Impact of IFRS Adoption on Value Relevance of Accounting Earnings of Quoted Manufacturing Firms in Nigeria

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ABSTRACT

This study investigates the impact of International Financial Reporting Standards (IFRS) adoption on the value relevance of accounting earnings for quoted manufacturing firms in Nigeria. With the increasing adoption of IFRS globally, it is crucial to understand its effect on the relevance of financial information to investors, particularly in emerging markets. A sample of nine companies listed on the Nigerian Exchange Limited (NGX) from 2006 to 2022 was analyzed to evaluate how earnings per share (EPS) and book value per share (BVPS) responded to IFRS adoption. Ordinary Least Squares (OLS) regression models were deployed in data analyses. The results show that EPS has a significant (p-value < 0.05) positive relationship with share price, highlighting the importance of earnings as a critical determinant of stock prices. However, BVPS has a non-significant (p-value > 0.05) and negative relationship with share price, indicating that investors in Nigerian manufacturing firms may prioritize earnings over net asset values. Interestingly, adopting IFRS does not directly impact share prices, but switching off pre-IFRS adoption (IFRS*EPS) revealed a negative and significant relationship between EPS and SP, suggesting that IFRS adoption complicates investors' interpretation of earnings. The IFRS*BVPS indicated an insignificant relationship with the share price. Similarly, the moderating effect of firm size (FS) on the relationship between IFRS adoption and the value reverence of accounting earnings was found to be insignificant (P-value > 0.05). The study concludes that while IFRS adoption enhances transparency, it may reduce the value relevance of earnings in the short term. The findings have implications for investors, firms, and regulators, and contribute to the limited empirical evidence on IFRS adoption in emerging markets. Recommendations include improved investor communication and further research into the long-term effects of IFRS on financial performance in Nigeria.

Keywords: Book value per share, earnings per share, financial reporting, IFRS adoption, value relevance.

INTRODUCTION

In recent years, the adoption of International Financial Reporting Standards (IFRS) has gained momentum globally, starting in developed countries and expanding to emerging markets. As international trade grows, businesses increasingly seek financing beyond their domestic markets. IFRS promotes the benefits of standardized accounting practices (Umobong & Akani, 2015). Nigeria adopted IFRS in 2012 to improve the quality of financial disclosure, which had been lacking (Ofoegbu & Odoemelam, 2018). Since then, IFRS has enhanced accounting accuracy, helping managers, investors, and stakeholders make better resource allocation decisions (Stent et al., 2013).

Nigeria's adoption of IFRS has mandated compliance from both public and private entities. With its implementation, definitions for financial statement elements such as assets, liabilities, equity, income, and expenses have evolved, along with the criteria for classifying and valuing these items. Agostino, Drago & Sukupo (2011) emphasize that a key change under IFRS is the transition from historical cost to fair value accounting, which has impacted how earnings and book value are reported. The goal of IFRS adoption is to enhance reporting quality and ensure global consistency in financial statements (Ball, 2016).

Global organizations, such as the World Bank and IMF, have encouraged the adoption of IFRS by developing countries, including Nigeria. According to Ball & Sadka (2015), accounting earnings can act as indicators of economic activity, reflecting a firm’s actual performance. Accounting figures are considered value-relevant

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when they show a strong correlation with equity market value. Dunham & Grandstaff (2022) define value relevance as the ability of accounting numbers to capture information that impacts stock prices. However, there is still limited research on the economic impact of IFRS in developing countries, particularly its effect on foreign direct investment and equity capital costs (Samaha & Khlif, 2016).

The Nigerian manufacturing sector spans multiple economic areas, making it essential to evaluate the relevance of accounting earnings for assessing company performance (Osazefua, 2019). IFRS adoption aims to improve financial reporting quality through increased disclosure, boosting accountability and transparency (Păşcan, 2015). This is expected to drive economic activity across sectors. However, Africa, including Nigeria, has historically recorded the lowest manufacturing value added (MVA) globally, limiting access to external financing (Itaman & Awopegba, 2021). One key barrier to attracting foreign capital is the lack of credibility in reported accounting earnings (Abed et al., 202022), highlighting the role of IFRS in addressing this issue.

Accounting earnings are deemed value-relevant when they influence economic decisions and offer meaningful financial information to external stakeholders. However, empirical studies on the value relevance of accounting information remain inconclusive (Odoemelam et al., 2019; Kaushalya & Kehelwalatenna, 2020; Mirza et al., 2020; McGregor, 2022; Bashir et al., 2023; Li et al., 2024).

This study adds to the literature by addressing gaps related to IFRS adoption and its impact on the value relevance of accounting earnings in Nigeria's manufacturing sector (Para, et al., 2022; Apete et al., 2022; Otiedhe & Jeroh, 2022). While much research has focused on IFRS in developed markets (Filip et al., 2021; Wali, 2021; Cordazzo & Rossi, 2020), there is limited empirical evidence on its effects in developing economies like Nigeria (Imhanzenobe et al., 2024; Odoemelam et al., 2019). This study addresses that gap by investigating how IFRS adoption affects the value relevance of accounting earnings in Nigerian manufacturing firms.

Additionally, previous research has shown mixed or inconclusive findings regarding the relationship between earnings per share (EPS), book value per share (BVPS), and share prices under IFRS (Para et al., 2022; Olawale & Hassan, 2021; Odoemelam et al., 2019; Kaushalya & Kehelwalatenna, 2020; Garg, 2017). This study offers localized insights into how IFRS influences market responses to accounting earnings in Nigeria.

The study also explores how IFRS interacts with key financial metrics like EPS and BVPS, an area that has received limited attention. It provides a clearer understanding of how IFRS moderates the relationship between these variables and share prices. Furthermore, the research highlights the role of firm size in determining share price under IFRS, contributing to a better understanding of how company characteristics affect the impact of international accounting standards on financial performance (Elbakry et al., 2017; Alnodel, 2018).

Thus, the study examines the effects of IFRS adoption on the value relevance of accounting earnings for listed manufacturing firms. The objectives are to: 1) Determine the effect of IFRS adoption on the value relevance of accounting earnings, 2) Investigate the difference in the relationship between stock prices and earnings before and after IFRS adoption in Nigerian manufacturing firms 3)Examine the role of firm size on the impact of IFRS adoption on value relevance of accounting earnings of listed manufacturing firms.

LITERATURE REVIEW/THEORETICAL BACKGROUND

Conceptual Framework

IFRS Adoption

IFRS is a globally accepted set of accounting standards that enhances the comparability of financial reporting across countries (Fasina & Adejare, 2014). In 1973, 16 professional accounting organizations from countries such as Australia, Canada, France, Germany, Japan, and the U.S. began working toward creating international accounting standards. The U.S., Netherlands, and the U.K. led the establishment of the International Accounting Standards Committee (IASC), later renamed the International Accounting Standards Board (IASB).

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The adoption of IFRS is expected to improve the comparability, credibility, and quality of financial reports worldwide, providing shareholders and investors with accurate, relevant information for decision-making (Arum, 2013). However, reactions to IFRS adoption have been mixed. Supporters argue that a unified standard enhances information quality and promotes cross-border investment (Masud, 2013).

