IFRS DISCLOSURE AND FINANCIAL PERFORMANCE OF LISTED NON-FINANCIAL FIRMS IN NIGERIA

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Abstract

IFRS are principles that establish the general rules by which specific items in the financial statement are to be treated. Therefore, the broad objective of the study is to examine IFRS Disclosure and Financial Performance of Listed Non-Financial Firms in Nigeria. However, the specific objective is to assess how the relationship between disclosure of financial information under IFRS and the firm's performance has been a concern of contemporary research. Prior researchers in developed and developing economies have provided robust evidence of company disclosure practices under IFRS as they influence performance. This study has therefore examined the influence of IFRS disclosure and financial performance of listed non-financial firms in Nigeria. The study was premised on stewardship theory. The population of the study constitutes 173 quoted companies on the floor of the Nigerian Exchange Group (NEG) as at 31 December 2022. Sixty-four (64) listed non-financial companies were used in the final analysis. In order to arrive at the testable conclusion, purposive sampling technique was adopted. The study utilized a mix of descriptive, unit root and OLS regression analytical techniques. Findings revealed that there is substantial relationship between total disclosure and firms' financial success in the context of listed non-financial enterprises in Nigeria. Also, higher profitability was found to be associated with extensive accounting disclosure. The conclusion of this study is that there is a relationship between company disclosure levels and financial performance. According to this finding, businesses should be concerned with disclosing pertinent information as cheaply as feasible in order to mitigate the potential impact that comprehensive required and voluntary disclosure may have on financial performance.

1.0 Introduction

International Financial Reporting Standards (IFRS) are standards by the International Accounting Standard Board (IASB) to serve as a guide to companies for preparation of financial statements that will give true financial and non-financial information (Integrated Financial Reporting) to investors and other stakeholders who use them for economic decisions (Aminu & Hadiza, 2021; Akinola & Efuntade, 2021). IFRS implementation became globally important because of increasing international trade and globalization of the world's capital market. Many countries of the world including Nigeria have adopted the standards for the preparation of their accounts. The standards aimed to provide a common global rule to business affairs that will increase disclosure and improve the quality of financial information for both current and potential investors (Osho & Akinola, 2018).

The overall philosophy was to make financial statements understandable, comparable, relevant, and reliable in the financial markets around the world (Osho & Akinola, 2019). Specifically noted benefits of implementation of IFRS are improved disclosure, transparency, understandability, and comparability of financial statements for investors leading to a reduction in information asymmetry, greater willingness of investors to invest (Abata, 2015; Ogbeifun & Akinola, 2019). Improved disclosure of quality information

yields benefits such like reduction in the cost of capital, more efficient allocation of resources, higher economic growth, higher market efficiency, and improvement in analyst predictions. Improved disclosure and quality of information enhance investors′ assessment of financial performance of a firm and their willingness to invest more because the more favourable the result of the assessment is the more investments made (Akpaka, 2015; Ogbeifun & Akinola, 2019).

Financial performance refers to the improvement in the economic activities of a firm as measured by profit or loss over a given period. Globalized capital markets require a unified set of global accounting, reporting and reporting standards. Due to the increased volume of cross-border capital flows and the growing number of foreign direct investment via mergers and acquisitions. In today's globalized world, the need to harmonize different accounting practices and accept global standards has emerged (Abata, 2018; Abe et al., 2020).

Although, there has been a series of contentions as regards the impact of these standards on the quality of financial statements, but this study will provide a clear understanding of their relationship. International Financial Reporting Standards (IFRSs) are designed as a common language for companies to make corporate accounts comprehensible, reliable, relevant and internationally comparable (Consoni & Colauto, 2016). They are the result of increased international ownership and commerce and are particularly important for companies with relationships in several countries.

They have gradually replaced the numerous national accountancy standards. IFRS includes: IFRS published by the IASB; International Accounting Standards (IAS) published by the IASC, or revisions thereto published by the IASB; IFRS and IAS Interpretations prepared by the Interpretations Committee (IFRSIC) and approved for publication by the IASB and IAS interpretations drawn up by the SIC and approved by the IASB or the IASC International Financial Reporting Standards (IFRSs) represent the new dominant set of accounting standards developed through a rigorous due diligence process and now used in over 120 countries around the world, including Australia, Brazil, Canada, the European Union, South Africa, Nigeria and many more. Each country adopting IFRSs are subject to a transition process during the year it is adopted. This can cause significant disruption to users of the financial statements (Ogbeifun & Akinola, 2019; Donelly, 2016; Eyenubo et al., 2017).

