2009).

EVA = Net Operating Profit After Tax – Weighted Average Cost of Capital x Capital Employed

Economic profit (EP) adjusts accounting profit after taxes to arrive at the actual value created by an entity in an accounting period. This is achievable by adding back tax relief on interest (finance charge), interest charge, on cash items charged on profit (e.g R&D expenditure capitalised) and accounting depreciation while economic depreciation is deducted.

EP = = Profit After Tax + (Finance charge less Tax Relief)

Therefore, the use of Economic Profit and EVA in this study is to ensure that values of economic substance were actually created in the years under study and taxes paid by companies were really out of real profit by way of additional economic value created for the years.

2.1.6. Economic implications of companies' Tax on Earnings Before Interest and Taxes and Economic Value.

Company Income tax is a tool to achieve economic growth in any country. Income tax is accepted not only as a means of raising the required public revenue, but also as an essential fiscal instrument for managing the economy (Burgess, 2003).

The World Bank (1991) notes that of all the taxing systems, income tax plays a major role in generation of revenue and distributio n of income in any country. This is tax payable for each year of assessment on the profit of any company at a rate of 30%, these include profit accruing in, derived from or brought into or received from a trade, business or investment. Also companies paying dividend to its holders are first obliged to pay tax on its profit at the company's tax rate.

Generally, in Nigeria company dividend or other company distribution whether or not of a capital nature made by a Nigerian is liable to tax at source of 10% however, dividend paid in the form of bonus share or script share to individual shareholders are not subject to tax. Also where a company is a shareholder in another company, then such dividend are excluded from the profits of the company for the purpose of computation of the tax.

This makes companies' earnings important in an economy as the size of the earnings determine the size of tax contribution which the entity is to make towards economic growth. The earning of a company before interest and taxes is determined as below;

EBIT =Revenue – Cost of Sales + Admin, Distribution and other operating expenses

The income tax which a company pays and deducts from its earnings in an accounting period is normally added back to its net operating profit, along with other deductions for intangible costs, in an attempt to determine the entity's real economic profit and the amount of economic value created by the entity.

2.1.7. Shortfalls of Developing Countries that could undermine IFRS Adoption effect

A developing country, also called a lower developed country, is a nation with an underdeveloped industrial base, and low human development index which is an index of life expectancy, level of education and per capita income, relative to other countries (Wiki, 2015). The countries classified in this category include Nigeria,Panama,Russia,Qater,Nicaragua,Malaysia,India ,Algeria,Bangladesh,etc (IMF,2014,World Bank 2013). Developing nations are characterized with low levels of living, low income, income inequality, poor health, and inadequate education leading to low literacy level (Wiki, 2015).According to Economy detail (2010), developing countries are generally known for;

- General poverty: GDP and per capita income are at low level. The general living standard of people is very slow.
- High dependency on Agriculture: Agriculture is the main occupation in developing countries. More than 70% of active labour force is engaged in this primary sector. Population increases and the increased labour stick to agriculture thereby over burdening the firm size.
- Under-utilized natural resources: most of the developing countries are rich in natural resources. However, their exploration and

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exploitation is limited. Sometimes foreign companies control them. Generally, raw products are exported at low prices.

- Lack of capital and technology: capital deficiency is another common problem of developing countries. Because the countries are poor, they save less which results in low capital formation. They possess less investment capital. In addition, their existing technology is old and unproductive.
- Dualistic economy: all the sectors of the economy have not been developed. Employment opportunities or activities exist in urban areas whereas traditional production method is used in rural areas. Employment opportunities are less . This dualistic economy result in problems with formulating economic policies.
- Different kind of social groups.
- Lack of basic infrastructure.

Nigeria like every other developing country is believed to lack the enabling environment that would maximise the benefits of IFRS Adoption and implementation particularly during the initial years after adoption. This is asserted by He, Wong and Young (2009) with the opinion that due to market and Institutional settings, the effect of IFRS adoption in emerging markets may differ from that of matured market.

2.2. Theoretical Framework

2.2.1. Economic Theory of Network

Katz and Shapiro (1985) proposed that there are many products for which the utility that user derives from consumption of the good increases with the number of other agents consuming the good. They argue that the key idea in network theory is that a network dependent product's benefits depend upon the number of other users who are in the same network. From this perspective, the benefits that a given country derives from IFRS adoption can be explained by the magnitude of its economic relations with other partner-countries that have already adopted IFRS. Ramanna and Sletten (2009) asserted that the time series growth in the extent of IFRS adoption across countries could be due to the network related value of IFRS standards. The direct value of IFRS is related to the quality of IFRS standards. Assessing the quality of IFRS standards in emerging economies is viewed at a firm level (e.g value relevant financial information under IFRS for the United Arab Emirates,Alali and Foots,2012). Irvin (2008) indicated that trade-partners have been the key player behind the move of the United Arab Emirates to adopt IFRS. Relying on the economic theory of networks, Ramanna and Sletten (2010) found out that a country is more likely to endorse IFRS if other countries in its geographical region are IFRS adopters.

