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Impact of International Financial Reporting Standard (IFRS) on Foreign Equity Investment in Nigeria

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Abstract
The study examined impact of International Financial Reporting Standard (IFRS) on foreign equity investment in Nigeria. The specific objectives were to examine the impact of International Financial Reporting Standard (IFRS) on foreign equity investment in Nigeria from manufacturing sector of the economy and to ascertain the impact of International Financial Reporting Standard (IFRS) on foreign equity investment in Nigeria from telecommunication sector of the economy. The study adopted ex-post facto research design. The study data was sourced from Central Bank of Nigeria. The stated hypotheses were analysed with simple regression. The finding of the study revealed that International Financial Reporting Standard (IFRS) has positive and insignificant impact on foreign equity investment in Nigeria from manufacturing sector of the economy, International Financial Reporting Standard (IFRS) has positive and insignificant impact on foreign equity investment in Nigeria from Oil and Gas sector of the economy. It was recommended that manufacturing sector should fully implement international financial reporting standards in order to maximize its influence on their relative impact on performance cannot be undermined

Keywords: *International Financial Reporting Standard (IFRS), foreign equity investment, manufacturing sector and telecommunication sector of the economy.*

1.1.INTRODUCTION

The history of International Financial Reporting Standard (IFRS) can be traced back to 1973 when representatives of the professional accounting bodies from major developed economies like United States of America, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom, and Ireland reached an agreement to establish the International Accounting Standards Committee (IASC) with no statutory mandates given by political jurisdictions (Temile, 2018). In 1975, the IASC pronounced its first International Accounting Standard (IASC). Since then, the IASC has issued a total of 41 IASC until it was restructured into the International Accounting Standard Board (IASB) in 2001 (Yasas and Perera 2019). The IASB has also pronounced a total of eight International Financial Reporting Standards (IFRS) as at 2021 (Akgun, 2018). A major task of the IASC is to cooperate with national accounting standards setting bodies to achieve harmonization in accounting standards around the world. In recent times, the IASC and IFRS are widely accepted and have become one of the most prevalent accounting standards around the world. In 2002, the IASC and the Financial Accounting Standards Board (FASB) embarked on a joint programme to make US GAAP and IFRS coverage to the maximum possible extent (Okafor, Alphonso and Nwanneka, 2017).

However, Nigeria adopted International Financial Reporting Standards (IFRS) in September, 2010 but the implementation started with Public Limited Liability companies in 2012. The IFRS are standards set by the International Accounting Standards Board (IASB) which is the international body responsible for monitoring the preparation of financial statements worldwide. Before the advent of IFRS, most countries had peculiar national accounting standards issued by national accounting bodies. For instance, the Nigeria Accounting Standards Board (NASB) was responsible for developing and issuing standards know as Statements of Accounting Standards (SAS) up to 2012 in Nigeria. This adoption is expected to improve corporate transparency especially in financial terms which in turn should lead to increase in Foreign Equity Investment (FEI) in Nigeria (Salisu and Yusha'u, 2020).

IFRS are a set of standards promulgated by the IASB, and international standards-setting body based in London. The IASB places emphasis on developing standards based on sound, clearly stated principles, from which interpretation is necessary. The IFRS was designed as a common global language for business affairs so that the company accounts are understandable and comparable across international boundaries. The IFRS is particularly important for companies that have dealings in several countries. They are progressively replacing the many different national accounting standards. The goal is to provide a global framework on how public companies should prepare and disclose their financial statement .They specify how companies must maintain and report their accounts, defining types of transactions and other events with financial impact. IFRS was established to create a common accounting language, uniformed financial statements with consistency and reliability among companies and countries (Sun, Sari, & Havidz, 2021).

IFRS are designed to bring consistency to accounting language, practices and statements, and to help businesses and investors make educated financial analyses and decisions. The IFRS

Foundation sets the standards to "bring transparency, accountability and efficiency to financial markets around the world fostering trust, growth and long-term financial stability in the global economy. Companies benefit from the IFRS because investors are more likely to put money into a company if the company's business practices are transparent (Olowe, and Shehu, 2021). Standards bring transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economics decisions. IFRS Standards strengthen accountability by reducing the information gap between the providers of capital and the users of capital. The standards provide information needed to hold management to account. As a source of globally comparable information, IFRS Standards are also of vital importance to regulators around the world. IFRS Standards contribute to economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation. Use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs for business (Suwardi, 2020).