Since accounting treatments for similar items may vary and hinder comparisons and trend analysis. Given that the quality of the financial statements is affected by the quality of the underlying accounting standards, users may benefit from understanding the impact of a shift from local generally accepted accounting principles (GAAP) to IFRS. In addition, economic changes may have implications where the quality of accounting has improved around the world. Due to the relatively recent presence of IFRSs in Nigeria and other sub-Saharan African countries, their adoption has not been taken seriously (Ibanichuka & Asukwo, 2018).

Nigeria adopted IFRS in 2012 because the level and quality of disclosure prior to the adoption of IFRS was poor. The benefits expected to derive from the adoption and implementations include easier access to external capital and an increase in foreign direct investment. Investors and lenders need financial information that is reliable, relevant, and comparable across the border to assess the risks and returns of their investment opportunities (Gideon, 2016). More investment leads to higher performance by the company provided the cost of disclosure does not outweigh the profit achieved.

The relationship between disclosure of financial information under IFRS and the firm's performance has been a concern of contemporary research. Prior researchers in developed and developing economies have provided robust evidence of company disclosure practices under IFRS as they influence performance. Despite the numerous researches done on the topic, there has been no convergent finding on the association between firms' performance and disclosure practices (Sanyaolu et al., 2017). While some authors found a high positive association between profitability index and companies' level of disclosure (Zaiyol et al., 2017) others established insignificant or no relationship between the variables (Ayodele & Afolabi, 2018) reveal that the relationship between current returns and future earnings does not improve with more voluntary disclosure. Our study contributes to this international debate from the context of Nigerian experience and will either support or disagree with the relationship between IFRS disclosure and company performance.

Our study investigated the association between International Financial Reporting disclosure and performance in transactional companies overall disclosure practices and sampled nonfinancial firms' performance for the post-IFRS period 2013–2022, using return on assets (ROA) to measure the firms' performance. Company share prices and various company attributes were used as control variables, to investigate the relationships. ROA is considered as one of the key performance indicators which enables investors to determine the overall financial performance of the firms. It is considered as major variable this study and is calculated by dividing net operating profit or earnings before interest and tax (EBIT) by the operating capital. ROA is a more useful ratio to evaluate the longevity of a company. Non-financial firms included all the firms quoted in the Nigerian Exchange Group apart from banks and other financial institutions.

The purpose was to examine the sectors together instead of studying them in parts. It may also construct at the preceding research, make a contribution to the lack of literature on disclosure practice and overall performance on transactional companies in rising economies consisting of Nigeria. For these reasons, this study aimed at documenting the current state of disclosure of financial information under IFRS to assist policy makers to formulate policies that will enhance effective IFRS implementation. It will also build on the previous studies and contribute to the dearth of literature on disclosure practices and performance of firms in emerging economies such as Nigeria.

1.2 Objective of the Study

The broad objective of this study is to examine IFRS Disclosure and Financial Performance of Listed Non-Financial Firms in Nigeria. The specific objective is to:

(i) Assess IFRS disclosure on the financial performance of listed non-financial firms in Nigeria

1.3 Research Question

The following research question is raised from the identified problem in the study so as to examine IFRS disclosure and Financial Performance of Listed Non-Financial Firms in Nigeria:

(i) To what extent do IFRS disclosure influence the financial performance of listed non-financial firms in Nigeria?

1.4 Research Hypothesis

The null hypothesis is tested at 0.05 level of significance in the course of the study:

H_0: IFRS disclosure do not have significant influence the financial performance of listed non-financial firms in Nigeria

2.0 Literature Review

2.1 Conceptual Review

2.1.1 International Financial Reporting Standards (IFRS)

Meeks and Swann (2009) opined that firms adopting IFRS had exhibited higher accounting quality in the post-adoption period than they did in the pre-adoption period. They confirmed that firms applying IAS/IFRS experienced an improvement in accounting quality between the pre-adoption and post-adoption periods. According to Okpala (2012), the adoption of IFRS in Nigeria will open opportunities for a larger finance transformation for firm and upturn the centralization of Economics of Scale. In his study, he perceived that IFRS will promote Foreign Direct Investment (FDI) and economic growth in Nigeria. He further opined that it is expedient for Nigeria to adopt a global standard because many Nigerian companies have securities of foreign companies. Hence, IFRS will result to a better decision about the flow of economic capital. Taiwo and Adejare (2014) claimed that IFRS will improve financial performance, and quality of accounting records. It will also enhance business efficiency, aid resource allocation and performance planning in companies.

The journey to IFRS adoption in Nigeria began sometime in July 2010, when the Road map for the adoption by the Federal Executive Council was approved. Upon this approval, the Financial Reporting Council of Nigerian Act was enacted in 2011, resulting into the transformation of the Nigeria Accounting Standards Board to the Financial Reporting Council (FRC) which among other things, is charged with the responsibility of establishing the road map for the adoption of IFRS in Nigeria. Therefore, Nigeria began the adoption of IFRS in 2012 and required all companies quoted on the Nigerian Exchange Group and companies with significant public interest to comply in the first phase (Aganga, 2013).

