PRE AND POST IFRSS EFFECT ON EARNINGS PREDICTABILITY: NIGERIAN LISTED COMPANIES IN PERSPECTIVE

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Abstract: To improve the quality of accounting information aimed at facilitating stakeholders' decision-making, such as predicting earnings (EP), the International Financial Reporting Standards (IFRSs) emerged as a globally accepted accounting standard, replacing Generally Accepted Accounting Principles (GAAPs), issued by the International Accounting Standards Board (IASB). Consequently, numerous studies have examined the impact of adopting IFRSs, revealing mixed findings, yet a dearth of evidence exists regarding all listed companies in Nigeria. This study evaluates the effects of pre- and post-IFRSs adoption on EP among companies listed on the Nigerian Stock Exchange (NSE). Utilizing secondary data sources, the study encompasses a population of 168 companies listed on the NSE as of December 31, 2020. Furthermore, the companies in the sample provided annual reports and accounts spanning from 2003 to 2011 for the pre-IFRSs period and from 2011 to 2020 for the post-IFRSs period. The study adopted Ewododhe's (2011) methodology and determined a sample size of fifty-six (56) companies listed on the NSE. Analysis was conducted using Pools, Fixed Effect, and Random Effect estimates. The findings revealed that the period following the adoption of IFRSs did not significantly impact EP proxies, namely Earnings Before Tax (EBT) and Cash Flow from Operations (CFO). Consequently, the study concluded that the adoption of IFRSs among NSE-listed companies did not yield a substantial effect on EP, which could aid stakeholders in predicting future earnings from their investments. Thus, the study recommended that stakeholders of NSE-listed companies should not solely rely on EBT and CFO under IFRSs adoption for forecasting future earnings. Instead, they should consider non-financial indicators such as management competence and integrity, market share growth, and the quality of management strategies and policies.

Keywords: Companies listed on the NSE, Earnings predictability, Pre-and post-IFRSs adoption, Stakeholders' theory.

JEL Classification: M41.

1. Introduction

To address the limitations and inconsistencies present in national accounting standards such as Generally Accepted Accounting Principles (GAAP), International Financial Reporting Standards (IFRS) emerged as a globally recognized accounting framework aimed at supplanting GAAP. Moreover, in a bid to foster international trade and investment and promote uniformity in financial reporting across borders, IFRS was introduced. The primary objective of IFRS is to facilitate national financial development by encouraging nations to conform to standardized methods of preparing and presenting financial reports, as highlighted by Okoughenu, Evbota, and Amughoro (2019). Nigeria is among the countries that have adopted IFRS, aiming to deliver high-quality financial reporting that meets the needs of various stakeholders. Issued by the International Accounting Standards Board (IASB), IFRS emphasizes current cost accounting as an alternative to historical cost accounting, which is often criticized for its failure to accurately reflect the economic realities of a business entity's transactions during a given period.

Investors' perception of earnings predictability (EP) in the market, as discussed by Ebirien, Nkanbia-Davies, and Chukwu (2019), focuses on how previous earnings can

elucidate current earnings. Simamora (2018) argues that EP is contingent upon the caliber of a company's Profit before Tax (PBT) and Cash Flow from Operating Activities (OCF). When historical earnings data (i.e., PBT and OCF) inadequately estimate present earnings (i.e., PBT and CFO), as indicated by Schiemann and Guenther (2013), predictability tends to be diminished, and vice versa. EP hinges on the quality of information revealed in financial reports, as emphasized by Indrarini, Chandrarin, and Subiyantoro (2019), where superior accounting information quality leads to more informed investment decisions, aiding users in forecasting future cash flows and stock returns. Consequently, the study of EP holds significance for users of accounting information in multiple respects. For instance, Ashbaugh and Pincus (2001) argue that EP is crucial for assessing firm valuation, while Imhoff and Lobo (1992) suggest EP can elucidate the accuracy of analysts' predictions and the coefficients of earnings responses. Given the diverse roles EP plays in enhancing users' information, and considering Ebirien et al.'s (2019) assertion that one of the motivations behind IASB issuing IFRS is to improve accounting quality, this study is driven by the curiosity to investigate whether the period post-IFRS implementation affects earnings predictability differently compared to the pre-IFRS era.