Meanwhile, foreign equity investment tends to concentrate more in less developed countries, where there exist greater opportunities to achieve higher than developed countries. In order for foreign equity investment to become productive in developing countries should be the existence of a minimum threshold level capital, of human capital, improve domestic infrastructures, and a developed local financial systems. Out of all, the last prerequisite seems to have a measurable impact on economic growth. However, insufficient application of these requirements has resulted in imbalances in the foreign equity investment distribution across many developing countries. While some countries are facing difficulties in attracting foreign investors. Foreign equity investment (FEI) is considered as an important channel for direct technology distribution and the vital conduit for technology transfer because of the scarcity of financial resources and the urgent need for reconstruction in many developing countries accounting standard (Apochi, and Mustapha, 2022).
The International Accounting Standards Board (IASB) staffing and governance structure appears to be the major impeding factors in the adoption of IFRS in various sectors of Nigeria economy in recent time as well as the dominance of the developed countries and political lobbying. The developed countries want to dominate the IASB structure and standard setting process to the detriments of the developing countries. There is also strong lobbying and opposition by these groups to IASB's standards. Also, there are no consistent adoption, application and regulatory review as most IFRS adoptions are in labels and with various versions which are inconsistent with IASB's prescription. However, with these activities from International Accounting Standards Board (IASB) of international financial Reporting Standard (IFRS) in Nigeria is assumed to have serious adverse effect on foreign equity investment of various sectors in Nigeria (Okpala, 2021)..

Also, statistic shows that over the years in the country, specifically from 2012 to 2022, that there is insignificant percentage of foreign equity investment experienced in various sector of the economy, various approaches have been adopted to improve its inflow especially in this era of globalization and need to diversify the economy. The adoption of International Financial

Reporting Standard (IFRS) by management various sectors of the economy such as manufacturing sector, telecommunication sector and oil and gas sector was therefore considered as a welcome development that would serve as catalyst for foreign equity investment inflow into the country. However, Nigeria share of foreign equity investment remains insignificant compared to other countries that adopted International Financial Reporting Standard (IFRS), hence, it is assumed that adoption of International Financial Reporting Standard (IFRS) have an adverse effect on foreign equity investment inflow in various sectors (manufacturing sector, telecommunication sector and oil and gas sector) in the country (Owolabi, and Iyoha 2021).
The broad objective of the study is to examine the impact of International Financial Reporting Standard (IFRS) on foreign equity investment in Nigeria. Specifically, the objectives of the study are to examine the impact of International Financial Reporting Standard (IFRS) on foreign equity investment in Nigeria from manufacturing sector of the economy and to determines the impact of International Financial Reporting Standard (IFRS) on foreign equity investment in Nigeria from oil and gas sector of the economy.

2.0. REVIEW OF RELATED LITERATURE

2.1 CONCEPPTUAL FRAMEWORK

2.1.1. Concept of international financial reporting standards (IFRS)

International Financial Reporting Standards (IFRS) is a set of accounting standards developed by an independent, not-for-profit organization called the international accounting standard board. The goal is to provide a global framework on how public companies should prepare and disclose their financial statement. They specify how companies must maintain and report their accounts, defining types of transactions and other events with financial impact (Tanko, 2012)
IFRS are set of standards promulgated by the IASB, an international standard-setting body based on London. The IASB places emphasis on developing standards based on sound clearly stated principles, from which interpretation is necessary. IFRS are also referred to as principles-based standards. A country can adopt IFRS in three different ways: convergence, whole sale or endorsement. On wholesale adoption, a country abandons her domestic GAAP for the IFRS without any amendments for variety of reasons such as lack of manpower, convergence or economic reasons. Countries such as Ghana and Kenya took this approach. In convergence adoption, the adopting country's local GAAP is cautiously converged to IFRSs (Dankwanmbo,and Izedonmi, 2018).
International Financial Reporting Standards (IFRS) set common rules so that financial statements can be consistent, transparent and comparable around the world. They specify how companies must maintain and report their accounts, defining types of transactions and other events with financial impact. The core objective of IFRS is to provide a global framework for how public companies prepare and disclose their financial statements. IFRS provides general guidance for the preparation of financial statements rather than setting rules for industry-specific reporting. The goal of IFRS is to provide a global framework for how public companies prepare and disclose their