Nigeria officially adopted IFRS on January 1, 2012, following approval by the Federal Executive Council in July 2010. This transition from the Nigerian Statement of Accounting Standards (SAS) was intended to happen in phases. The IFRS framework outlines the principles for preparing financial statements and serves as a guide for resolving accounting issues not covered by existing standards.

The adoption of IFRS has had a significant impact on various stakeholders, transforming global accounting and reporting practices. Pologeorgis (2013) outlines its effects on business management, investors, stock markets, accounting professionals, and regulatory bodies. For businesses, standardized procedures simplify operations globally, helping to reduce risks, lower operational costs, and secure capital at reduced interest rates. Investors, on the other hand, need to adapt to the new global standards, which streamline financial reporting and offer more reliable information without the need for local conversions. This enhances transparency and facilitates better decision-making.

Stock markets benefit from reduced costs associated with non-local trading, while the uniformity of standards across markets fosters competition for global investment. The transition to IFRS demands that accounting professionals become proficient in the new standards. Although the process of developing and converging international standards has been lengthy and complex, future updates and adoption will be more efficient as unified standards reduce the need for individual decisions on each rule.

Chouaibi & Mutar (2024) highlights IFRS's impact on financial reporting in sectors such as banking, insurance, and real estate. Key changes include new rules for classification, measurement, recognition of financial instruments, impairment, hedge accounting, and the distinction between debt and equity. The framework also affects the consolidation of special-purpose entities, financial statement presentations, disclosures, leases, insurance contracts, and post-employment benefits.

Value Relevance

Value relevance refers to how much investors consider accounting figures in financial statements when making stock purchase decisions. It indicates the extent to which changes in accounting numbers explain fluctuations in stock prices (Dunham & Grandstaff, 2022). According to existing literature (Christanto & Fuad, 2023), value relevance is often measured by the coefficient of determination (R^2) from a regression model that relates the market value of equity to earnings and book values. In this context, value relevance is defined as the strength of the relationship between stock prices and financial statement items.

Essentially, value relevance captures how well market performance indicators, typically reflected in stock price changes, align with financial performance measures found in cash and accrual accounting data from financial statements. The market value of equity comprises two components: the present value of future dividends and the risk premium (Časta, 2022). Dividends and risk are, in turn, influenced by earnings and leverage, which are reflected in the financial statement figures for profits and book value. The accounting standards used in preparing these reports affect the reported earnings, book values, and other financial metrics, ultimately shaping the value relevance of financial statements.

IFRS Adoption and Value Relevance

Transparency is often cited as a key indicator of effectiveness in financial reporting (Ball, 2016; Ranti Uwuigbe et al., 2017; Watanabe et al., 2019). IFRS improves transparency by providing more detailed and accurate accounting information, allowing investors a clearer view of a company's performance (Hameed & Ashraf, 2009). This system requires comprehensive disclosure of assets, liabilities, revenues, and expenses, offering more informative data than local standards. Investors generally view more transparent accounting data

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as more relevant for evaluating a company's value, which impacts their investment decisions (Ding et al., 2007). As a result, stock prices often reflect the enhanced information provided under IFRS.

A study by Odoemelam et al. (2019) on the value relevance of IFRS in Nigeria analyzed data from 101 listed firms between 2006 and 2017. The sample included firms that had adopted IFRS by or before 2012. Using data from the Nigerian Stock Exchange and company reports, they conducted regression and correlation analyses. The results showed a significant relationship between earnings and IFRS, highlighting the importance of earnings in predicting share prices. However, the relationship between IFRS and book value per share was found to be insignificant. The study concluded that while book values remained relevant, earnings were more influential under IFRS.

Accounting Earnings

Accounting earnings, also known as net income or accounting profit, represent the profit a company reports on its income statement for a specific period, typically a quarter or fiscal year. It is calculated by subtracting all costs and expenses—such as operating costs, interest, taxes, and other expenditures—from total revenue. These earnings are prepared according to generally accepted accounting principles (GAAP) or International Financial Reporting Standards (IFRS). While accounting earnings indicate a company's profitability, they may not fully reflect its underlying economic profit or cash flow, as non-cash factors like depreciation and accounting policies can influence them.

Earnings Per Shares

Earnings per share (EPS) represent the portion of a company's profit allocated to each outstanding share, and it is typically reported in the firm's profit and loss statement. EPS is a widely used profitability ratio, often employed as an indicator of financial performance in corporate accounting (Rashid, 2021). It has proven to be a crucial metric in various global stock markets, including Egypt (Hendawy et al., 2023), Dhaka (Khan et al., 2023), and Nigeria (Imhanzenobe, 2022). As a profitability index, EPS is considered one of the most important financial ratios, providing insights into a company's earnings on a per-share basis. Unlike metrics that reflect dividend payments or retained earnings, EPS focuses solely on the firm's ability to generate profits relative to the number of shares outstanding (Agrawal & Bansal, 2021). It also allows shareholders to evaluate the company's financial performance across different periods by comparing the earnings generated in successive years. EPS is calculated by dividing the profit after tax (PAT) by the number of outstanding shares, as noted by Pandey (2004). The importance of EPS lies in its ability to give shareholders a clear picture of the company's profitability. Investors often use EPS to assess the company's financial health and its capacity to generate returns for its shareholders, making it a fundamental metric in corporate financial analysis.

Book Value Per Shares (BVPS)

Book value per share (BVPS) represents the amount of a company's net assets attributable to each outstanding share of stock. It is sometimes referred to as net asset value per share and is an important metric for assessing the firm's financial health. A higher book value often indicates a solid historical performance and a stronger asset base (Novy-Marx, 2013).

Several studies have examined the impact of BVPS on share prices. Odoemelam et al. (2019) found a positive relationship between book value and stock price, while similar findings were reported by Oladipupo & Daniel (2020) have shown that BVPS generally has a significant and positive impact on stock prices. The consensus from these studies indicates that BVPS is a key factor in determining share price, as it provides investors with an idea of the value of the company's assets on a per-share basis. A high BVPS can signal strong underlying fundamentals, making it an attractive metric for investors when evaluating a company's stock.

Share Price

Share price refers to the current market price at which a company's stock is traded. It is a reflection of the firm's perceived value, as assigned by the stock market. Ideally, the share price represents the overall worth of

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the company. However, stock prices fluctuate due to various factors, including industry-specific changes, political events, global conflicts, and environmental shifts. These price movements are influenced by traders who assess the company's value using financial indicators such as past earnings, current market conditions, and expected future profits (Wulansari et al., 2023).

The dynamics of share prices are largely driven by supply and demand in the stock market. When traders believe a company will perform well in the future, they may be willing to pay more for its stock, driving up the share price. On the other hand, negative perceptions especially conflicts (Chowdhury & Humaira, 2024) or poor financial performance can result in lower demand, causing the share price to fall. In essence, the share price reflects the collective sentiment of investors regarding the company's prospects and overall market conditions (Zheng et al., 2023).