Prior research presents conflicting findings regarding the impact of IFRSs on earnings predictability. While some studies, such as Ball (2006) and Silva, Fraga, Noriller, and Lopes (2019), suggest that IFRS adoption increases earnings volatility, thus reducing the accuracy of earnings predictability, others like Soderstrom and Sun (2007) argue that IFRSs enhance reporting quality, providing investors with better information to forecast future earnings. Additionally, Preiato et al. (2009), as cited by Rizki and Rosyidiana (2017) and Nwaogwugwu (2020), contend that the effect of IFRS adoption on the decision usefulness of financial statements, enabling users to predict future earnings, remains uncertain. Consequently, further research is necessary to validate these findings and understand the impact of IFRS adoption on business operations, particularly earnings predictability. Moreover, existing evidence, especially in Nigeria, such as studies by Ebirien, Nkanbia-Davies, and Chukwu (2019) and Nwaogwugwu (2020), tends to focus on the financial sector, leaving other sectors understudied.

Furthermore, while robust evidence exists regarding earnings predictability (EP) measurement, such as pre-IFRSs indicators like profit before tax (PBT) and cash flow from operations (CFO), there is a dearth of evidence regarding the post-IFRSs period, particularly in assessing how both periods have influenced EP. Therefore, this study aims to address these gaps in the literature by specifically investigating the following questions: (i) What is the impact of pre- and post-IFRSs on the PBT of firms listed on the Nigeria Stock Exchange (NSE)? (ii) To what extent do pre- and post-IFRSs periods affect the CFO of firms listed on the Nigeria Stock Exchange (NSE)?

The primary aim of this study is to evaluate the impact of pre- and post-IFRS adoption on the earnings performance (EP) of companies listed on the NSE. Specifically, the objectives are as follows: (i) to explore whether earnings before tax (EBT) during the post-IFRS adoption period exhibit a more significant effect compared to the pre-IFRS adoption period for NSE-listed companies, and (ii) to assess whether cash flow from operations (CFO) during the post-IFRS adoption period demonstrate a more substantial impact compared to the pre-IFRS adoption period for NSE-listed companies. To address these objectives, the study formulates the following null hypotheses:

H01: There is no significantly higher effect on EBT during the post-IFRS adoption period compared to the pre-IFRS adoption period for companies listed on the NSE.

H02: There is no significantly higher effect on CFO during the post-IFRS adoption period compared to the pre-IFRS adoption period for companies listed on the NSE.

2. Literature Review
2.1 Conceptual Review

International Financial Reporting Standards: These standards, issued by the International Accounting Standards Board (IASB) headquartered in London, United Kingdom, establish consistent principles for financial reporting, bridging the differences among national standards. According to Eke (2018), International Financial Reporting Standards (IFRSs) are characterized by a focus on objectives and principles, aiming to provide a universal framework applicable to financial reporting by public interest companies worldwide. Taking advantage of the challenging global economic conditions, Nwaogwugwu (2020) highlighted Nigeria's decision to adopt and begin implementing IFRSs in 2012, aligning with other countries. To ensure adherence to these standards, the Financial Reporting Council of Nigeria (FRCN) mandated that all publicly listed companies prepare their financial statements in accordance with IFRSs.

Hence, by aiming to transition from historical accounting-based measurement to current accounting practices and encompassing both rule-based and principle-based standards, IFRSs diverge from GAAPs, which offer flexibility in accounting measurement and estimation. Consequently, IFRSs have the potential to provide data with greater value relevance and improve the accuracy of analysts' future earnings predictions. Similarly, according to Barth, Landsman, and Lang (2008), IFRSs are acknowledged for their capacity to enhance the quality of accounting information due, in part, to their principle-based nature, thereby better reflecting a company's financial position and aiding in forecasting future earnings for the firm.