financial statements. IFRS provides general guidance for the preparation of financial statements, rather than setting rules industry-specific reporting. Having an international standard is especially important for lager companies that have subsidiaries in different countries. Adopting a single set of world-wide standards will simplify accounting procedures by allowing a company to use one reporting language throughout. A single standard will also provide investors and auditors with a cohesive view of finances (Erin, and Ogudele, 2016).

2.1.2. Impact of international financial reporting standard (IFRS) on foreign equity investment in Nigeria from manufacturing sector of the economy

IFRS is now acceptable in many countries and there is a huge increase in the number of manufacturing companies across the globe moving to IFRS reporting, to make sure that their financials are comparable for investors and capital markets. IFRS has an objective to develop in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles. This standards has high quality, transparent and comparable information in financial statements and other financial reporting to help investors, other participants in the world's capital markets and other users of financial information make economic decisions (Titus, 2021).

In this context, 'international accounting standards' means standards (International Accounting Standards and International Financial Reporting Standards) issued by the IASB and interpretations issued by the IFRS Interpretations Committee (and its predecessor, the Standing Interpretations Committee) that have been endorsed by the EU. Different researchers have written on IFRS adoption different sector but more have written on the banking sector few on manufacturing sector at large and most of the works focuses on the earnings management, value relevance, timely loss, price earnings ratios, and dividend yield focusing on different countries like Ghana, South Africa etc. This research focuses on the impact of International Financial Reporting Standard (IFRS) adoption on the financial performance of Nigerian manufacturing firms using Revenue, Profit , Total asset and total liabilities as independent variables and dependent on Earnings per share, Return on assets and Return on equity. Given the foregoing, this study therefore seeks to examine the impact of IFRS adoption of the financial performance of Nigerian manufacturing firms (Titus, 2021).

2.1.3 Impact of international financial reporting standard (IFRS) on foreign equity investment in Nigeria from oil and gas sector

Given the importance of the oil and gas industry to the Nigerian economy and the complexity of accounting for extractive activities, the Nigerian standard setter issued in 1993 Statement of Accounting Standards dealing with upstream activities and later completed the task by issuing standards for downstream activities. In the 1990's there being no international Accounting Standard (IAS) for the oil and gas, but national standard setters, such as in the US, had issued standards and guidance in respect of the sector. As the country moves to the adoption of IFRS, it is important that the oil and gas industry companies take on a leadership role, in line with the importance of the industry in the economy, to demonstrate best practice in financial reporting. (Ogundeyi, and Tunji 2021)

However, argument in respect to Full Cost (FC) method all costs incurred in prospecting, acquiring mineral interests, exploration and development are capitalized and accumulated in large cost centres that may not be related to geological factors. The cost centre, under this method, is not normally smaller than a country except where warranted by major difference in economic, fiscal or other factors in the country. In respect of a cost center, all acquisition costs, all exploration costs and all development costs should be treated as capital work-in-progress when incurred; all costs other than the above should be charged as expense when incurred (Efuntade, Solanke, and Akinola, 2021)

2.2 THEORETICAL FRAMEWORK

2.2.1. Accounting quality theory

Accounting Quality Theory was propounded by Watts and Zimmerman in 1986. Accounting quality theory stated that the theory is a set of assumptions, frameworks, and methodologies used in the study and application of financial reporting principles. The adoption of IFRS around the world and Nigeria in particular is occurring rapidly to bring about accounting quality improvement through a uniform set of standards for financial reporting. and political system of the country in which the firm resides (Suwardi, 2020).. Land & Lang (2012) document that accounting theory has improved worldwide since the beginning of the 1990s, and suggest that this could be due to factors such as globalization and anticipation of international accounting harmonization. IFRS is contingent on at least two factors. First, improvement is based upon the premise that change to IFRS constitutes change to a GAAP that induces higher quality financial reporting. For example, Barth, Landsman, & Lang (2006) find that firms adopting IFRS have less earnings management, more timely loss recognition, and more value relevance of earnings, all of which they interpret as evidence of higher accounting quality. Second, the accounting system is a complementary component of the country's overall institutional system and is also determined by firm's incentives for financial reporting (Suwardi, 2020)..