2.1.2 IFRS Disclosure

According to Ali, et al. (2018) attempts to develop non-financial measurements for providing information about the wider social effect of business activities have been frustrated to some extent by the inability to integrate financial and non-financial measurements in a coherent manner, where business survival is the ultimate criterion and profitability the ultimate condition. Gideon (2016) viewpoints signify the importance of extensive disclosure in a convergent approach that will aid stakeholders to make an informed decision about firms' performances. There exists evidence that extensive disclosure adds value to the capital of public companies. Higher economic growth and quality financial reporting are expected from the adoption of IFRS (Akinola et al., 2021).

Despite elaborate expectations from disclosure under IFRS by many countries, there are apparently concerns about financial statement manipulation, related party transactions (RPTs) disclosure and lack of transparency in the presentation and disclosure of financial positions of entities (Ilu & Yunusa, 2018).

Jannis (2009) pointed out that IFRS are principle-based aimed at eliminating the challenge of accounting alternatives to having earnings that are true and fair in representing the firm's economic performance. Accountants and managers of companies, on one hand, have been accused of not disclosing material facts that are capable of influencing investors and other segments of the society's economic decisions.

Financial manipulation of figures defeats the aims of disclosure to investors who need reliable accounting information to enable them to determine a firm's financial performance among others. On the other hand, the International Accounting Standards Board (IASB) and Financial Accounting Standard Board (FASB) have been blamed for not having adequate standards. Some other authors have attributed all these problems to corporate governance failures, economic instability, and financial crisis (Akinola & Efuntade, 2021).

In cognizance of these inherent problems associated with disclosure of vital information in the financial statements, IASB has continued to several International Financial Reporting Standards (IFRS) aimed at enhancing the quality of information contained in the published accounts of entities and to make firms financial statements comparable (Ironkwe & Oglekwe, 2016). More so, IASB and FASB have continued to embark on projects designed to significantly improve the decision usefulness of financial instrument reporting for users of financial statements (Musa & Sanusi, 2017).

2.1.3 Financial Performance

Previous literatures have revealed that one of the primary concerns of finance and management experts, shareholders and researchers is performance of corporate organizations. As a result, financial performance is the most broad, essential and consistent measurement of the ability of companies to raise their income level (Mwangi, 2016). Thus, financial performance is seen to be one of the key objectives of corporate finance since the main goal of corporate finance is to maximize the owner's wealth and profitability thereby indicating better financial performance (Malik, 2011).

The study of corporate performance is revealed as an infinite subject that researchers have huge interests. The performance of an organization can be measured using different indicators and by adopting different approaches; though, profitability ratios are the key performance indicators of firm's overall efficiency widely used by stakeholders. Several literatures have emerged in order to explain how some firms enjoy a higher profit than others (Mohammed & Usman, 2016)

Njuguna and Moronge (2013) pointed out different indicator used to measure financial performance. This includes Return on asset (ROA) and Return on equity (ROE). Return on asset (ROA) indicates how much profit an organization earns on its assets. In other words, it shows how profitable a company is compared to its assets and gives a representation of how efficient the management is in utilizing the company's assets to generate profits. On the other hand, return on equity (ROE) measures the rate of return on the shareholder's equity of common stockholders which shows how well a company utilizes investment funds to generate profit growth.

2.1.4 IFRS Disclosure and Financial Performance

ROA is one of the profitability ratios that enable investors to determine the efficiency with which management of a firm generates profit on the investment made by shareholders and creditors. It is equally used by managers for various financial decisions. ROA is measured by expressing net operating income after interest and tax or before interest and tax as a percentage of capital employed (Akinola et al., 2021).

An increase in ROA signifies satisfactory engagement of capital employed in the business. Accurate assessment of the company's ROA by investors depends significantly on the extent of information disclosed in the financial statements.

Several prior kinds of literature have found that the value relevance of accounting information has declined in recent years. According to Ali, et al. (2016), an assessment of ROA is a crucial part of investors' analysis of company performance and stewardship. Often investors meet with challenges in trying to assess the ROA of target companies. These challenges hinge on inadequate disclosure of relevant accounting information.

Problem areas include fair value measurement, investment involving the acquisition of another business especially on the disclosure of the amount and composition of consideration paid to former owners of the acquired business; consistency with information disclosure, transparency on how management compute their ROA; segmental information about capital employed (Ayodele & Afolabi, 2018). Investors believe that companies that generate a ROA above their cost of capital on a consistent basis outperform their counterparts and will attract investment.