The presence of network effects in the adoption of IFRS is significant because it means a country can adopt IFRS even if its domestically developed accounting standards are particularly well-suited to its domestic institutions. Moreover, if network effects contribute to the adoption of IFRS, they can sustain its eventual dominance even in the presence of technologically superior innovations (David, 1985). The concept of network effects has recently been used to explain several accounting related phenomena, such as the adoption of stock-option compensation plans (Kedia & Rajgopal, 2009)

2.2.2 Institutional Isormophism Theory

The institutional isomorphism theory of DiMaggio and Powell (1983), reveals that IFRS adoption by developing countries is significantly related to institutional pressures. This theory shows that there are three mechanisms of institutional isomorphic change

1. **Coercive Isomorphism**;

This shows that pressures from other organizations in which a country is dependent upon anchored by cultural expectations from the society.

Some are governmental mandates; some are derived from contract law, financial reporting requirements "Organizations are increasingly homogeneous within given domains and increasingly organized around rituals of conformity to wider institutions". Large corporations can have similar impact on their subsidiaries.

2. **Normative Isomorphism**; this results from pressure brought about by professions and professional Bodies.

These are pressures brought about by professions. This is one mode of legitimization inherent in the licensing and crediting of educational achievement. The other is the inter-organizational networks that span organizations. Norms developed during education are entered into organizations. Inter-hiring between existing industrial firms also encourages isomorphism. People from the same educational backgrounds will approach problems in much the same way. Socialization on the job reinforces these conformities. The similarities caused by these three processes allow firms to interact with each other more easily and to build legitimacy among organizations.

3. **Mimetic isomorphism;** which supports that uncertainty encourages imitation.

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These are strong predictive factors of developing countries' decision to adopt or not to adopt IFRS. The institutional theory also supports that a country's IFRS adoption decision is motivated more by institutional and social pressures, than it is by economic factors. Belkaoui (1983) asserted that the accounting standards and policies are social products that can not escape the influences of the institutional environment.

Organizational level predictors

A-1: The more dependent on another organization, the more alike it will become

A-2: The greater the centralization of resource supply, the more it will change to resemble the organizations it is dependent upon

A-3: The more uncertainty the more an organization will model it's structure after successful firms

A-4: The more ambiguous the goals, the more an organization will mimic a successful one to establish legitimacy

A-5: The greater the reliance in using academic credentials to choose staff, the greater will be similar to other organizations. Also the greater the participation of members in professional organizations, to more alike the organizations will be.

Field Level Predictors

B-1: The greater the extent the field is dependent upon a single source, the higher level of isomorphism.

B-2: The more interaction of the field with the state, the more isomorphism.

B-3: The fewer the number of organizational models, the quicker the isomorphism

B-4: The more technological uncertainty or goal ambiguity, the greater the rate of isomorphism

B-5: More professionalism in the field, more isomorphism.

2.2.3. Agency theory

Explains the relationship between principals [shareholders] and agents [company executives]. This theory conceives disclosure as a mechanism which decreases the costs resulting from conflicts between managers and share-holders [compensation contracts] and from conflicts between the firm and its creditors [debt contracts]. Therefore disclosure works as a mechanism to control managers' performance. The resource based approach to agency theory argues that a firm is a bundle of intangible asset and tangible assets and a firm's success is dependent upon the efficient deployment of these resources to their best advantage. Investors measure overall performance of a firm as a whole to decide whether to invest in the firm or to exit from it. In other to achieve goal congruence, managers' compensation is often linked with the firm performance. Therefore selection of the right performance measure is critical to the economic performance of a firm. Value creation and maximization depends on the alignment of the various conflicting goals of the stakeholders. Therefore, to reach a meaningful conclusion, returns generated by the firm in a particular year should be compared with returns from assets with similar risk profile (cross sectional analysis) or returns in a given period compared with returns generated in the past. A firm creates value only if it is able to generate returns higher than its cost of capital. As a consequence of the agency relationship, managers are stimulated to disclose information that would enable the principal measure the economic profit and economic value.

This study is anchored on Economic Theory of Network, Institutional Isomorphism, these two are directly related to the independent variable, and Agency theory, which is directly related to the dependent variables.