The theory related to the study under revealed because the proper application of International Financial Reporting Standard (IFRS) by difference sectors of the economy will enhance foreign equity investment in Nigeria

2.3 EMPIRICAL REVIEW

Osita-Nwosu, Joshua and Onuora (2023), investigated the effect of IFRS adoption on the quality of consolidated financial statements in Nigeria. This research has been performed using a sample of20 companies listed on the Nigeria Stock Exchange (NSE) from 2010 to 2015. The relationship between the explained variable (market price per share) and explanatory variables was observed. The results of the multiple regression analysis were statistically significant at 0.001, 0.01 and0.05 levels. The findings of the study revealed that the adoption of lFRS in the preparation of consolidated financial statement increases the quality of financial reporting in Nigeria. The research evidence also indicated that the adoption of IFRS increases the value relevance (relative quality) of financial reporting in Nigeria. Moreover, we ascertained an incremental utility (quality surplus) of financial reporting as a result of adoption of IFRS in Nigeria.

Lawrence and Joy (2023**),** investigated if the adoption of IFRS has improved the quality of accounting numbers provided in the financial statements of firms in Nigeria. *The study* covered from 2006 to 2017. The dependent variable is market share price (MPS), and the independent variables are BVPS, EPS, CFPS and PE, while LEV and SIZE are the control variables. The regression results of the Estimated Generalized Least Squares (EGLS) indicate that for pre-IFRS periods, while three variables are positively significant, four of the variables of interest are positively significant in post-IFRS periods. The overall results of the hypotheses tests show that there is a higher quality of accounting information after the adoption of IFRS for the periods under review. The results give signals to investors that post-IFRS information has higher value relevance than pre-IFRS. The study recommends among others that manufacturing firms should continue to adopt IFRS in order to maximize its influence on their stock prices

Okoughenu and Odunsi (2022). examined Pre-and post-IFRSs adoption effect on market risk of companies listed on the Nigerian Stock Exchange. One hundred sixty-eight (168) companies were included in the study's population as of the end of 2020. A sample of 56 businesses listed on the NSE between 2003 and 2020 were used in the study to gather data from their annual reports and financial statements (i.e., 2003 to 2011 for pre-IFRSs and 2011 to 2020 is post-IFRSs adoption era). The data were analyzed using the ordinary least square regression technique, and the results showed that there was no significant difference between the pre- and post-IFRSs adoption eras in terms of market risk as measured by BTMV, GR, and DFL. Additionally, it was discovered that market risk in companies listed on the NSE in the post-IFRSs adoption era was significantly lower than in the pre-IFRSs adoption era due to the control variable (firm size) having a positive significant effect. According to the study's findings, IFRS adoption by NSE-listed companies had no appreciable impact on market risk when compared to the period before IFRS adoption. However, it enhanced GR and DFL while decreasing BTMR

Augustine (2022), examined the impact of IFRS adoption on tax payable, data taken from the annual reports of fifty chosen Nigerian listed firms were examined using PPMC and panel data methods. It was discovered that while Depreciation (DEPR), Shareholders' Funds (SHDFUD), Long-Term Debt (LGTDEBT), and Noncurrent Asset (NONCURASET) had a negative influence on taxation, Profit before tax (PBT) had a positive and This shown that a rise in DEPR, SHDFUD, LGTDEBT, and NONCURASET reduced TAXATION in manufacturing firms. In conclusion, the implementation of IFRS greatly reduced the amount of tax that manufacturing companies had to pay since they carefully and legally avoid paying taxes by claiming depreciation on existing assets, buying new non-current assets, and taking on long-term debt (leverage). To prevent the unwarranted and artificial reduction in tax payable, it is suggested that monitoring mechanisms be put in place by the government to track company purchases, the impairment of assets, and debts transparently incurred