Hence, the more the disclosure of financial information, the more return on capital employed (ROCE) increases provided the cost of disclosure does not increase above the profit. Profitability is a fundamental element for the Total Disclosure Index but not for the Financial Disclosure Index (Ibanichuka & Asukwo, 2018).

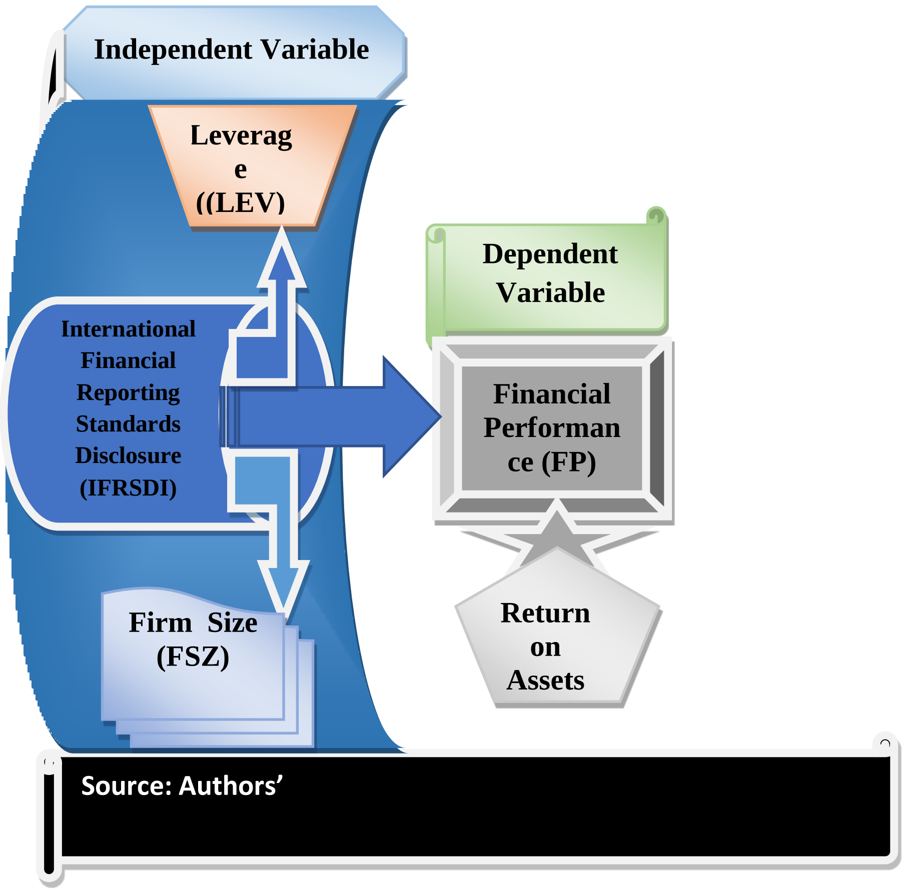

Fig 2.1 Conceptual Framework on IFRS Disclosure and Financial Performance of Listed Non-Financial Firms in Nigeria

2.2 Theoretical Review

This study was centered on the stewardship theory.

Stewardship Theory

The stewardship theory emphasizes the principal- steward courting believed to have its roots within side the fields of psychology and sociology. It grew out of the seminal paintings of Donaldson and Davis in 1991 and became evolved as a version wherein senior executives act as stewards for the business enterprise and with inside the pleasant hobbies of the principals (Ikpefan & Akande, 2012). The principal steward courting is a courting of agree with and became evolved as an opportunity to the company idea. In the mildest of company governance, Donaldson & Davis (1991) advocate that stewardship idea focuses basically on empowering structures, and helps the mechanism of Chief Executive Officer (CEO) duality so one can decorate effectiveness and produce, as a result, advanced returns to shareholders than separation of the jobs of chair and CEO. The software of the steward represented via way of means of the Chief Executive Officer is maximized while organizational goals are completed in preference to self-serving goals (Jamal et al., 2011).

A look at primarily based totally on facts posted via way of means of Canadian actual property corporations in 2011 confirms that IFRS adoption has created volatility in income and variability in key metrics (Kargin, 2013; Mande, 2014). This look at reviews that actual property, belongings growth in IFRS with the use of cutting-edge marketplace values; and debt balances are likewise better in IFRS. Furthermore, internet income of actual property corporations is better on common in IFRS even as no sizeable effect on coin flows is found.