2.3. Empirical Reviews

In one of the earliest attempt to identify country-level determinants of IFRS adoption around the world, Hope et al.,(2006) relied on Coffee's (2002) bonding theory and cost /benefit analysis to predict the association between a country's decision to adopt IFRS and a number of institutional factors, with a sample of 38 developed and emerging economies. As hypothesized, it was documented that countries with weak shareholder protection are more likely to adopt IFRS than countries with strong shareholder protection. The empirical analysis supported the view that countries provision better access to their stock markets for international investors are more likely to adopt IFRS. Zhegal and Mhedhbi (2006) investigated factors that may affect 64 developing countries' decisions to adopt or not to adopt IFRS. The Authors considered the factors of economic growth, education level, the degree of external economic openness, cultural membership in a group of countries, and the existence of a capital market. The results exhibited that developing countries that enjoy the highest literacy rate, that have a capital market, and that belong to an Anglo-American culture are the most motivated to adopt IFRS. Daske, Hail, Leuz and Verdi (2007) examined the economic consequences of requiring IFRS for financial reporting worldwide, and found an increase in market liquidity and equity valuations around the time of the mandatory introduction of IFRS. However, evidence gathered did not reveal the effect on firms' economic value is mixed. Daske et al. (2008) further reported that capital market benefits of IFRS Adoption were more pronounced in countries with strict enforcement regimes and for firms that

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voluntarily switched to IFRS. Using a large number of environmental factors, Archambault and Archambault (2009) examined the decision of 120 developed and developing countries to permit or not to permit the use of IFRS for their Listed companies. Their empirical model included factors related to culture, political systems and economic systems. The result showed that countries are more likely to permit IFRS as the level of education and import activities increase. Furthermore, permitting the use of IFRS for Listed companies appeared to be significantly influenced by the level of economic development. Ramanna and Sletten (2009) provided insights into the benefits and costs of IFRS adoption by investigating heterogeneity in countries' decisions to adopt IFRS. They focused their analysis on a sample of 102 non EU countries for a period ranging from 2002-2007. It was found that a country is more likely to endorse IFRS if other countries in its geographical region are IFRS adopters. They also found that the likelihood of a country to adopt IFRS is significantly influenced by the IFRS adoption status of its trade partners. Furthermore, it was discovered that more powerful countries are less likely to surrender their standard setting authority to IASB. They performed an in-depth analysis in line with their previous work in 2009, on the potential effects of economic network in explaining the time series growth of IFRS harmonization across countries. They measured the extent of adoption through five-level ordinary response variables that captures the degree of closeness between countries' local GAAP and IFRS. The results suggested that the level of IFRS adoption in a country is an increasing function of the value of its network, showing that IFRS adoption is self-perpetuating. Clements, Neil, and Stovall (2010) examined the influence of cultural diversity and country size on the IFRS adoption decision of 61 developed and emerging economies. The results reveal that there are no significant cultural differences between the adopters and non adopters. It was found that larger and more powerful countries are more reluctant to adopt IFRS than smaller and less powerful countries. Bogdan, Stefana, Marilen and Gabriel (2010) focused on the possible linkages between adoption of IFRS and the national legislative taxonomy. The authors considered a sample of 162 jurisdictions for the year 2009. As expected, it was found that countries which are characterized by principles and practices-based legislative system are more likely to adopt IFRS. Particularly, full IFRS adoption is more likely to occur for countries with a mono system of common law. Amahalu, Obi, Abiahu and Okosuogwe (2014) examined the effect of IFRS adoption on the financial performance of 15 selected banks quoted on the Nigerian Stock Exchange,using expose factor research design. The study found out that IFRS adoption has effect on the net income and equity of the banks. It was also found that IFRS adoption has Positive effect on the profitability of the selected banks and positive effect on the level of confidence of global investors and investment analysts.

Asian (2015) examined the impact of IFRS on market performance of quoted manufacturing companies in Nigeria. The research examined whether key indicators of market performance post-IFRS are significantly different from pre-IFRS period. Findings indicate that differences in 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.

2.4. Gap in Literature

Despite attempts to evaluate the economic consequences and effects of IFRS adoption, emphasis is being laid on adoption effect on market value, profitability, market performance, etc, as revealed in the above empirical review. Also, most of the studies did not pay particular attention to Nigeria regarding the fact of cultural, economic and social differences. To the best of the Researcher's knowledge, there is yet to be empirical evidence on the economic consequence in Nigeria and therefore remains a matter of empirical concern in Nigeria. The effect on economic performance is however, not negligible, consequent to the fact that Nigeria like some other countries have simply mandated IFRS adoption as a matter of fulfilling membership obligation of global accounting bodies like the International Federation of Accountants (IFAC) and/or mandated by World Bank (WB), and International Monetary Fund (IMF), without evaluating its economic effects in their jurisdiction, (Wilson & Tsegba, 2013). Thus the need to evaluate the effect on economic performance of firms in Nigeria, most importantly, the highest GDP sector (Agriculture) and highest GDP growth rate sector (Telecommunication).