Earnings Predictability (EP): According to Uwuigbe, Uyoyoghene, Jafaru, Uwuigbe, and Jimoh (2017), earnings predictability (EP) can be described as the process of evaluating how current earnings can accurately anticipate or project future earnings of firms. EP serves the purpose of enhancing the precision of earnings forecasts by enabling earnings to predict themselves and other business activities, as emphasized by Canina and Potter (2019). Olaniyi, Abogun, and Salam (2020) identify determinants of earnings predictability, which are closely linked to general determinants of earnings quality. Thus, EP signifies the capacity of past earnings to forecast future earnings, representing the earnings power of a company.

Investors utilize various variables to anticipate earnings, including return on equity, price-to-earnings ratio, and stock options, as noted by Dakka and Rostami (2015). Furthermore, Simamora (2018) suggests that EP can be better understood through pre-tax profit (PBT) and cash flow from operations (CFO), given their direct correlation with the entity's investment returns. Similarly, Mollah et al. (2015) argue that the ability of current earnings to forecast both PBT and future cash flows defines PBT and cash flow predictability, reflecting quality earnings associated with PBT and CFO.

However, Khaleghi (2000) points out that variables such as organizational size, financial leverage, forecast horizon, organizational life, and profit changes can influence the accuracy of an entity's EP.

Investors depend on the information presented in publicly available annual reports and financial statements of companies because they lack direct communication channels with these organizations. According to Okoughenu et al. (2019), adherence to high-quality standards, such as fair value accounting, can mitigate information asymmetry and

manipulation, thus improving decision-making quality. However, Dichev and Tang (2009) argue that some believe fair value accounting introduces earnings volatility, especially in illiquid capital markets, potentially impacting a business entity's earnings per share (EPS).

Moreover, EPS can diminish information asymmetry between major shareholders and potential investors (Dakka & Rostami, 2015). Manson and Coakley (2009) suggest that EPS can influence user behavior in determining stock prices and trading volume. Consequently, it can be inferred from these perspectives that EPS involves utilizing past earnings reported in a company's annual reports and financial statements to forecast future earnings. This aids investors in evaluating a business entity's profitability performance, the current value of its shares or the entity itself, and assessing investment and financial risks.

2.2 Theoretical Review

Typically, the examination of accounting standards is grounded in a positive perspective of accounting theory. This perspective, as outlined by Dumitru (2011), regards accounting information as an economic asset capable of effectively addressing financial and investment challenges for its users. However, Odoemelam, Okafor, and Ofoegbu (2019) argue that this viewpoint can be constrained within agency and stakeholders' theories. Consequently, in this investigation, recognizing the significance of Environmental Performance (EP) to stakeholders, we adopt the theoretical framework of stakeholders' theory, which is elaborated upon as follows:

Stakeholder theory: In 1984, Freeman introduced stakeholders' theory, which posited that directors should be entrusted to manage a company in a manner that creates sustainable long-term value, considering the various stakeholders such as creditors, government, shareholders, employees, customers, and the general public (Adegbie, Akintoye, & Isiaka, 2019). Hoffmann and Zülch (2014) further elucidated this theory, linking it to accounting lobbying, while Ahmad (2015) proposed that stakeholders' lobbying decisions are influenced by their power, urgency, and legitimacy.

IFRSs, as high-quality standards established by the IASB, aim to provide stakeholders with quality information to enhance decision-making and create value in their investments within any economy (Hope, Thomas, & Vyas, 2017). The continuous demand for high-quality information from stakeholders, among other factors, has led to the widespread adoption of IFRSs by countries worldwide (Odoemelam et al., 2019). Given this framework, stakeholders' theory predicts that the adoption of IFRSs will positively impact earnings performance (EP) within business entities.