Uwuigbe et al. (2017) looked at the impact of voluntary IFRS information in the context of pre-adoption onthe relevance of accounting figures. The take a look at followed logistic and linear regressions and built a disclosure index. The review suggested that companies that provided voluntary information on IFRSs prior to the duration of IFRSs confirmed a larger equity and earnings extra. On the opposite hand, non-voluntary IFRS disclosures found out an extra extrude in leverage and a lower liquidity. Muller (2014) similarly documented that voluntary IFRS companies are audited through a massive auditor are tending to be cross-listed. Yurisandi and Puspitasari (2015) found out that considerable disclosure of accounting, statistics, notably related to better size, growth, and leverage measures. The take a look at the same opinion that companies that offer informative disclosure display proof of better profitability.

The European Union followed IFRS in 2005. Zeghal et al. (2012) takes a look at the effect of IFRS adoption on key monetary ratios of a continental European country – Finland. They locate that liquidity ratio, reduced beneath IFRS, even as leverage and profitability ratios increased (Ezeani & Oladele, 2012). Additional liabilities arose, especially from rent accounting, worker advantage duties and monetary instruments, and better income has been generally because of enterprise combinations. Finally, Herbert et al. (2014) examines the effect of IFRS adoption in France and reveals small versions of shareholders’ fairness, following the adoption of IFRS, however a boom in monetary leverage and profitability. The take a look at the notes that truthful price accounting changed into now no longer followed for long-lived property besides for one-time changes on transition (in keeping with IFRS 1), funding assets and monetary instruments (Fashina & Adegbite, 2014; Fasoranti; 2014).

2.3 Empirical Review

Empirical research have investigated the outcomes of adopting IAS/IFRS in Europe on investors’ belief of accounting great previous to regulation 1606/2002, imparting proof in favour in their adoption by the way of disclosure, great rankings furnished with the aid of using reputed experts, (Ofoegbu & Ndubuisi, 2018) report, for instance, a boom in accounting great for a pattern of Austrian, German, and Swiss corporations switching to IAS/IFRS with inside the length previous to their obligatory adoption in Europe. Similar effects are furnished through value relevance research which includes those through (Umobong & Ibanichuka, 2016), which file a growth with inside the value-relevance of income for German corporations adopting International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS). Adebimpe and Kwere (2015) additionally evaluate home GAAP and IAS/IFRS throughout 21 countries, suggesting that corporations making use of IAS/IFRS show case much less income management, greater well timed loss recognition, and greater value applicable accounting measures. However, these types of research, discuss the voluntary adoption of IAS/IFRS, which is probably the end result of company incentives to growth transparency.

Along the equal lines, Abata (2015) argued that overseas mutual fund possession is extensively better amongst IAS/IFRS adopters, which indicates a voluntary transfer to IAS/IFRS aimed toward attracting overseas buyers through imparting them with each extra records and records this is extra acquainted to them. Further research has tested the results of the adoption of IFRSs on fantastic accounting.

For instance, files that the choice to record below IAS/IFRS is definitely associated with company size, the variety of overseas fairness markets on which the firm's stocks are traded and the extra issuance of fairness stocks. Similar findings are pronounced through (Aderin & Otakefe, 2015).

Arum (2013) studied the impact of IFRS as regards to the dimensions of entities. Small businesses had fewer adjustments to IFRS adoption and professional net income and equity growth. In contrast, big businesses had many adjustments, negligible will growth to net earnings, similar to a decrease in equity. Their stop is that the adoption of IFRS has been found to have little impact on the accounting fantastic of smaller businesses, and a larger impact on the accounting fantastic of big businesses.

For a pattern of European non-economic corporations that voluntarily followed IAS/IFRS, Adegbaju and Olokoyo (2008) report that overseas list and geographical dispersion of operations are vital drivers. Akegun (2013) additionally display that size, worldwide exposure, dispersion of possession, and IPOs are vital determinants of voluntary IAS/IFRS adoption through publicly traded German corporations. Findings consequently endorse that organizations voluntarily moving to IAS/IFRS have incentives to enhance transparency and the great economic reporting.

In a similar study, Edirin and Okoro (2016) found that on average, IFRSs lead to an approximate growth in liability and leverage ratio and a decrease in equity and earnings. These findings are regular with the consequences of Firoz, et al. (2011) who focused on the appropriate financial statement consequences of adopting IFRS through manner of the manner of the usage of a right away assessment of financial statements prepared underneath IFRS and German GAAP.

1.1 Methodology

The population of the study constitutes 173 quoted companies on the flow of the Nigerian Exchange Group (NEG) as at 31 December 2022. Out of this number, the study purposively excluded 55financial

companies from the initial population of 173 listed companies because of incomplete data availability leaving a new total population of 118. The study then adopted the purposive sampling technique of Taro Yamane formula n = N/1 + N $(0.05)^2$ using 95% confidence level and an error margin of 0.05 and selected sample size of 82 (69%) of 118 non-financial companies. Importantly, the selected companies met the following criteria: i) listed in the Nigeria Stock Exchange on or before 2011, ii) adoption of IFRS on or before 2012 and iii) complete data for the period of 2013 to 2022 financial reports.