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Research Design

The study employed the Ex-Post Facto research design. This is because; it enables the determination, evaluation and explanation of past events for the purpose of gaining better and more reliable prediction of the future. They examine whether one or more pre-existing conditions could possibly have caused subsequent differences in groups of subjects.

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3.2. Population of the Study

The population of this study is made up of fourteen companies in two sectors: Agriculture (5) and Information &Communication Technology (9), as Listed on the floor of the Nigerian Stock Exchange as at April 2016 when this study was started.

3.3. Sampling and sampling Techniques.

The study made use of the above listed companies because of the manageability of the population size. However, as earlier stated as a limitation, some of the companies were not steadily listed on the Nigerian Stock Exchange in the period 2005-2018 and some financial statements were not accessible or not published with Nigerian Stock Exchange upto 2018, hence no complete financial statements for the entire period covered by the Study.

Therefore, we adopted purposive sampling technique. The sample size is thus limited to only the 9 companies with complete financial statements for the periods under study. These companies are:

A. Agricultural sector

1. FTN Cocoa processors plc.
2. Livestock feeds plc.
3. Okomu Oil palm plc.
4. Presco Plc.

B. Information Communication Technology (ICT)

5. Chams plc.
6. CourteveilleBusiness Solutions plc.
7. E- Tranzact International plc.
8. NCR (Nigeria)plc.
9. Tripple Gee and Company plc.

3.4. Sources of Data Collection

The study relied solely on secondary sources of data. This is due to the nature of information required and the secondary sources of data were considered the only means of gathering reliable data. The data were sourced from the Nigerian Stock Exchange Fact book, the National Bureau of Statistics statistical reports and the annual financial statements of the companies under study, for the relevant period.

3.5. Procedure for data analyses

The t-test analytical technique was used as according to Uzoagulu (as cited in Amahalu, Obi, Abiahu & Okosuogwe ,2015), it is a parametric statistical tool for testing hypothesis about the difference between means of groups when the sample sizes are small.The hypotheses were tested using paired sample t-test,at 5% level of significance.

Formula:

$$t = \frac{\Sigma d}{\sqrt{\frac{n\left(\Sigma d^2\right)-\left(\Sigma d\right)^2}{n-1}}}$$

CHAPTER FOUR
DATA PRESENTATION AND ANALYSES

4.1. Descriptive Statistics

Table 4.1: Descriptive Statistics (Pre-IFRS EBIT)

	N	Mean
COURTVEILLE	7	281989.500
CHAMS	7	-656100.500
LIVESTOCK	7	174014.00
NCR	7	731475.500
OKOMU	7	3365845.500
FTN	7	-58708.500
PRESCO	7	2148231.500
E –TRANZACT	7	-11970.500
TRIPLE GEE	7	53208.500

Source: SPSS Ver. 22

From the table above, the following companies, COURTVEILLE, LIVESTOCK, NCR, OKOMU, PRESCO, and TRIPLE GEE had positive values of EBIT in the pre-IFRS transition period, while CHAMS, FTN, and E-TRANZACT had negative values in the pre-IFRS transition period.

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Table 4.2: Descriptive Statistics (Post-IFRS EBIT)		
	N	Mean
COURTVEILLE	7	458754.00
CHAMS	7	1229242.33
LIVESTOCK	7	473117.00
NCR	7	143574.00
OKOMU	7	3107222.33
FTN	7	-338025.33
PRESCO	7	2684218.67
E –TRANZACT	7	243065.00
TRIPLE GEE	7	62040.67

Source: SPSS Ver. 22

From the table above, all the companies, with the exception of FTN had positive values in the post-IFRS transition period.

Table 4.3: Descriptive Statistics (Pre-IFRS EVA)		
	N	Mean
COURTVEILLE	7	-28554.00
CHAMS	7	1185728.00
LIVESTOCK	7	43614.00
NCR	7	416705.00
OKOMU	7	1607481.500
FTN	7	-122966.500
PRESCO	7	239272.500
E-TRANZACT	7	28937.500
TRIPPLEGEE	7	5577.500

Source: SPSS Ver. 22

From the table above, the following companies, CHAMS, LIVESTOCK, NCR, OKOMU, PRESCO, E-TRANZACT and TRIPLE GEE had positive values of EVA in the pre-IFRS transition period, while COURTVEILLE and FTN, had negative values in the pre-IFRS transition period.

Table 4.4: Descriptive Statistics (Post-IFRS EVA)		
	N	Mean
COURTVEILLE	7	120533.00
CHAMS	7	558439.67
LIVESTOCK	7	147693.67
NCR	7	429741.00
OKOMU	7	764563.000
FTN	7	-367067.000
PRESCO	7	-516404.333
E-TRANZACT	7	209389.000
TRIPPLEGEE	7	7538.667

Source: SPSS Ver. 22

From the table above, all the companies, with the exception of FTN and PRESCO had positive values in the post-IFRS transition period.