2.3 Empirical Review

Kundu and Banerjee (2021) utilized a sample comprising sixty-seven (67) large-cap Indian stocks spanning thirty-three (33) quarters from 2010 to 2018 to investigate the influence of quarterly earnings announcements on stock returns in India. Employing panel data estimation techniques with fixed and random effects, the study tested hypotheses, revealing that all stocks exhibited return premiums during the preannouncement period. This suggests that companies reporting improved earnings figures compared to the previous period which generated significantly higher stock returns.

Mensah (2020) examined pre-IFRS adoption (2001 to 2006) and post-adoption (2007 to 2014) periods in Ghana to assess their impact on the quality of financial statements among listed manufacturing firms. The study analyzed data from audited annual reports of eleven (11) manufacturing firms using ordinary least squares regression techniques. The regression analysis indicated a reduction in earnings management post-adoption compared to pre-adoption, signifying a noteworthy enhancement in quality following the adoption of IFRS.

Lee, Walker, and Zeng (2020) delved into the anticipation of earnings reflected in share prices (SPAE) within the context of China's adoption of IFRSs. Leveraging the unique institutional framework in China, the study differentiated between the initial adoption of IFRS in 2007 as a treatment group and the period post-IFRS adoption as a control group. Their analysis unveiled that SPAE demonstrated improvement during the initial adoption of IFRS in 2007 compared to the subsequent post-IFRS adoption period, aligning with the notion of enhanced transparency facilitating investors' ability to forecast future earnings.

Nwaogwugwu (2020) examined the impact of IFRS adoption on the financial performance and valuation of listed banks in Nigeria, utilizing a sample comprising five banks observed over eight years. The observation period spanned from 2012 to 2015 post-IFRS adoption, and from 2008 to 2011 pre-IFRS adoption. Employing panel data analysis, the study incorporated return on assets, return on equity, and earnings per share alongside an IFRS dummy variable as independent variables in the model. Contrary to expectations, the results from the fixed regression model suggested that the adoption of IFRS in Nigeria did not lead to enhanced performance or increased value.

Eluyela, Adetula, Oladipo, Nwanji, Adegbola, Ajayi, and Falaye (2019) conducted a study where they gathered data from the annual reports of listed SMEs in Nigeria to compare the periods before and after the adoption of IFRS from 2012 to 2015. The study utilized profitability, liquidity, and market ratios, represented by return on capital employed, return on equity, debt to equity, and earnings per share respectively. Their analysis, including the one-sample Kolmogorov-Smirnov test, descriptive statistics, and Mann-Whitney U-test, concluded that there wasn't a significant difference between profitability and leverage ratios in IFRS and NGAAP-based financial statements of listed SMEs. However, a notable difference was found in market ratios prepared under IFRS compared to NGAAP-based financial statements of listed SMEs.

In another study by Ebirien et al. (2019), they examined the impact of the mandatory adoption of IFRSs on the earnings performance (EP) of deposit money banks (DMBs) and insurance firms listed on the Nigerian Stock Exchange (NSE). They analyzed one hundred and ninety-six firm-year observations spanning from 2008 to 2014. Using regression analysis, they tested hypotheses and found that the mandatory adoption of IFRS did not lead to an improvement in EP for firms in the services sector, based on earnings and cash flow from operations (CFO). Additionally, they observed that EP during the post-mandatory IFRS adoption period did not significantly differ between DMBs and insurance firms.

Adedayo, Foluke, and Paul (2018) investigated the adoption of IFRS in Nigeria, utilizing a sample of eleven banks to evaluate its influence on profitability ratios. They analyzed data spanning a three-year period before IFRS implementation (2009-2011) and a three-year period afterward (2013-2015) using the Wilcoxon Signed Rank test and Normality test. The findings indicated that the adoption of IFRS did not yield significant effects on the profitability ratios of listed banks in Nigeria.