The study pooled data from 640 firms-year observation from the annual reports of the companies for six years (2013–2022) in the first leg of data gathering. We dropped 18 companies that did not meet the criteria to be included in the final sample. Hence, 64 listed nonfinancial companies were used in the final analysis.

1.2 Model Specification

In line with Sanyaolu, et al. (2017), each IFRS required, and voluntary disclosure items scored 1 if disclosed and 0 if not disclosed. The study employed content analysis of IFRS required and voluntary information disclosure in the annual reports which have been widely used by previous studies to investigate the extent of IFRS disclosure by firms (Ofoegbu & Ndubuisi, 2018). The study adapted the model in the work of Achugamonu, et al (2016) to measure the relationship between disclosure of IFRS and financial performance of the selected companies as stated below:

Σ Equation 1: Before adoption of IFRS (represented by 0) GAAP_2010/2011
Perf0=α0+α1Growth0+α2MVE0+α3SIZE0+α4LEV0+α5TATOR0
Σ Equation 2: After adoption of IFRS (represented by 1) IFRS_2012/2013
Perf1=α0+α1Growth1+α2MVE1+α3SIZE1+α4LEV1+α5TATOR1

Where:
Perf = Changes in return on equity before and after adoption of IFRS.
Growth = Measures changes in growth rate before and after adoption.
MVE = Measures changes in the market value of equity of the company.
SIZE = Shows the relationship between asset size and capital output ratio of the firm.
LEV = Leverage measures the ability of the firm to meet its fixed obligation.
TATOR = Turnover ratio measures changes in the turnover with respect to total asset.
However, this study modified the model used in the work of Achugamonu, et al (2016) by introducing ROA as a proxy for measuring financial performance since return on assets (ROA) is a major proxy used in measuring the financial performance.
Therefore, the model was stated as follow:
$ROA_{it} = \beta_o + \beta_1 IFRSDI_{it} + \beta_2 LEv_{it} + \beta_3 FSz_{it} + \varepsilon_{it}$

Where;
IFRSDI = IFRS Disclosure Index
ROA = Return on Assets
LEV = Leverage.
FSz = Firm Size
β = the coefficient of the function
ε = error term.

4.0 Results

4.1 Descriptive Statistics

In Table 1 and 2, the inferential analyses for the research variables are shown. We reported the inter correlations, correspondingly to provide a clearer picture. In Table 1, the total transparency for each year from 2013 to 2022 is shown, and in Table 2, all parameters are reported over the 10-year span. According to Table 1, the estimated average disclosure index over the past ten years has been 0.670 (with a range of 0.38 to 0.98). In contrast to other research (see Eyenubo et al., 2017), the nonfinancial listed businesses on the Nigerian Exchange Group had disclosure indices of 0.38 and 0.98. Interestingly, Table 1 reveals that the minimum, maximum, and average disclosure compliance rates were greatest in 2013 - the year following Nigeria's implementation of IFRS. The outcome is in conflict with the report of (Ofoegbu & Ndubisi, 2018; Zaiyol et al., 2017) on the implementation of IFRSs in the EU. Maybe the aspect that could be attributed to the audit firm's expertise and its beneficial impact on broad reporting is its size. These results confirm the agency hypothesis and show that the kind of auditor and the degree of financial reporting compliance are connected.

Table 1
Descriptive Statistics for IFRS disclosure index

	Minimum	Maximum	Mean	Std. Deviation
IFRS 2013	36.00	98.00	81.00	15.96
IFRS 2014	40.00	98.00	84.14	14.69
IFRS 2015	36.00	98.00	81.36	16.95
IFRS 2016	38.00	98.00	83.41	16.67
IFRS 2017	36.00	98.00	81.36	16.95
IFRS 2018	36.00	98.00	81.00	15.96
IFRS 2019	38.00	98.00	81.46	17.56
IFRS 2020	38.00	98.00	81.35	16.34
IFRS 2021	38.00	98.00	81.48	18.44
IFRS 2022	40.00	98.00	81.57	18.77

Source: Authors' Regression Output on E-views 9.2, (2024)

Table 2
Descriptive Statistics of Data

	IFRSDI	FSIZE	LEV	ROA
Mean	0.814157	6.86307	0.388545	0.080835
Median	0.291667	6.88500	0.000000	8.360000
Maximum	0.98000	7.85000	0.57094	1316.410
Minimum	0.36000	8.460000	0.05498	-0.044000
Std. Dev.	0.176937	2.590170	185.8162	127.0967
Skewness	1.147470	0.111549	4.629499	6.654353
Kurtosis	4.505283	2.855989	27.94357	64.75142
Jarque-Bera	55.23924	0.517088	5191.345	29262.64