Theoretical Framework and Hypothesis Development

Efficient Market Hypothesis (EMH)

The Efficient Market Hypothesis (EMH) underpins this study. According to the EMH, financial markets are efficient, meaning that stock prices fully reflect all available information, including financial reports. The value relevance of accounting earnings is essential for market efficiency, as it determines how well earnings information is incorporated into stock prices.

IFRS is designed to provide higher-quality, more comparable, and reliable financial information. Therefore, adopting IFRS should theoretically improve market efficiency by enhancing the quality of information available to investors. This aligns with the semi-strong form of EMH, which suggests that public financial information, such as accounting earnings, is fully reflected in stock prices. If IFRS adoption has improved the quality and comparability of earnings information, we would expect stock prices to better reflect accounting earnings.

Hypothesis Development

IFRS Adoption and Value Relevance of Accounting Earning

The Efficient Market Hypothesis (EMH), particularly its semi-strong form, posits that stock prices reflect all publicly available information, including accounting data such as earnings (Fama, 1970). If IFRS adoption significantly improves the quality of financial reports, this improvement should lead to increased value relevance of accounting earnings as reflected in stock prices. The transition from local Generally Accepted Accounting Principles (GAAP) to IFRS should theoretically make financial reports more useful for decision-makers by providing more consistent and transparent information (Trimble & Song, 2024). Empirical studies have yielded mixed results on the impact of IFRS adoption on the value relevance of accounting earnings (Guermazi, 2023). While some studies argue that IFRS improves the quality and comparability of financial reports, others find that the impact on value relevance is negligible or context-specific. For instance, Závodný & Procházka (2023) found that firms applying IFRS experienced an increase in the value relevance of accounting information due to higher-quality financial statements. However, Akpan et al. (2023) argue that the benefits of IFRS adoption might not be uniformly experienced across all sectors or economies, especially in developing markets like Nigeria, where other institutional factors (e.g., corporate governance, and enforcement mechanisms) could limit the impact.

H1: IFRS adoption has a significant impact on the value relevance of accounting earnings of quoted manufacturing firms in Nigeria

Stock Prices and Accounting Earnings Pre and Post-IFRS Adoption

The Information Asymmetry Theory suggests that higher-quality financial reporting standards, like IFRS, reduce information asymmetry between managers and investors, thereby improving the decision-usefulness of financial statements. IFRS aims to enhance transparency and comparability across borders, potentially

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increasing the information content of financial statements (Taylor et al., 2024). Several studies support the notion that IFRS adoption improves the information content of financial statements. For example, Mensah (2021) found that IFRS adoption improved the quality of financial reporting in developing economies by making financial statements more transparent and comparable, resulting in enhanced decision-making by investors. However, some studies, such as Ofoegbu & Odoemelam (2018) and Odoemelam et al. (2019) suggest that these benefits are not automatic and may depend on firm-specific factors like audit quality, enforcement and governance practices, which can limit the extent of improvement in information content.

The value relevance theory suggests that accounting information is considered value-relevant if it has a significant association with stock prices or returns (Elshandidy, 2014). Pre- and post-IFRS adoption, the extent to which accounting earnings are reflected in stock prices provides a measure of the value relevance of such information. If IFRS leads to better-quality financial reporting, one would expect an increase in the association between stock prices and reported earnings. Empirical studies have shown mixed results regarding whether IFRS adoption leads to a stronger relationship between stock prices and earnings. For instance, Okafor et al. (2017) found that in Nigeria, IFRS adoption increased the association between stock prices and earnings, indicating that the adoption made financial statements more useful to investors. However, Odoemelam et al. (2019) report that the effects of IFRS adoption on the stock price-earnings relationship can be moderated by external factors such as audit firm size.

H2: There is a significant difference in the relationship between stock prices and earnings before and after IFRS adoption in Nigerian manufacturing firms.

Controlling and Moderating Role of Firm Size

The agency theory posits that larger firms with complex operations and higher leverage are more likely to benefit from IFRS adoption, as these firms need to provide more detailed and transparent information to reduce agency conflicts between managers and shareholders (Jensen & Meckling, 1976). Larger firms often have more resources to ensure full compliance with IFRS, and thus, the value relevance of earnings may vary based on firm-specific factors like size and leverage. Empirical evidence indicates that firm-specific factors, such as firm size, play a role in determining the extent of value relevance improvement post-IFRS adoption. Gong et al. (2016) found that larger firms experience greater improvements in the value relevance of their financial statements because they can better implement IFRS standards.

H3: Firm size significantly moderates the relationship between IFRS adoption and the value relevance of accounting earnings.

CONCEPTUAL FRAMEWORK

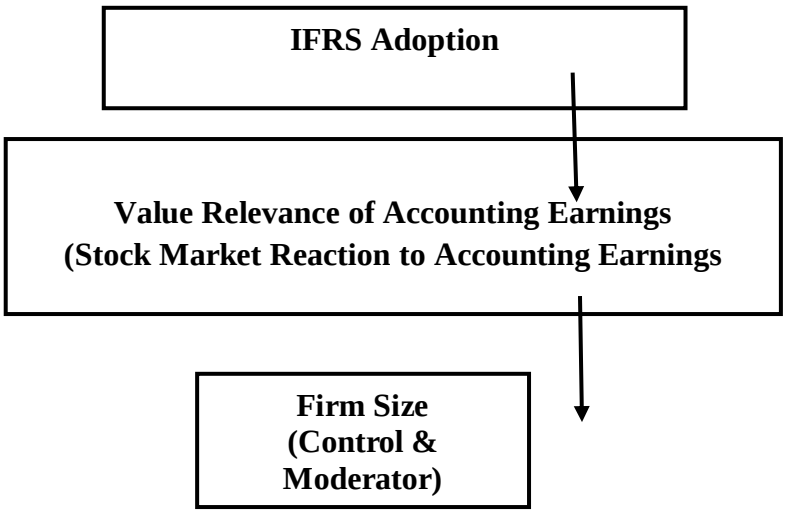

Figure 1: Operational framework of IFRS adoption on value relevance of accounting earnings of quoted manufacturing firms in Nigeria.

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METHODOLOGY

Research Design

Ex-post facto design is a type of research design in which events that have already occurred are the subject of the study. Since there is no attempt to influence or modify pertinent independent variables, the data already exist, and these variables are not altered.

Population of the Study

The initial population of the study consisted of 31 companies listed on the Nigeria Exchange Group (NGX).

Sample and Sampling Technique

As previously explained, the 31 comprises industrial goods (11 companies) and consumer goods (20 companies), and several factors such as the year the company was listed (on or before 2006), the company must have adopted IFRS in 2012 and also in operation up to the year 2023. Were used to determine the next step in the elimination process. Among the listed firms, some were eliminated such as BUA Food Plc and BUA Cement, while Notore Chemical Plc was listed in August 2018 either the firms were not in operation which means they were listed after 2010 or they were incorporated but not listed while Cutix plc, Premier Paints plc, and Union Dicon Salt plc met the listing criteria but failed in providing the required data. Hence, the sample consists of only 9 listed quoted manufacturing firms in Nigeria that met the criteria to be selected.