Olayinka, Paul, and Olaoye (2017) gathered data from fifty-two quoted companies operating in the financial services and consumer goods sectors in Nigeria. They examined the value relevance of accounting information content during both pre- and post-IFRS periods spanning from 2008 to 2015. Employing price and returns regression models for analysis, the study revealed improvements in CFO and net profit due to the adoption of IFRS.

Uwuigbe et al. (2017) investigated the impact of IFRS adoption on the earning persistence (EP) of eleven listed banks in Nigeria. Their study covered the periods 2010 to 2011 (pre-adoption) and 2013 to 2014 (post-adoption). Utilizing regression statistical

techniques, they found a decrease in the ability of current earnings to predict future earnings after the adoption of IFRS in Nigeria, indicating a negative impact of IFRS adoption on EP.

Uwuigbe, Emeni, Uwuigbe, and Ataiwrehe (2016) investigated the impact of adopting IFRSs on the accounting quality of banks listed on the NSE. Their study, conducted from 2010 to 2013, utilized ordinary least square regression to analyze the data. Findings indicated that following the implementation of IFRS in Nigeria, there was a notable increase in income smoothing and earnings management, indicating a decline in the accounting quality of the banks.

3. Methodology

Due to the absence of direct control over the independent variables and reliance on historical data, this study employed an ex-post facto research design to investigate the effects of the transition to IFRS on earnings performance (EP) of companies listed on the NSE. The study utilized secondary sources and included a population of one hundred and sixty-eight (168) companies listed on the NSE as of December 31, 2020. Among these, firms have annual reports and accounts available from 2003 to 2011 for pre-IFRS periods and from 2011 to 2020 for post-IFRS periods. The sample size of fifty-six (56) companies listed on the NSE is determined using Ewododhe's (2011) formula. Data was collected longitudinally across firms (panel data), and ordinary least squares regression analysis was employed to analyze the data.

The research identified the following equations to accommodate each individual explanatory variable in the study:

$$PBT_{it} = \beta 0 + \beta 1 \; Pre\text{-}IFRSs_{it} + e_{it} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 3.1$$

$$CFO_{it} = \beta 0 + \beta 1 \; Pre\text{-}IFRSs_{it} + e_{it} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 3.2$$

Equation 3.1 and 3.2 are regression models specified to demonstrate the effect of pre-IFRSs on EP (i.e., proxies PBT and CFO).

$$PBT_{it} = \beta 0 + \beta 1 \; Post\text{-}IFRSs_{it} + e_{it} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 3.3$$

$$CFO_{it} = \beta 0 + \beta 1 \; Post\text{-}IFRSs_{it} + e_{it} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 3.4$$

Equation 3.3 and 3.4 are regression models specified to demonstrate the effect of post-IFRSs on EP (i.e., proxies PBT and CFO).

PBT represents profit before tax, indicating the total profit available for equity holders prior to taxes. CFO denotes cash flow from operating activities, representing the net cash flow from operations. Pre-IFRSs is indicated by a dummy variable set to '0', otherwise '1' for Post-IFRS. $\beta 1$ stands for the coefficient of the explanatory variable, while e_{it} signifies disturbance terms accounting for effects from other variables not considered. The research adopts H0 if the test's P-value is greater than or equal to 0.05; otherwise, it accepts H1.

4. Data Analysis and Discussion of Findings
4.1 Data Analysis

Table 1 OLS Regression Result for Model 1 PBT on Pre-IFRSs

Variables	Pred. Sign	POLS Estimate			Fixed Effect (FE) Estimate			Random Effect (RE) Estimate		
		Coef.	t-stat.	Prob.	Coef.	t-stat.	Prob.	Coef.	t-stat.	Prob.
C.		3.08	11.02	0.00*	-10.21	-0.22	0.22	5.31	0.32	0.04*
Pre-IFRSs	-	0.03	0.16	0.00*	0.09	0.01	0.07	0.38	0.11	0.00*
R-Sq.		0.66			0.59			0.65		
Adj R-sq.		0.23			0.19			0.21		
F-stat.		2.08			2.37			2.19		
Prob.		0.00			0.04			0.00		
Durbin-Watson stat.		1.45			1.91			2.01		

Source: Authors' computation (2022).   Note: *$p < 0.05$.