Probability	0.000000	0.772175	0.000000	0.000000
Observations	640	640	640	640

Source: Authors' Regression Output on E-views 9.2, (2024)

Table 1 above shows the result of descriptive statistics test utilizing the data mean, median, standard deviation, skewness and kurtosis. The average mean of IFRS disclosure index for the listed non-financial companies during the study period is 0.8141 with standard deviation of 0.1769. This implies that there exists significant variation among the values of IFRS disclosure index across the listed non-financial companies in Nigeria during the periods. The mean value of firm size is 6.863 with a standard deviation of 2.590. This shows that there is moderate variation across the sample of listed non-financial companies in Nigeria. Hence, the highly deviated firm size may have significant impact on the environmental impact of these firms in Nigeria. The mean value of leverage is 32.086. The analysis of ROA shows a mean value of 0.0808 with the value of standard deviation of 127.097. This implies that ROA through the analysis of its standard deviation revealed that ROA of the non-financial companies deviates significantly from its mean value up to 127.09.

IFRS disclosure index, leverage, ROA values have a leptokurtic distribution (i.e a distribution that displays a positive value of excess kurtosis). This is because their kurtosis values (4.505, 27.944, 64.751) respectively are greater than 3 and they have a very high peakedness while firm size has a platykurtic distribution given that their respective kurtosis values of 2.8118 is less than 3.

As regards skewness, all the variables are positively skewed their positive values of skewness show that, the coefficients of the variables are positive and their means are greater than median values. Furthermore, the positive skewed distribution is also showing that there is lower risk than what the standard deviation measures. It can also be seen that all the variables have 640 observations. This can be attributed to availability of information on the variables used in the study.

Table 3 Correlation Matrix

	IFRSDI	FSIZE	LEV	ROA
IFRSDI	1.000000			
FSIZE	0.140000	1.000000		
LEV	0.354810	-0.128673	1.000000	
ROA	-0.038472	-0.138810	0.024087	1.000000

Source: Authors' Computation, (2024)

The correlation matrix table shows the correlation coefficients between the variables under study. Each cell in the table shows the relationship between two variables. This helps to see which pairs have the highest correlation.

Table 2 briefly shows the relationship of variables with each other. IFRS disclosure index is positively related to firm size (0.1400) and leverage (0.3548). This means that an increase in these independents variables will result in the increase in environmental impact assessment in the proportion of 14 per cent and 35.48 per cent, respectively. However, ROA show a negative correlation (-0.0384) pairs with IFRS disclosure index, implying that one percent increase in return on assets (profitability) will decrease environmental impact assessment. The table therefore shows that, in general, correlations between independent variables are not high; an indication of absence of multi-colinearity which usually associates with time series data.

Table 4 Unit Root Test Diagnostic

	Levin, Lin & Chu Test			ADF- Chi Square			PP-Fisher Chi Square		
VARIABLE	Intercept	Intercept and Trend	None	Intercept	Intercept and Trend	None	Intercept	Intercept and Trend	None
IFRSDI	0.3118	0.5111	0.0599	0.2005	0.3884	0.6886	0.0187**	0.1614	0.4667
FSIZE	0.0021**	0.0239**	0.3360	0.1208	0.6452	0.9905	0.0015**	0.1203	0.9915
LEV	0.0458**	0.8627	0.0009**	0.0901	0.4571	0.0015**	0.0002**	0.0148**	0.0000**
ROA	0.8133	1.0000	0.0000**	0.0013**	0.0122**	0.0000**	0.0000**	0.0003**	0.0000**

Source: Authors' Computation, (2024) ***5% Level of Significance*

Table 5 Summary of Unit Root Test Result

	PP-Fisher Chi Square	
VARIABLE	At Level	I(d)
IFRSDI	0.0187**	I(0)
FSIZE	0.0015**	I(0)
LEV	0.0000**	I(0)
ROA	0.0000**	I(0)

Source: Authors' Extracts from Table 4***5% level of Significance*

In order to investigate the order of integration among the variables such as GRI, FSIZE, LEVERAGE, ROA, the study used the Phillip-Perron Chi Test. This tool of unit root test was tested for all the variables by taking null hypothesis as 'presence of unit root test (i.e presence of non-stationarity) against the alternative hypothesis 'series is stationary'. If the absolute probability value exceeds the bench mark probability value (0.05), then, null hypothesis is accepted and it is concluded that series is stationary and vice-versa.

It is clear from the table 4.4 above that the results for unit root test of PP-Fisher Chi Square show that all the variables are stationary at their level form indicated as I (0). This implies that there is no form of co-integration relationship among the variables.