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Table 4.5: Descriptive Statistics (Pre-IFRS Economic Profit)		
	N	Mean
COURTVEILLE	7	262746.00
CHAMS	7	-646072.500
LIVESTOCK	7	83644.00
NCR	7	502642.500
OKOMU	7	2958279.00
FTN	7	-9489.500
PRESCO	7	1615389.00
E-TRANZACT	7	93693.500
TRIPPLE GEE	7	74515.00

Source: SPSS Ver. 22

From the table above, the following companies, COURTVEILLE, LIVESTOCK, NCR, OKOMU, PRESCO, E-TRANZACT and TRIPLE GEE had positive values of EVA in the pre-IFRS transition period, while CHAMS and FTN, had negative values in the pre-IFRS transition period.

Table 4.6: Descriptive Statistics (Post-IFRS Economic Profit)		
	N	Mean
COURTVEILLE	7	438903.33
CHAMS	7	1213606.000
LIVESTOCK	7	296605.33
NCR	7	-267629.667
OKOMU	7	2839010.00
FTN	7	-204285.667
PRESCO	7	1914303.33
E-TRANZACT	7	347531.667
TRIPPLE GEE	7	73507.67

Source: SPSS Ver. 22

From the table above, all the companies, with the exception of NCR and FTN had positive values in the post-IFRS transition period.

4.2. Normality Test

Table 4.7: Normality Test			
			p-value
EBIT	Shapiro-Wilk W	0.882057	0.278636
	Lilliefors test	0.292375	~ = 0.11
EVA	Shapiro-Wilk W	0.947082	0.716601
	Lilliefors test	0.194635	~ = 0.68
Economic Profit	Shapiro-Wilk W	0.979003	0.946495
	Lilliefors test	0.175329	~ = 0.82

Interpretation: - The null-hypothesis [H_0] of the Shapiro Wilk test is that the population is normally distributed. Thus if the p-value is less than the chosen alpha level [0.05], then the null hypothesis is rejected and there is evidence that the data tested are not from a normally distributed population. In other words, the data are not normal. On the contrary, if the p-value is greater than the chosen alpha level, then the null hypothesis that the data came from a normally distributed population cannot be rejected.

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4.3. Test of Null Hypotheses

4.3.1 Test of Hypothesis One:

H_o: There is no statistically significant difference in the reported Earnings before Interest and Taxes (EBIT) in pre and post-IFRS transition periods

Table 4.8: Group Statistics

	Year of Adoption	N	Mean	Std. Deviation	T
COURTVEILLE	Pre-Adoption	7	281989.500	41649.5000	.009*
	Post-Adoption	7	458754.000	49187.6090	
CHAMS	Pre-Adoption	7	-656100.500	276848.5000	.001*
	Post-Adoption	7	1229242.333	282311.5252	
LIVESTOCK	Pre-Adoption	7	174014.00	54500.000	.023*
	Post-Adoption	7	473117.00	134660.024	
NCR	Pre-Adoption	7	731475.500	372374.5000	.055*
	Post-Adoption	7	143574.000	74264.9131	
OKOMU	Pre-Adoption	7	3365845.500	1419107.5000	.825
	Post-Adoption	7	3107222.333	1262786.7529	
FTN	Pre-Adoption	7	-58708.500	162323.5000	.096*
	Post-Adoption	7	-338025.333	153557.0025	
PRESCO	Pre-Adoption	7	2148231.500	649815.5000	.053*
	Post-Adoption	7	2684218.667	1119290.9598	
E -TRANSACT	Pre-Adoption	7	-11970.500	232654.5000	.166
	Post-Adoption	7	243065.000	119426.3931	
TRIPLE GEE	Pre-Adoption	7	53208.500	1419.5000	.578
	Post-Adoption	7	62040.667	25247.4436	

Source: SPSS Ver. 22

Table 4.9: Group Statistics of EBIT in pre and post IFRS periods

	Year of Adoption	N	Mean	Std. Deviation	Std. Error Mean
Earnings before Interest & Taxes	Pre-Adoption	7	6027985.0000	2141297.00000	1236278.39936
	Post-Adoption	7	8063208.6667	663921.16222	383315.06173

Source: SPSS Ver. 22

Table 4.10: Group Statistics comparison of EBIT in pre and post IFRS periods

T	Df	Sig. (2-tailed)	95% Confidence Interval of the Difference	
			Lower	Upper
-1.572	4	.191	-5628886.21019	1558438.87686
-1.572	2.381	.237	-6831730.11433	2761282.78100