Table 2 Hausman Test (HT)

Equation: EQ01

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.03	1	0.09

From Table 1, the Durbin-Watson statistic exhibites a value very close to 2.00, indicating, according to Mundfrom, Smith, and Kay (2018), the absence of multicollinearity issues in the regression model. The F-statistic values of 2.08 for POOL Estimate, 2.37 for FE, and 2.19 for RE are observed. Adeyemi and Bamigboye (2021) suggest that FE and RE are preferable over POOL estimation due to their higher F-statistic values. Table 2 presents the Hausman Test (HT) results, indicating a probability value of 0.09, which exceeds the significance level of 0.05. Thus, it suggested that RE is suitable for interpreting the regression results.

Consequently, RE analysis demonstrates an R-squared value of 65%, suggesting that 35% of the systematic variation in the dependent variable (PBT) remains unexplained by other variables, assuming no heterogeneity effects across the sampled firms. Moreover, it reveales a significant positive effect of pre-IFRS adoption on EP (proxied by PBT) at the 5% level, with a coefficient value of 0.38, indicating that an increase in the pre-IFRS period leads to an increase in EP. This outcome will be compared with the results presented in Table 3 to either accept or reject the formulated null hypothesis (H0).

Table 3 OLS Regression Result for Model 3 PBT on Post-IFRSs

Variables	Pred. Sign	POLS Estimate			Fixed Effect (FE) Estimate			Random Effect (RE) Estimate		
		Coef.	t-stat.	Prob.	Coef.	t-stat.	Prob.	Coef.	t-stat.	Prob.
C.		23.12	0.46	0.11	33.01	0.20	0.08	- 27.90	- 0.24	0.00*
Post-IFRSs	+	1.02	0.99	0.19	1.22	0.13	0.19	0.55	0.23	0.17
R-Sq.		0.66			0.59			0.51		
Adj R-sq.		0. 22			0.19			0.15		
F-stat.		2.10			2.22			2.16		
Prob.		0.00			0.00			0.00		
Durbin-Watson stat.		1.45			1.61			1.89		

Source: Authors' computation (2022).   Note: $*p < 0.05$.

Table 4 Hausman Test (HT)
Equation: EQ01
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.25	1	0.12

According to Table 3, the Durbin-Watson statistic closely approaches 2.00, indicating, as per Mundfrom, Smith, and Kay (2018), the absence of multicollinearity issues in the regression model. The F-statistic value of 2.10 from the POOL Estimate is lower than both FE (2.22) and RE (2.16), suggesting, as per Adeyemi and Bamigboye (2021), that FE and RE estimations outperform POOL estimation. Table 4 presents the Hausman Test (HT) to determine the suitability of either FE or RE for interpreting the regression results. With a probability value of 0.12 exceeding 0.05, the HT suggests that RE is appropriate for interpreting the analysis results.

Consequently, RE reveals an R-square of 51%, indicating that 49% of the systematic variation in the dependent variable (PBT) remains unexplained by other variables, assuming the study did not consider heterogeneity effects across sampled firms. Furthermore, it indicates that post-IFRS adoption has a positively insignificant effect on EP proxies by PBT at the 5% significance level, with a coefficient value of 0.55, implying that an increase in the post-IFRS period would lead to an increase in EP.