The annual reports of the selected firms provided the secondary data for this study. Since the study is correlational and essentially aims to establish an effect or lack thereof under the study variables, secondary data is deemed relevant.

Method of Data Collection

For this study, secondary data were used. The secondary data were collected from the annual reports of the sampled companies from 2006 to 2023, comprising 2006 to 2011 (pre=IFRS) and 2012 to 2023 (post-IFRS). The method of data collection plays a very important role in any study.

Method of Data Analysis

The data acquired during this study was processed and analyzed using the following method or techniques, numerical descriptions and table representations were utilized to portray the data. Description stations and data rectification analysis are part of the preliminary analysis. Using E-view software, the regression assumption test such as multicollinearity analysis for the variable preceded the multiple regression analysis performed on the data.

Model Specification

Linear regression analysis was used to test the relationship between the dependent variable share price (SP), and the identified independent variables; earnings per share (EP), book value per share, and firm size as the moderating variable.

Price Regression Model

Following the implementation of IFRS, the value relevance of accounting information was investigated using a price regression model based on the modified Ohlson's (1995) model. Here, the objective was to demonstrate the degree to which accounting data the financial statements contained considering this, to determine the multiple regression findings using the revised Ohlson (1995) model, the study developed the following equations. According to Ohlson (1995), demonstrate that a company's value is a linear function of its book value, and earnings, and in a well-functioning market, the other party, valued pertinent information. Because of this, it is dubious to apply Ohlson's model in Nigeria, as Ani et al. (2019), concluded that the Nigerian market

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was only marginally efficient. A modified Ohlson's model (1995) was used. In terms of mathematics, the model is as follows;

The basic model derived within the Ohlson (1995) framework, is stated as:

$SP_{jt}=\beta_0 + \beta_1 EPS_{jt} + \beta_2 BVS_{jt} + e_{jt}$…….... (1)

The basic model is modified to accommodate IFRS, thus the model is stated as:

$SP_{jt} =\beta_0 + \beta_1\ EPS_{jt}+\beta_2\ BVPS_{jt}+\gamma\ IFRS_{jt}+\gamma_1 EPS_{jt}*\ IFRS_{jt}+\ \gamma_2 BVPS_{jt}*IFRS_{jt} + e$ (2)

Also, equation (2) is modified to include firm size and leverage as both control and moderator variables, hence the model in equation (3), is stated thus:

$SP_{jt} =\beta_0 + \beta_1\ EPS_{jt}+\beta_2\ BVPS_{jt}+\ \beta_3 FS_{jt}\ +\gamma IFRS_{jt}+\gamma_1 EPS_{jt}*\ IFRS_{jt}+\ \gamma_2 BVPS_{jt}*IFRS_{jt}\ +\ \gamma_3 FS_{jt}*\ IFRS_{jt}+ e$ (3)

Where,

$IFRS_{jt}$ Dummy variable, 1 if the financial statement is audited by Big4, otherwise 0

EPS_{jt}: earnings for the period ending at time t

BVS_{jt}: book value of at time t

FS_{jt}: firm size for the period at time t

e: represents error term

β is used as coefficients.

The examination is predicated on the adapted Ohlson's (1995) valuation model, which posits that the book values of business values of owner's equity and earnings represent a linear relationship with the business value.

Operational Measurement of Variable

Table 1 presents the variables measurement, for a clearer understanding of the connection between the dimensions used and the measurement.

Table 1: Provides the names of the variables, acronyms, measurements, and different sources utilized in earlier studies.

Variable name	Variable acronym	Variable measurement	Variable source
Share price (dependent variable)	S P	Share prices at exactly three months after the accounting year ends	Ajape et al. (2018)
IFRS (independent variable)	IFRS	Dummy variable, 1 if the financial statement is audited by Big4, otherwise 0	Odoemelam et al. (2019)
Earnings per share (independent variable)	EPS	Is calculated by subtracting preference dividends and dividing by a number of	Suwarni & Susetyo (2024); Ferniawan et al. (2024).

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		ordinary shares outstanding.	
Book value per share BVS (independent variable)	BVS	This is calculated by dividing the shareholder's fund of each firm by the latest outstanding ordinary share in issue.	Ferniawan et al. (2024).
Firm Size (control and moderator variable)	FS	Natural Logarithm of Total Assets	Odoemelam et al. (2019)

RESULTS AND DISCUSSION

Regression analysis was carried out using the ordinary least square (OLS) method with the assistance of the statistical package for social sciences. Descriptive statistics and regression assumption tests (for the valuable) were carried out on the data for comparison. The sensitivity of the endogenous variables was examined on the baseline equation containing a proxy of IFRS adoptions with E. View V.12, the results and analysis are shown below.

Descriptive Statistics

The descriptive statistics in Table 2 offer insights into the differences between pre-and post-IFRS adoption for various financial metrics, including stock price (SP), book value per share (BVPS), earnings per share (EPS), firm size (FS), and IFRS variable (which indicates whether a firm is operating pre or post-IFRS adoption).

Pre-IFRS mean stock price was 58.73, while post-IFRS, slightly decreased to 56.45. This suggests that IFRS adoption did not lead to an immediate and dramatic increase in stock prices across the board, but it may indicate stability. Book Value Per Share (BVPS) in pre-IFRS had a mean of 7.84, while post-IFRS was 14.24. This significant increase in BVPS post-IFRS suggests that IFRS adoption may have improved the quality of balance sheet reporting, reflecting more accurate asset valuations. Similarly, the EPS mean for pre-IFRS is 3.54, and post-IFRS is 6.27. The jump in EPS post-IFRS suggests that earnings became more positively reflected, which aligns with studies that indicate IFRS enhances earnings quality and value relevance (Odoemelam et al., 2019). Firm Size (FS) had a mean of 20.89 and 22.97 respectively, for pre-IFRS and post-IFRS. Firm size also grew post-IFRS, indicating expansion or growth in business activities. This could reflect better financial reporting practices or improved economic conditions under IFRS.

The minimum values for all metrics show that the post-IFRS environment has seen a greater range of outcomes, with negative BVPS and EPS becoming more pronounced. This suggests that while IFRS may improve transparency, it also exposes financial weaknesses more clearly. The maximum values, especially for SP (1487 post-IFRS vs. 450 pre-IFRS) and EPS (61.77 post-IFRS vs. 21.21 pre-IFRS), show that firms with strong fundamentals saw a notable increase in performance post-IFRS.

Post-IFRS standard deviations are much higher across SP, BVPS, and EPS, indicating greater variability in financial performance post-adoption. This could reflect that IFRS adoption results in a broader range of performance outcomes—some firms benefit significantly, while others may struggle to adapt.

Pre-IFRS skewness is 2.42, indicating positive skewness, while post-IFRS it jumps to 8.35, showing extreme positive skewness. The kurtosis increase from 6.30 to 76.91 suggests heavy tails and extreme outliers, implying that a few firms significantly outperform others in the post-IFRS period. Both skewness and kurtosis increase post-IFRS, particularly for EPS, where skewness rises from 1.84 to 2.95 and kurtosis from 3.24 to 8.06. This reflects the fact that some firms have far higher earnings post-IFRS, but also that earnings distribution is more uneven.