Source: SPSS Ver. 22

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.906[a]	.821	.642	1280595.26658

a. Predictors: (Constant), Post-IFRS EBIT

Source: SPSS Ver. 22

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Table 4.12: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7530381447621.927	1	7530381447621.927	4.592	.278[b]
	Residual	1639924236796.073	1	1639924236796.073		
	Total	9170305684418.000	2			

a. Dependent Variable: Pre-IFRS EBIT
b. Predictors: (Constant), Post-IFRS EBIT
Source: SPSS Ver. 22

Table 4.13. Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Pre-IFRS EBIT & Post-IFRS EBIT	7	.906	.278

Table 4.14: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-17537960.946	11022181.229		-1.591	.357
	Post-IFRS EBIT	2.923	1.364	.906	2.143	.278

a. Dependent Variable: Pre-IFRS EBIT
Source: SPSS Ver. 22

From table 4.8, the t-test [Equal Variances Assumed] value is significant at .05 for COURTVEILLE, CHAMS, LIVESTOCK, NCR, FTN and PRESCO; however, OKOMU, E-TRANZACT and TRIPLE GEE had no significant differences in the pre and post-IFRS transition period. Table 4.11, shows the model summary, the Adjusted R Square value .642, which explains that approximately 64.2 per cent variation in the dependent variable is explained by the independent variable. However, the F value was not significant, with p value (.278) greater than .05.

The t-test results shown in table 4.9 above, the sig. value for t-Equal variances assumed is .191, and that for t-Equal variances not assumed is .237, both reported values are greater than .05 (the chosen significance level). The study therefore accepts the null hypothesis of no significant difference in the reported Earnings before Interest and Taxes (EBIT) in pre and post-IFRS transition periods.

4.3.2 Test of Hypothesis Two:

Ho: There is no statistically significant difference in the level of Economic Value Added (EVA) in the pre and post-IFRS transition periods

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Table 4.15: Group Statistics					
	Year of Adoption	N	Mean	Std. Deviation	T
COURTVEILLE	Pre-Adoption	7	281989.500	41649.5000	.124
	Post-Adoption	7	458754.000	49187.6090	
CHAMS	Pre-Adoption	7	-656100.500	276848.5000	.152
	Post-Adoption	7	1229242.333	282311.5252	
LIVESTOCK	Pre-Adoption	7	174014.00	54500.000	.022*
	Post-Adoption	7	473117.00	134660.024	
NCR	Pre-Adoption	7	731475.500	372374.5000	.972
	Post-Adoption	7	143574.000	74264.9131	
OKOMU	Pre-Adoption	7	3365845.500	1419107.5000	.223
	Post-Adoption	7	3107222.333	1262786.7529	
FTN	Pre-Adoption	7	-58708.500	162323.5000	.079*
	Post-Adoption	7	-338025.333	153557.0025	
PRESCO	Pre-Adoption	7	2148231.500	649815.5000	.482
	Post-Adoption	7	2684218.667	1119290.9598	
E -TRANSACT	Pre-Adoption	7	-11970.500	232654.5000	.204
	Post-Adoption	7	243065.000	119426.3931	
TRIPLE GEE	Pre-Adoption	7	53208.500	1419.5000	.897
	Post-Adoption	7	62040.667	25247.4436	

Source: SPSS Ver. 22

Table 4.16: Group Statistics of EVA in pre and post IFRS Periods					
	Year of Adoption	N	Mean	Std. Deviation	Std. Error Mean
Economic Value Added	Pre-Adoption	7	3375795.5000	1317147.50000	760455.46369
	Post-Adoption	7	1354426.6667	2248611.28169	1298236.32878

Source: SPSS Ver. 22

Table 4.17. Group Statistics comparison of EVA in pre and post IFRS Periods

T	Df	Sig. (2-tailed)	95% Confidence Interval of the Difference	
			Lower	Upper
1.343	4	.250	-2155967.98029	6198705.64696
1.343	3.228	.266	-2581138.93350	6623876.60017

Source: SPSS Ver. 22

From table 4.11, the t test [Equal Variances Assumed] value is significant at .05 for LIVESTOCK, and FTN, while COURTVEILLE, CHAMS, NCR, OKOMU, PRESCO, E-TRANZACT and TRIPLE GEE had no significant differences in the pre and post-IFRS transition period.