Table 5 OLS Regression Result for Model 3 CFO on Pre-IFRSs

Variables	Pred. Sign	POLS Estimate			Fixed Effect (FE) Estimate			Random Effect (RE) Estimate		
		Coef.	t-stat.	Prob.	Coef.	t-stat.	Prob.	Coef.	t-stat.	Prob.
C.		44.12	1.90	0.00*	38.01	0.23	0.03*	26.10	0.29	0.02*
Pre-IFRSs	-	0.51	0.04	0.00*	0.12	0.03	0.00*	- 0.27	-0.23	0.00*
R-Sq.		0.52			0.71			0.77		
Adj R-sq.		0. 14			0.25			0.26		
F-stat.		2.10			2.35			2.26		
Prob.		0.03			0.00			0.00		
Durbin-Watson stat.		2.09			2.01			1.99		

Source: Authors' computation (2022).   Note: *p < 0.05.

Table 6 Hausman Test (HT)
Equation: EQ01
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.07	1	0.04

According to Table 5, the Durbin-Watson statistic is close to 2.00, which, as Mundfrom, Smith, and Kay (2018) suggest, implies the absence of multicollinearity issues in the regression model. Furthermore, the F-statistic value of 2.10 for the POOL Estimate is lower than the values for FE (2.35) and RE (2.26), as noted by Adeyemi and Bamigboye (2021), indicating that FE and RE estimations may be superior to POOL estimation.

Table 6 presents the Hausman Test (HT), revealing a probability value of 0.04, which is below the significance threshold of 0.05. This suggests that FE is suitable for interpreting the analysis results.

Consequently, the FE estimation outcome demonstrates an R-squared value of 71%, indicating that 29% of the systematic variation in the dependent variable (CFO) remains unexplained by other variables, assuming the study did not account for heterogeneity across sampled firms. Moreover, the FE results show that pre-IFRS adoption has a positive and significant effect on EP proxies by CFO at the 5% significance level, with a coefficient value of 0.12, implying that an increase in the pre-IFRS period would lead to an increase in EP.

These findings will be compared with those presented in Table 7 below to either accept or reject the formulated null hypothesis (H0).

Table 7 OLS Regression Result for Model 4 CFO on Post-IFRSs

Variables	Pred. Sign	POLS Estimate			Fixed Effect (FE) Estimate			Random Effect (RE) Estimate		
		Coef.	t-stat.	Prob.	Coef.	t-stat.	Prob.	Coef.	t-stat.	Prob.
C.		-9.04	-0.16	0.09	-4.01	-0.22	0.13	17.10	0.29	0.00*
Post-IFRSs	+	0.94	0.20	0.00*	1.08	0.02	0.00*	-0.52	- 0.20	0.15
R-Sq.		0.48			0.52			0.53		
Adj R-sq.		0. 10			0.17			0.18		
F-stat.		2.38			2.99			2.44		
Prob.		0.03			0.01			0.01		
Durbin-Watson stat.		1.53			2.01			1.90		

Source: Authors' computation (2022).   Note: *$p < 0.05$.

Table 8 Hausman Test (HT)

Equation: EQ01
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.05	1	0.51

According to Table 7, the Durbin-Watson statistic closely approximates 2.00, suggesting, as indicated by Mundfrom, Smith, and Kay (2018), the absence of multicollinearity issues in the regression model. Additionally, the F-statistic values are 2.38 for POOL Estimate, 2.99 for FE, and 2.44 for RE. According to Adeyemi and Bamigboye (2021), this implies that FE and RE estimations outperform POOL estimation. Table 8 presents the HT, revealing a probability value of 0.04, which is less than the significance level of 0.05, suggesting that FE is suitable for interpreting the analysis results. Furthermore, the HT from Table 8 suggests that RE is appropriate for interpreting the results in Table 7, as the probability value of 0.51 exceeds 0.05.