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The results align with previous studies such as Imhanzenobe (2022), which found that IFRS adoption improves the quality of financial information, making it more reflective of a firm's economic situation. The increased mean in BVPS and EPS post-IFRS supports the idea that IFRS enhances the value relevance of accounting numbers. Studies such as Imhanzenobe et al. (2024) observed that post-IFRS financial statements exhibit greater variability, particularly in earnings. The higher standard deviations for SP, BVPS, and EPS post-IFRS reflect this trend, suggesting that IFRS provides a more transparent reflection of a firm's financial performance, resulting in greater dispersion in reported numbers. The slightly lower mean stock price post-IFRS, coupled with increased variability, might indicate that while IFRS improves transparency, it also exposes underlying risks. Some firms might face challenges in adjusting to the new standards, leading to more pronounced differences in financial performance across the sector. The significant increase in kurtosis post-IFRS suggests the presence of extreme outliers. This supports findings from studies such as Horton et al. (2013), which noted that IFRS adoption can lead to improved performance in firms that effectively leverage the new reporting standards but also increased visibility of firms performing poorly. The table supports the hypothesis that IFRS adoption improves the value relevance of accounting numbers but also introduces greater variability and performance disparities among firms. This aligns with previous studies that document both benefits and challenges associated with IFRS adoption.

Table 2: Descriptive Statistics

Statistic	**SP (Share Price)**	**BVPS (Book Value Per Share)**	**EPS (Earnings Per Share)**	**FS (Firm Size)**	**IFRS (Pre/Post)**
Mean					
Pre IFRS	58.73	7.84	3.54	20.89	0
Post IFRS	56.45	14.24	6.27	22.97	1
Minimum					
Pre IFRS	0.69	-3.86	-2.03	-21.46	0
Post IFRS	0.86	-5.03	-5.73	-22.25	1
Maximum					
Pre IFRS	450.1	29.28	21.21	25.08	0
Post IFRS	1487	77.11	61.77	26.75	1
Standard Deviation					
Pre IFRS	94.38	8.82	5.03	8.13	0
Post IFRS	154.83	20.1	13.26	6.67	1
Skewness					
Pre IFRS	2.42	0.93	1.84	-4.49	0
Post IFRS	8.35	1.28	2.95	-6.4	1
Kurtosis					

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Pre IFRS	6.3	-0.33	3.24	20.69	0
Post IFRS	76.91	0.49	8.06	42.12	1

Note: SP, share price; BVSP, book value per share; EPS, earnings per share; FS, firm size, IFRS, International Financial Reporting Standard; Pre IFRS, before the adoption of IFRS; Post IFRS, after the adoption of IFRS

Source: EViews Output

Correlation Analysis

Table 3 presents the correlation matrix, showing the relationships between the independent variables (earnings per share (EPS), book value per share (BSVP), International Financial Reporting Standards (IFRS) Adoption) and control and moderator variable (firm size (FS)). The correlation coefficient (r) indicates the strength and direction of the linear relationship between variables, and the p-value represents the significance of the correlation.

The correlation coefficient of 0.601 suggests a moderate positive relationship between EPS and BSVP. As book value per share increases, earnings per share tend to increase as well. The p-value of 0.000 indicates this relationship is statistically significant at the 1% level.

Considering, EPS and IFRS, the correlation coefficient of 0.115 shows a weak positive relationship between the two variables. This suggests that the adoption of IFRS has a slight but not strong relationship with earnings per share. The p-value of 0.155 significance level (0.05 or 0.01), meaning the relationship is not statistically significant. This suggests that IFRS adoption may not have a direct or strong impact on earnings per share for the firms studied. On the other hand, the relationship between EPS and FS revealed a weak positive correlation. The correlation coefficient of 0.198 suggests a weak positive relationship between EPS and FS. The p-value of 0.014 indicates the relationship is statistically significant at the 5% level, meaning the relationship is unlikely to be due to chance.

Also, Table 3, indicates a correlation coefficient of 0.172, a weak positive relationship between BSVP and IFRS adoption. This suggests that the adoption of IFRS might slightly increase the book value per share. The p-value of 0.033 shows the relationship is statistically significant at the 5% level, meaning there is a meaningful association between IFRS adoption and book value per share. Further shown in Table 3 is the correlation coefficient of 0.242, which exists between BVPS and FS suggesting a positive relationship. The p-value of 0.002 indicates that the relationship is statistically significant at the 1% level. Moreover, a weak positive correlation coefficient of 0.133 shown in Table 3, indicates a weak positive relationship between IFRS adoption and Firm Size. Larger firms might be slightly more likely to adopt IFRS. The p-value of 0.100 is greater than 0.05, indicating the relationship is not statistically significant. This suggests that firm size does not strongly determine whether or not a firm adopts IFRS.

Table 3 Correlation Matrix

Variables		(2)	(3)	(4)	(5)
EPS	r	1.000	0.601	0.115	0.198
	P		0.000	0.155	0.014
BSVP	r		1.000	0.172	0.242
	P			0.033	0.002
IFRS	r			1.000	0.133
	P				0.100

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FS	r				1.000
	P				
Notes: EPS, earnings per share; IFRS, International Financial Reporting Standard; FS, firm size; r, coefficient; p, probability value (p-value)					

Source: EViews Output

Collinearity Analysis

Table 4 presents the results of multicollinearity analysis using Tolerance and Variance Inflation Factor (VIF) for the variables: Earnings Per Share (EPS), Book Value Per Share (BVPS), Firm Size (FS), and IFRS. Multicollinearity occurs when independent variables in a regression model are highly correlated, which can distort the results. The Tolerance and VIF values are used to check for this problem. The tolerance and VIF values in Table 4 are all within acceptable ranges (Tolerance > 0.1 and VIF < 10), indicating that multicollinearity is not a concern in this model.

This aligns with prior studies (e.g., Akinwande et al., 2015), which suggest that when tolerance values are high and VIF values are low, the independent variables can reliably predict the dependent variable (stock price in this case). The low VIF and high tolerance values for IFRS (1.028 VIF, 0.973 tolerance) suggest that the IFRS variable is independent of the other predictors (EPS, BVPS, FS). This aligns with studies such as Odia & Ogiedu (2013), which highlighted that the adoption of IFRS tends to independently contribute to financial reporting quality and value relevance, without introducing multicollinearity. While both EPS and BVPS show low multicollinearity, studies like Mulenga & Bhatia (2020) emphasize the value relevance of EPS and BVPS in explaining stock price. The low VIF values confirm that these variables are independent predictors of stock price, consistent with previous findings that BVPS and EPS are significant determinants of stock price with minimal overlap.

The multicollinearity analysis shows that EPS, BVPS, FS, and IFRS are not highly correlated with each other, indicating that the model is well-suited for regression analysis. This finding supports previous studies that suggest low multicollinearity is essential for reliable regression models. The results indicate that the predictors can independently contribute to explaining variations in stock prices without distortion due to multicollinearity.