Table 4.18: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.214[a]	.046	-.908	1819399.10775

a. Predictors: (Constant), Post-IFRS EVA

Source: SPSS Ver. 22

Table 4.19: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	159541960221.807	1	159541960221.807	.048	.862[b]
	Residual	3310213113290.693	1	3310213113290.693		
	Total	3469755073512.500	2			

a. Dependent Variable: Pre-IFRS EVA

b. Predictors: (Constant), Post-IFRS EVA

Source: SPSS Ver. 22

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Table 4.20. Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Pre-IFRS EVA & Post-IFRS EVA	7	.214	.862

Table 4.21: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3205672.288	1305334.321		2.456	.246
	Post-IFRS EVA	.126	.572	.214	.220	.862

a. Dependent Variable: Pre-IFRS EVA

Source: SPSS Ver. 22

From table 4.15, the t test [Equal Variances Assumed] value is significant at .05 for LIVESTOCK, and FTN, while COURTVEILLE, CHAMS, NCR, OKOMU, PRESCO, E-TRANZACT and TRIPLE GEE had no significant differences in the pre and post-IFRS transition period. Table 4.16, shows the model summary, the Adjusted R Square value -.908, and the computed F value is .048, which is less than the table F value, moreover the significant value of .862 is greater than .05.

The t-test results are shown in the table above (Table 4.17), the sig. value for t-Equal variances assumed is .250, and that for t-Equal variances not assumed is .266, both reported values are greater than .05 (the chosen significance level). The study therefore accepts the null hypothesis of no significant difference in the level of Economic Value Added (EVA) in pre and post-IFRS transition periods.

4.3.3 Test of Hypothesis Three:

H_o: There is no statistically significant difference in the level of Economic Profit in the pre and post-IFRS transition periods

Table 4.22: Group Statistics

	Year of Adoption	N	Mean	Std. Deviation	T
COURTVEILLE	Pre-Adoption	7	262746.00	37889.000	.053*
	Post-Adoption	7	438903.33	105989.274	
CHAMS	Pre-Adoption	7	-646072.500	270723.5000	.001*
	Post-Adoption	7	1213606.000	272175.3603	
LIVESTOCK	Pre-Adoption	7	83644.00	37605.000	.028*
	Post-Adoption	7	296605.33	102427.367	
NCR	Pre-Adoption	7	502642.500	253872.5000	.148
	Post-Adoption	7	-267629.667	699680.0922	
OKOMU	Pre-Adoption	7	2958279.00	1187976.000	.897
	Post-Adoption	7	2839010.00	924192.448	
FTN	Pre-Adoption	7	-9489.500	139399.5000	.214
	Post-Adoption	7	-204285.667	181158.6469	
PRESCO	Pre-Adoption	7	1615389.00	201160.000	.637
	Post-Adoption	7	1914303.33	995174.776	
E-TRANZACT	Pre-Adoption	7	93693.500	231997.5000	.187
	Post-Adoption	7	347531.667	149831.6241	
TRIPPLE GEE	Pre-Adoption	7	74515.00	1255.000	.806
	Post-Adoption	7	73507.67	6526.454	

Source: SPSS Ver. 22

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Table 4.23: Group Statistics of EP in pre and post IFRS periods					
	Year of Adoption	N	Mean	Std. Deviation	Std. Error Mean
Economic Profit	Pre-Adoption	7	4935347.0000	1575334.00000	909519.50896
	Post-Adoption	7	6651552.0000	1237006.28959	714185.91428

Source: SPSS Ver. 22

Table 4.24: Group Statistics comparison of EP in pre and post IFRS adoption

T	Df	Sig. (2-tailed)	95% Confidence Interval of the Difference	
			Lower	Upper
-1.484	4	.212	-4926917.68865	1494507.68865
-1.484	3.787	.216	-4999412.90028	1567002.90028

Source: SPSS Ver. 22

From table 4.22, the t test [Equal Variances Assumed] value is significant at .05 for COURTVEILLE, CHAMS, and LIVESTOCK while NCR, OKOMU, FTN, PRESCO, E-TRANZACT and TRIPLE GEE had no significant differences in the pre and post-IFRS transition period.

Table 4.25: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.512[a]	.262	-.475	1913268.328

a. Predictors: (Constant), Post -IFRS Economic Profit

Source: SPSS Ver. 22

Table 4.26: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1302758726788.365	1	1302758726788.365	.356	.658[b]
	Residual	3660595696323.635	1	3660595696323.635		
	Total	4963354423112.000	2			

a. Dependent Variable: Pre-IFRS Economic Profit

b. Predictors: (Constant), Post -IFRS Economic Profit

Source: SPSS Ver. 22

Table 4.27. Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Pre-IFRS Economic Profit & Post -IFRS Economic Profit	7	.512	.658

Table 4.28: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	595563.338	7358036.292		.081	.949
	Post -IFRS Economic Profit	.652	1.094	.512	.597	.658

a. Dependent Variable: Pre-IFRS Economic Profit

Source: SPSS Ver. 22

The t-test results shown in table 4.24 above, the sig. value for t-Equal variances assumed is .212, and that for t-Equal variances not assumed is .216, both reported values are greater than .05 (the chosen significance level). The study therefore accepts the null hypothesis of no significant difference in the level of Economic Profit in pre and post-IFRS transition periods. From table 4.22, the t test [Equal Variances Assumed] value is significant at .10 for COURTVEILLE, CHAMS, and LIVESTOCK while

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NCR, OKOMU, FTN, PRESCO, E-TRANZACT and TRIPLE GEE had no significant differences in the pre and post-IFRS transition period. Table 4.25, shows the model summary, the Adjusted R Square value -.475, and the computed F value is .356, which is less than the table F value, moreover the significant value of .658 is greater than .05.