Consequently, the results of the RE estimation indicate an R-squared value of 53%, indicating that 47% of the systematic variation in the dependent variable (CFO) remains unexplained by other variables, assuming no consideration of heterogeneity effects across the sampled firms. The F-statistic value indicates a significant linear relationship between the dependent and independent variables. Furthermore, the results indicate that post-IFRS adoption has a negative and insignificant effect on EP proxies by CFO at the 5% significance level, with a coefficient value of -0.55, suggesting that an increase in the post-IFRS period leads to a reduction in EP.

4.2 Test of Hypotheses

Table 9 Restated Hypotheses, Results and Hypotheses Selection

Hypotheses Restated	Results		Hypotheses Selection
H0₁: EBT under the post-IFRSs adoption period show no higher significant effect than the pre-IFRSs adoption period of the companies listed on the NSE.	**Pre-IFRSs Adoption**	**Post-IFRSs Adoption**	Accept
	Positive/Significant	Positive/Insignificant	
H0₂: CFO under the post-IFRSs adoption period show no higher significant effect than the pre-IFRSs adoption period of the companies listed on the NSE.	Positive/Significant	Negative/Insignificant	Accept

Source: Authors' Computation (2022).

4.3 Discussion of Findings

The findings regarding hypothesis 1 in the study indicated that during the post-IFRS adoption period, there is no statistically significant increase in Earnings Before Tax (EBT) compared to the pre-IFRS adoption period for companies listed on the NSE. This suggests that implementing IFRS, particularly using fair value measurement or current-based accounting methods, does not notably boost EBT, thus making it less reliable for investors in predicting future investment earnings. These results align with the stakeholders' theory, suggesting a positive relationship between the post-IFRS adoption period and Earnings Perceptions (EP). They also support previous studies by Nwaogwugwu (2020), Adedayo et al. (2018), and Uwuigbe et al. (2017), which found that post-IFRS adoption did not significantly enhance EP and might even have a negative impact.

However, these findings contradict the conclusions drawn by Mensah (2020) and Olayinka et al. (2017), who reported a positive and significant impact of post-IFRS adoption on EBT compared to the pre-IFRS adoption period.

Regarding hypothesis 2, the results indicated that during the post-IFRS adoption period, there is no significant increase in Cash Flow from Operations (CFO) compared to the pre-IFRS adoption period for companies listed on the NSE. This implies that implementing IFRS, particularly using fair value measurement or current-based accounting methods, does not significantly enhance CFO, thus making it less reliable for stakeholders, such as investors, to predict future earnings from their investments. These findings do not support the stakeholders' theory predicting a positive effect of the post-IFRS adoption period on EP. Additionally, they contradict the outcomes of the study by Olayinka et al. (2017), which reported improvements in CFO and net profit as a result of IFRS adoption in Nigeria.

5. Conclusions and Recommendations

This research conducted a comparative analysis to assess the impact of adopting International Financial Reporting Standards (IFRSs) on the earnings performance (EP) of companies listed on the NSE. The comparison involved examining the differences between the periods before and after the adoption of IFRSs. In this study, pre- and post-IFRSs adoption periods were represented by dummy variables, while EP was measured using variables such as earnings before tax (EBT) and cash flow from operations (CFO).

Various estimation models, including Pooled Ordinary Least Squares (POLS), Fixed Effects (FE), and Random Effects (RE), were employed to evaluate the influence of pre- and

post-IFRSs adoption on EBT and CFO. The results of these tests indicated that the pre-IFRSs adoption period had a significant impact on both EBT and CFO when compared to the post-IFRSs adoption period. Consequently, the study concludes that the adoption of IFRSs by companies listed on the NSE did not lead to a significant effect on EP, which could aid stakeholders in predicting future earnings from their investments.

Therefore, the study recommended that stakeholders of companies listed on the NSE should not solely rely on EBT and CFO under IFRSs adoption to forecast future earnings. Instead, they should consider non-financial indicators such as management competency and integrity, market share growth, and the quality of managements strategies and policies for a more comprehensive understanding of future earnings potential.

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