Table 4 Multicollinearity Analysis

Coefficients			
		Collinearity Statistics	
Model		Tolerance	VIF
1	(Constant)		
	EPS	.896	1.117
	BVPS	.833	1.201
	FS	.862	1.160
IFRS		.973	1.028

Dependent variable: sp

Source: EViews Output

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Regression Results

This section presents the Ordinary Least Squares (OLS) regression results from Equation 1. The goal is to evaluate how Earnings Per Share (EPS) and Book Value Per Share (BVPS) influence the Share Price (SP) of quoted manufacturing firms, using recent data to explore the value relevance of accounting earnings in line with IFRS adoption.

Table 5 indicates the coefficient for EPS ($\beta_1 = 2.823$, $p = 0.0155$, t-value = 2.448), which is positive and significant. A one-unit increase in earnings per share leads to an average increase of 2.823 units in the share price. The p-value of 0.0155 shows that the relationship is statistically significant at a 5% level. This result aligns with financial theory, which suggests that earnings per share are a key indicator of a firm's profitability, often reflected in its stock price. As earnings improve, the market tends to reward the firm with a higher stock price.

Similarly, the coefficient for BVPS ($\beta_2 = 1.590$, $p = 0.0357$, t-value = 2.119) indicates a positive and significant relationship between BVPS and SP. A one-unit increase in book value per share leads to an average increase of 1.590 units in the share price. The p-value of 0.0357 shows that the relationship is also statistically significant at the 5% level. Book value per share represents the net asset value of the firm. This positive association suggests that investors view firms with higher BVPS as being more fundamentally valuable, thus reflecting that in the share price.

The R-squared value of 0.149 presented in Table 5, indicates that 14.9% of the variation in share price can be explained by EPS and BVPS. While this is not a very high value, it suggests that other factors not included in the model (e.g., market conditions, industry-specific factors) also influence share prices. The Adjusted R-squared value of 0.138 slightly adjusts the R-squared for the number of predictors in the model. It shows that after accounting for the number of explanatory variables, 13.8% of the variability in share price is explained by the model. The F-statistic of 13.1 and the p-value of 0.0000 indicate that the overall model is statistically significant at the 1% level, meaning that both EPS and BVPS together significantly predict share price. This result shows that the model provides a meaningful fit to the data.

The findings that both EPS and BVPS are positively and significantly associated with share price are consistent with Das et al. (2020), who found that accounting earnings and book values are crucial determinants of stock prices in emerging markets, including Nigeria. Both studies highlighted the value relevance of earnings as investors tend to reward firms with strong earnings performance, which is reflected in their stock price. Similarly, Kouki (2018) found that the value relevance of accounting earnings increased post-IFRS adoption, as financial statements became more transparent and comparable across firms. This supports the significant role of EPS in determining share price in the current study. Hence, Table 5 shows the modified model (equation 2) which included the impact of IFRS adoption on the value relevance of accounting earnings.

While the current study shows significant results for EPS and BVPS, some earlier studies, such as Erin et al. (2017), found weaker or non-significant relationships between these variables in the pre-IFRS adoption era in Nigeria. This could be attributed to the lack of uniform financial reporting standards before the adoption of IFRS, which made earnings less comparable and reliable. Additionally, Yuliza (2018) found that EPS had a stronger impact on share prices in large-cap firms compared to small-cap firms, suggesting that the size of the firm might moderate the relationship. Thus, firm size was included in the modified model (equ. 3) to examine whether firm size affects the strength of the relationship between EPS, BVPS, and share price.

Table 5: OLS Regression of Share Price (SP) Reaction to Earnings Per Share (EPS) and Book Value Per Share (BVSP)

Variables	$SP_{it}=\beta_0 + \beta_1 EPS_{it} + \beta_2 BVPS_{it} + e_{it}$ (1)				
SP	Coef.	t-value	SE	p-value	Sig.
EPS	2.823	2.448	1.152	0.0155	**

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BVPS	1.590	2.119	0.750	0.0357	**
R^2	0.149				
R-Adjusted	0.138				
F-statistic	13.11				
Prob(F-statistic)	0.0000				***
Notes: SP, share price; EPS, earnings per share; IFRS, International Financial Reporting Standard; FS, firm size; r, coefficient; p, probability value (p-value); **, significance at 5% level; ***, significance at 1% level.					

Source: EViews Output

OLS regression results in Table 6 show that the regression model (equation 3) expands the previous analysis by incorporating IFRS adoption and interaction terms (IFRS*EPS and IFRS*BVPS) to assess how the adoption of IFRS impacts the relationships between earnings per share (EPS), book value per share (BVPS), and Share Price (SP) for Nigerian manufacturing firms.

The coefficient of 20.209 indicates a strong positive and statistically significant relationship between EPS and SP. A one-unit increase in earnings per share is associated with an average increase of 20.209 units in the share price. The p-value of 0.000 shows the relationship is significant at the 1% level, confirming that EPS is a critical driver of share prices. On the contrary, the coefficient of -1.651 suggests a negative but non-significant relationship between BVPS and SP. This implies that the impact of book value per share on share price is not statistically meaningful in this model. The p-value of 0.584 is far above the significance threshold (5%), indicating that BVPS does not directly impact this model's share price.

Considering the variable of interest for this study, IFRS (γ = 22.436, p = 0.399, t-value = 0.845) shows a positive but statistically non-significant relationship between IFRS adoption and SP. The p-value of 0.399 suggests that IFRS adoption, by itself, does not directly impact the share price. Hence, hypothesis one (H1) is rejected. Switching off pre-IFRS and switching on post-IFRS (IFRS*EPS and IFRS*BVPS) revealed a mixed result.

The interaction term between EPS and IFRS has a coefficient of -18.253, indicating a negative and significant interaction. This means that IFRS adoption weakens the positive impact of EPS on SP. The p-value of 0.000 is highly significant at the 1% level, suggesting that IFRS adoption changes the way investors perceive earnings concerning share price. IFRS*BVPS (γ_2 = 3.203, p = 0.304, t-value = 1.030), the coefficient of 3.203 suggests a positive but statistically insignificant interaction between BVPS and IFRS. The p-value of 0.304 indicates that IFRS adoption does not significantly alter the relationship between book value per share and share price in this model. Therefore, hypothesis two (H2) is accepted. This implies that there is a significant difference in the relationship between stock prices and earnings before and after IFRS adoption in Nigerian manufacturing firms. This finding agrees with Tlemsani et al. (2024).

The R-squared value of 0.245 suggests that 24.5% of the variation in share price is explained by the independent variables (EPS, BVPS, IFRS, and the interaction terms). While this shows the model explains a moderate portion of the variance, it suggests that other factors, not included in the model, also influence share price. The Adjusted R-squared value of 0.219 accounts for the number of predictors, indicating that after adjusting for the variables, 21.9% of the variance in share price is explained by the model. The F-statistic of 9.512 and the p-value of 0.0000 indicate that the overall model is statistically significant at the 1% level. This means that the combination of EPS, BVPS, IFRS, and the interaction terms provides a meaningful explanation for changes in share prices.