Discussion of findings

1. 1.The t-test results shown in table 4.9 above, the sig. value for t-Equal variances assumed is .191, and that for t-Equal variances not assumed is .237, both reported values are greater than .05 (the chosen significance level). The study therefore accepts the null hypothesis of no significant difference in the reported Earnings before Interest and Taxes (EBIT) in pre and post-IFRS transition periods.
2. 2.The t-test results are shown in the table above (Table 4.14), the sig. value for t-Equal variances assumed is .250, and that for t-Equal variances not assumed is .266, both reported values are greater than .05 (the chosen significance level). The study therefore accepts the null hypothesis of no significant difference in the level of Economic Value Added (EVA) in pre and post-IFRS transition periods.
3. The t-test results shown in table 4.19 above, the sig. value for t-Equal variances assumed is .212, and that for t-Equal variances not assumed is .216, both reported values are greater than .05 (the chosen significance level). The study therefore accepts the null hypothesis of no significant difference in the level of Economic Profit in pre and post-IFRS transition periods.

CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1. Summary of Findings

1. There is no statistically significant difference in the reported Earnings Before Interest and Taxes (EBIT) in pre and post-IFRS transition periods.
2. There is no statistically significant difference in the level of Economic Value Added (EVA) in pre and post-IFRS transition periods.
3. There is no statistically significant difference in the level of Economic Profit in pre and post-IFRS transition periods.

5.2. Conclusion

This study was carried out to determine the effect of International Financial Reporting Standards' adoption on the economic performance of firms in Agricultural and Telecommunications sectors. There has been a considerable debate as to whether IFRS is better than Nigerian Generally Accepted Accounting Principles. Better understanding of IFRS is essential to resolving the debate. Consequently, this study was set to further a better understanding of IFRS and its effect on Economic Value Added (EVA), economic profit and Earnings Before Interest and Taxes (EBIT) of selected economic sectors in relation to Nigeria's generally accepted accounting principles (NGAAP). Thus the study made a comparison of pre and post IFRS values of the variables (EVA, EBIT and EP). At the end of the Study, we conclude that there is no significant difference in EVA, EBIT and EP in the pre IFRS transition period with NGAAP and in the post IFRS transition period with IFRS. Thus, this implies that IFRS adoption has little or no effect on the economic performance of firms in Nigeria.

This study therefore support the view that differences between IFRS and NGAAP are not significant, thus, supporting proponents of adoption of IFRS in Nigeria and other developing countries.

5.3. Contributions to Knowledge

1. To the best of my knowledge, this study is a first attempt to an evaluation of the effects of IFRS adoption on Economic performance in Nigeria and beyond. Thus the study fills the gap in literature.
2. The study was based on Economic Theory of Network, Institutional Isomorphism Theory and Agency theory, which is a unique combination of the theories, to the best of the researchers' knowledge.
3. Also, the concept of Economic Value Added and Economic Profit employed in the study are relatively new accounting concepts. Hence the Researchers did not only bring the concepts to the fore, but also measured its relationship with IFRS adoption.
4. This study also supports the view of Asian (2015) that there is not much difference between Nigerian GAAP and IFRS, as it regards to reported corporate performance.

5.4. Recommendations

1. IFRS adoption should not be based on the expectations of transforming the economic value of entities but on its informational value and other benefits.

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2. Government should boost incentive and encourage more investment in the Nigerian Agricultural and ICT sectors to improve their earning ability, economic value and economic profit as they are the key economic sectors in Nigeria.
3. The Financial Reporting Council of Nigeria should develop a platform that would enable firms to directly disclose their economic profit and economic value added in the financial statements so they can easily be monitored over time.

5.5. Suggestions for Future Research

1. This study covered only two sectors of the economy; therefore, future research may examine other sectors.
2. The measures of economic performance employed in the study were EVA, EBIT, and EP, future research may be on Gross Domestic Product, Foreign Direct Investment and other economic measures. A study may also be conducted to cover the Nigerian economy generally.
3. Since IFRS continues to develop with continuous modifications, future research will be needed to further evaluate its effect on economic performance, even with the use of same variables used in this study.

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