Table 6 Regression results

Dependent Variable: IFRSDI
Method: Panel EGLS (Period random effects)
Date: 01/13/24 Time: 11:53
Sample: 2013 2022
Periods included: 10
Cross-sections included: 64

Total panel (balanced) observations: 640

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FSIZE	0.012690	0.005011	2.532598	0.0122
LEV	0.000361	6.92E-05	5.219215	0.0000
ROA	0.078636	0.000101	-0.299884	0.7646
C	0.089422	0.086178	1.037649	0.3009

R-squared	0.161405	Mean dependent var	0.314157
Adjusted R-squared	0.146778	S.D. dependent var	0.176937
S.E. of regression	0.163437	Sum squared resid	4.594398
F-statistic	11.03497	Durbin-Watson stat	0.474144
Prob(F-statistic)	0.000001		

Source: Authors' Regression Analysis, (2024)

Findings from the regression analysis using random effect model for the selected non-financial firms indicated that, the model was able to explain 16.1 percent of the systematic variability in the dependent variable that could be identified by the independent variables, and about 84 percent of the variation in the variation in the IFRS disclosure for the sampled firms was accounted for by non-model factors. The model had an R-squared value of 0.161, indicating overall model fitness. This result was complimented by the adjusted R-squared of 14.7 per cent, which was the proportion of total variance that could be explained by the model. Also, the analysis returned a Durbin-Watson statistic value of 0.4741. The Durbin-Watson statistic determines whether there is autocorrelation in the residuals of a time series regression. Thus, the result (0.4741) showed that the independent variables were positively auto correlated.

Findings from the Fishers ratio (i.e. the F-Statistic) in Table 6 which is a proof of the validity of the estimated model presented a p-value of (0.000) lower than 0.05; this invariably suggested clearly that simultaneously, the independent variables were jointly and significantly associated with the dependent variable. In effect, the null hypothesis is rejected while the alternate hypothesis is accepted. Thus, there is significant relationship between firm performance and the extent of IFRS disclosure among Nigerian non-financial firms.

1.0 Discussion of Findings

The outcomes of (Abe et al., 2020; Ayodel & Afolabi, 2018; Ilu & Yunusa, 2018; Umobong & Ibanichuka, 2016) are validated by our findings that there is substantial correlation between total disclosure and firms' financial success in the context of listed non-financial enterprises in Nigeria. This result is consistent with previous research (Sanyaolu et. al., 2017; Consoni & Colauto, 2016; Donnelly, 2016) that revealed a significant correlation. The findings gave empirical evidence for Jannis (2009) hypothesis that unprofitable firms may provide more information in great detail to explain their subpar performance.

The results of the study of (Ibanichuka & Asukwo, 2018; Adebisi et al., 2017; Gideon, 2016) which found that higher profitability is associated with extensive accounting disclosure with the goal of attracting capital in the stock market, are at odds with this one, even though they are not statistically significant. The upshot of the findings is that the evidence given is not compelling enough to stockholders, who stand to gain more from larger investments.

Additional implications include the fact that full transparency comes at a greater cost yet shouldn't be used as an excuse for subpar performance. Cost savings via the disclosure of necessary and important information to assist shareholders and other societal groups in making business decisions is among the strategies a firm may use to enhance its financial results.

We also show that the impact of total disclosure is positively correlated with firm size. This study supports previous findings that larger businesses plan to share more information (Ali et al., 2016; Ironkwe et al., 2016; Musa & Sanusi, 2017). The consequence of the finding is that when a company grows, disclosure likewise grows, costs rise, and the firm's financial performance is subsequently impacted. Another conclusion is that large corporations can absorb the impact of the high expense of thorough reporting.

5.0 Conclusion

Using a mix of descriptive, unit toot and OLS regression approaches, this study examines the link of IFRS disclosure index and financial success in the case of registered non-financial enterprises in the Nigerian Exchange Group. We extensively show that post-IFRS firm disclosure procedures significantly affect profitability (return on assets).

The conclusion of this study is that there is a strong correlation between company disclosure levels and financial performance. According to this finding, businesses should be concerned with disclosing pertinent information as cheaply as feasible in order to mitigate the potential impact that comprehensive required and voluntary disclosure may have on financial performance. Our findings offer valuable guidance for the likely application of suitable economies of scale (firm size) in enhancing and minimizing the potential adverse impact of disclosure policies on the profitability of enterprises.

The research also demonstrates that the Financial Reporting Council of Nigeria must constantly motivate training and education of the staff of the businesses on how to prepare financial reports in compliance with IFRS without causing excessive costs that would harm their earnings. The authority should verify that the data given has value in order to cut costs by eliminating extraneous information.

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