The strong positive and significant relationship between EPS and SP is consistent with previous studies, such as Nguyen & Dang (2023) and Tsalavoutas & Dionysiou (2014), which found that earnings per share are a

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key indicator of a firm's profitability and strongly influence share price in both pre-and post-IFRS adoption periods. This confirms that investors continue to value earnings performance when determining stock prices. The finding that IFRS adoption weakens the impact of EPS on SP aligns with research by Adhikari et al. (2021), who reported that after IFRS adoption, the perceived reliability of earnings may decrease due to adjustments in accounting policies, leading to less emphasis on earnings as a determinant of the share price. This suggests that IFRS may increase the complexity of financial reports, which could diminish the direct value relevance of earnings. However, this result contrasts with Závodný & Procházka (2023), who found that IFRS adoption generally enhances the value relevance of earnings in the Czech and Hungarian markets. The difference may be due to regional variations in how investors interpret the transition to IFRS in emerging markets like Nigeria.

On the other hand, the insignificant relationship between BVPS and SP in this study is consistent with Odoemelam et al. (2023), who found that book value per share tends to have less direct impact on share prices in the Nigerian context, particularly for manufacturing firms. This could be because book value may not fully capture market perceptions of the firm's future growth potential, as it focuses on historical costs rather than current market values. The insignificant interaction between IFRS and BVPS suggests that adopting IFRS does not dramatically alter the relevance of book value for share prices. This is in line with Pavtar (2017), who noted that while IFRS adoption improves the comparability of financial statements, it does not significantly affect how investors value book value per share.

This regression analysis reveals that while EPS remains a significant predictor of share price, adopting IFRS impacts this relationship, weakening earnings' impact on stock prices. Book value per share does not significantly influence share price, nor does IFRS significantly alter this relationship. These findings suggest that while IFRS adoption has improved financial reporting standards, it may introduce complexity that affects how investors interpret accounting earnings in emerging markets like Nigeria.

Table 6: OLS Regression of Share Price (SP) Reaction to Earnings Per Share (EPS), Book Value Per Share (BVSP), and IFRS

Variables	$SP_{jt} = \beta_0 + \beta_1 EPS_{jt} + \beta_2 BVPS_{jt} + \gamma IFRS_{jt} + \gamma_1 EPS_{jt} * IFRS_{jt} + \gamma_2 BVPS_{jt} * IFRS_{jt} + e$ (2)				
SP	Coef.	t-value	SE	p-value	Sig.
EPS	20.209	3.823	5.285	0.000	***
BVPS	-1.651	-0.547	3.016	0.584	
IFRS	22.436	0.845	26.53	0.399	
IFRS*EPS	-18.253	-3.378	5.403	0.000	***
IFRS*BVPS	3.203	1.030	3.107	0.304	
R^2	0.245				
R-Adjusted	0.219				
F-statistic	9.512				
Prob (F-statistic)	0.0000				***
Notes: SP, share price; EPS, earnings per share; FS, book value per share; IFRS, International Financial Accounting Standard; FS, firm size; IFRS*EPS, the interaction of IFRS and EPS; IFRS*BVPS, the interaction of IFRS and BVPS; **, significance at 5% level; ***, significance at 1% level.					

Source: EViews Output

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Table 7 shows the regression results of model 3 which further examines the relationship between share price (SP) and key financial indicators, adding firm size (FS) as an additional variable, alongside earnings per share (EPS), book value per share (BVPS), and IFRS adoption. It also introduces interaction terms to assess how firm size moderates the impact of IFRS on the share price.

The coefficient of 20.29 indicates a positive and highly significant relationship between EPS and SP. A one-unit increase in EPS leads to a 20.291 unit increase in the share price. The p-value of 0.000 shows that this relationship is highly significant at the 1% level, confirming that earnings are a critical determinant of share prices. On the other hand, BVPS with a coefficient of -1.564 suggests a negative but insignificant relationship between BVPS and SP. The p-value of 0.610 confirms that book value per share does not significantly affect share price in this model. The result is in line with Odoemelam et al. (2023), who found that book value per share has less impact on stock prices, especially in emerging markets like Nigeria. Investors may be more focused on future profitability rather than historical net asset values, which book value per share represents. A similar result obtained in the model, IFRS ($\gamma = 6.910$, $p = 0.912$, t-value = 0.109), shows a small positive but statistically non-significant relationship between IFRS adoption and SP. This suggests that IFRS adoption, on its own, does not have a significant impact on share prices for manufacturing firms in Nigeria. The finding that IFRS alone does not have a significant effect on SP contrasts with studies like Bartov et al. (2005), which argue that IFRS improves transparency and comparability, thus positively impacting stock prices. The discrepancy could be due to market inefficiencies or the initial costs associated with IFRS adoption, which may dilute its immediate value relevance, as observed in some emerging markets.

However, when pre-IFRS was switched off (IFRS*EPS) the interaction term between EPS and IFRS had a coefficient of -18.35, indicating a negative and significant moderating effect. This means that IFRS adoption weakens the positive impact of EPS on SP. The p-value of 0.001 indicates a high level of statistical significance at the 1% level, suggesting that IFRS alters how investors perceive the value relevance of earnings. The significant negative interaction between IFRS and EPS is consistent with findings by Iatridis & Rouvolis (2010), who noted that IFRS adoption often increases the complexity of financial reporting, leading to less reliance on earnings as an indicator of firm value. This suggests that IFRS may alter the quality or comparability of earnings information, reducing its impact on investor decisions

Also, the interaction of IFRS*BVPS (γ_2) had a coefficient of 3.095 suggesting a positive but non-significant interaction between BVPS and IFRS. The p-value of 0.329 indicates that IFRS adoption does not significantly alter the relevance of book value per share in determining stock prices.

Surprisingly, firm size had a coefficient of -0.418 showing that firm size has a negative but non-significant relationship with share price. The p-value of 0.843 suggests that firm size does not directly affect share price in a meaningful way. The non-significant effect of firm size on share price contradicts earlier studies, such as Rashid et al. (2021), which found that larger firms tend to be more stable and thus have higher stock prices. This might be due to the specific market characteristics in Nigeria, where firm size does not necessarily translate to market power or better financial performance. In a similar result, a non-significant moderating effect of the interaction of IFRS and FS was observed in the model (Equation 3). The coefficient of 0.773 suggests an insignificant interaction between firm size and IFRS. The p-value of 0.785 shows that firm size does not meaningfully moderate the effect of firm size on share price. Hence, hypothesis three (H3) is rejected. This implies that firm size does not significantly moderate the relationship between IFRS adoption and the value relevance of accounting earnings.

The R-squared value of 0.246 indicates that 24.6% of the variation in share price is explained by the independent variables (EPS, BVPS, FS, IFRS, and interaction terms). While this suggests moderate explanatory power, it also implies that other factors not included in the model influence share prices. The Adjusted R-squared of 0.209 accounts for the number of variables in the model, showing that 20.9% of the variation in share price is explained after adjusting for these factors. The F-statistic of 6.715 and the p-value of 0.000 indicate that the overall model is statistically significant, meaning that the combination of EPS, BVPS, FS, IFRS, and the interaction terms provides a meaningful explanation for changes in share prices.

This regression analysis shows that EPS remains a key determinant of share price, but the adoption of IFRS

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weakens the positive impact of earnings on stock prices. Book value per share and firm size do not significantly influence share prices, and IFRS adoption does not change these relationships meaningfully. These findings are consistent with previous research in some areas but contrast with others, particularly regarding the impact of IFRS on earnings relevance.

Table 7: OLS Regression of Share Price (SP) Reaction to Earnings Per Share (EPS), Book Value Per Share (BVSP), and IFRS

Variables	$SP_{jt} = \beta_0 + \beta_1 EPS_{jt} + \beta_2 BVPS_{jt} + \beta_3 FS_{jt} + \gamma IFRS_{jt} + \gamma_1 EPS_{jt} * IFRS_{jt} + \gamma_2 BVPS_{jt} * IFRS_{jt} + \gamma_3 FS_{jt} * IFRS_{jt} + e$ (3)				
SP	Coef.	t-value	SE	p-value	Sig.
EPS	20.291	5.337	3.801	0.000	***
BVPS	-1.564	-0.510	3.067	0.610	
IFRS	6.910	0.109	62.86	0.912	
IFRS*EPS	-18.35	-3.353	5.455	0.001	***
IFRS*BVPS	3.095	0.979	3.095	0.329	
FS	-0.418	-0.198	2.111	0.843	
FS*IFRS	0.773	0.273	2.832	0.785	
R^2	0.246				
R-Adjusted	0.209				
F-statistic	6.715				
Prob (F-statistic)	0.0000				***

Notes: SP, share price; EPS, earnings per share; FS, book value per share; IFRS, International Financial Accounting Standard; FS, firm size; IFRS*EPS, the interaction of IFRS and EPS; IFRS*BVPS, the interaction of IFRS and BVPS; FS, firm size; IFRS*FS, the interaction of IFRS and FS; **, significance at 5% level; ***, significance at 1% level.

Source: EViews Output

DISCUSSION OF FINDINGS

This study investigated the impact of IFRS adoption on the value relevance of accounting earnings and of quoted manufacturing firms in Nigeria, with a focus on the effects of IFRS adoption on these relationships. The findings are based on a regression analysis involving earnings per share (EPS), book value per share (BVPS), firm size (FS), and IFRS, along with interaction terms to assess how IFRS impacts the relationship between EPS, BVPS and share price (SP). Also, considered is the controlling and moderating role of firm size on the impact of IFRS adoption on the value relevance of accounting earnings. The study found that EPS has a positive and highly significant relationship with share price. A one-unit increase in EPS leads to a 20.291-unit increase in SP, implying that earnings are a critical determinant of share prices in Nigerian manufacturing firms. This finding is consistent with previous studies, such as Odoemelam et al. (2019) also found a significant positive relationship between EPS and share price, with a p-value of 0.000, similar to the findings of this study. Additionally, studies by Olayinka et al. (2017) and Okafor et al. (2017) confirmed the significant impact of IFRS on the value relevance of accounting metrics such as EPS. In contrast, BVPS has a negative

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but non-significant relationship with share price. This suggests that book value per share is not a strong predictor of stock prices in Nigerian manufacturing firms, which may indicate that investors prioritize future profitability (represented by EPS) over net asset value (BVPS). This is consistent with Ohlson & Johannesson (2016), who argued that BVPS has less relevance in stock price determination in emerging markets.

The adoption of IFRS did not have a significant direct effect on share price. This could be because IFRS adoption involves significant costs and adjustments, which might offset its benefits in the short term. The result contrasts with Odoemelam et al. (2019), who found that IFRS enhances transparency and comparability, positively impacting share prices. However, in emerging markets like Nigeria, the expected benefits of IFRS might not be fully realized due to market inefficiencies. A significant negative effect of IFRS on the relationship between EPS and SP was observed. The interaction term between IFRS and EPS was negative and significant, indicating that IFRS adoption weakens the positive impact of earnings on share prices. This finding aligns with Iatridis & Rouvolis (2010), who noted that IFRS can increase complexity in financial reporting, making it harder for investors to interpret earnings data. The interaction terms between IFRS and BVPS as well as IFRS and FS were not significant, implying that IFRS adoption does not significantly alter the relationship between book value per share and share prices. Also, the firm size does not moderate the relationship between IFRS adoption and Share prices. This may suggest that IFRS does not materially affect how investors value book value per share or firm size enhancing the impact of IFRS in the Nigerian context.

Implications of the Findings

The findings of this study have several important implications for various stakeholders, for investors, the significant positive relationship between EPS and SP highlights the importance of earnings in investment decisions. Investors in Nigerian manufacturing firms are likely to rely heavily on profitability metrics like EPS when valuing stocks. However, the negative moderating effect of IFRS suggests that earnings data might become less relevant or more difficult to interpret under IFRS, calling for more scrutiny of financial reports post-IFRS adoption. Manufacturing firms need to be aware that while IFRS adoption enhances transparency, it may also complicate how earnings are perceived by the market. Therefore, firms should focus on improving communication with investors to ensure that the positive aspects of IFRS adoption are understood. The findings suggest that IFRS adoption has not significantly impacted share prices in the short term. This calls for continued efforts by regulators to ensure that IFRS is implemented effectively, with appropriate training and support for firms, to maximize its potential benefits. The study contributes to the growing body of knowledge on the impact of IFRS in emerging markets. It shows that IFRS can have complex effects, particularly on the value relevance of earnings.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study explored the impact of IFRS adoption on the value relevance of accounting earnings and book value per share in Nigerian manufacturing firms. The key findings include a positive relationship between EPS and share price, a negative effect of IFRS on EPS, and a non-significant impact of BVPS, firm size, and IFRS on share price. These findings suggest that while earnings remain a crucial determinant of stock prices, IFRS adoption may complicate investors' interpretation of earnings information.

Recommendations

1. Firms should provide more detailed and clear financial disclosures post-IFRS adoption to help investors interpret the financial information effectively.

2. Regulators should ensure that firms have access to adequate training and resources to implement IFRS smoothly, mitigating any negative effects on the relevance of financial information.

3. Manufacturing firms should utilize their firm size to enhance the impact of IFRS on the value relevance.

Limitations of the Study

1. The study focused on quoted manufacturing firms in Nigeria, which limits the generalizability of the findings to other sectors or countries.

2. The results may be influenced by the specific market conditions in Nigeria, such as the level of market efficiency, investor behaviour, and economic stability, which could differ in other contexts.

Contribution to Knowledge

1. The study adds to the limited empirical evidence on the impact of IFRS adoption in Nigeria, particularly in the manufacturing sector.

2. Examining the interaction between IFRS and key financial metrics (EPS, BVPS, and firm size), the study provides new insights into how IFRS adoption affects the value relevance of financial information.

3. The findings contribute to the broader understanding of IFRS adoption in emerging markets, where the impact of IFRS may differ from developed economies due to market inefficiencies and regulatory challenges.

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