Oluwasegun (2022). examined the effect of International Financial Reporting Standards adoption on financial performance of multinational companies in Nigeria. The specific objectives were, to ascertain whether there are notable differences between the financial performance measurements of multinational companies operating in Nigeria that are prepared using IFRS financial statements and local GAAP, to assess whether financial performance indicators created using IFRS financial statements show better performance than those using local GAAP. Results from the analysis of the literature revealed that IFRS financial ratios indicate better performance than local GAAP financial ratios. Further research revealed that, no appreciable differences between the financial performance indicators (financial ratios) provided for multinational corporations operating in Nigeria under local GAAP and IFRS financial statements. The study concludes that, the more a company adheres to IFRS disclosure requirements, the more investors are drawn to invest in it, consequently enhancing its financial performance (return on capital employed). The study recommended that multinational companies should be concerned, among other things, with the disclosure of relevant information at the lowest feasible cost in order to maintain the potential good effect of required and voluntary financial performance disclosure

Christopher and Manuel (2021) conducted a study on the effect of IFRS adoption on the performance of listed firms in Nigeria using data from all the 21 banks listed on the Nigerian Stock Exchange as at 31st December 2016. Using two robust performance measures profitability and growth, a multiple regression model was used to test the hypothesis of this study. The research also carried out a pre and post study to investigate if there is any significant difference in the growth of listed banks in Nigeria following the adoption of IFRS. The study reveals that the adoption of IFRS has no significant effect on performance vis – a – vis the profitability and growth of listed banks in Nigeria. Findings from this study also reveals that IFRS adoption has no significant effect on the Pre and Post growth of listed banks in Nigeria

Osho and Adeniyi, (2021), examined the effects of IFRS adoption and disclosure of financial statements of multinational companies in Nigeria. The study makes use of primary sources of data via the administering of questionnaires to target respondents. Regression analytical techniques were employed to analyse the collected data. According to the study's findings, all financial statement disclosure variables, such as relevance, verifiability, comparability, faithful-representation, understandability, and timeliness, have a significant and positive impact on multinational companies' IFRS adoption in Nigeria. Based on the findings, the study concluded that IFRS adoption has a positive and significant impact on the financial disclosure of multinational corporations in Nigeria, particularly when measured in terms of relevance, timeliness, faithful representation, understandability, reliability, and comparability. This research recommended that regulatory organizations in the country ensure that international businesses listed on the Exchange Group comply with the IFRS implementation rigorously to ensure investors have access to appropriate information for financial and investment decision-making

2.4 GAP IN LITERATURE

Many research related studies on the impact of International Financial Reporting Standard (IFRS) on foreign equity investment in Nigeria have been carried out both in developed and developing economies. The highest number of years ever used in the research work was 17 years (2000-2022) by Suwardi (2020) in Indonesia. This work differs from others in that it used data for twelve (12) years from 2012 to 2022 which to the best of our knowledge no one has used in Nigeria. This study also introduced the sectorial study which has never been used in previous studies. Also, none of the above authors used Estimated Generalized Least Squares . Hence, this the gap the researcher intend to study.

METHODOLOGY

3.1. RESEARCH DESIGN

The study adopted ex-*post facto* research method. For the *ex-post facto*, the design was adopted because the researcher has no control over the dependent and independent variable and whatever happens occurred before the research. .

3.2. SOURCE OF DATA

The data for the study were sourced from secondary source. The secondary data sourced from the Central Bank of Nigeria Statistical Bulletin. The study covered from 2000-2022. The pre –IFRS era covered from 2000 to 2012 and post IFRS era covered the period from 2013 to 2022.

3.3. METHOD OF DATA ANALYSIS

Hypothesis 1 and 2 were analyssed with simple regression model. Hypothesis 1-2 was also be analyzed using simple regression while hypothesis 4 was analysed with t-test. The simple regression analysis was used to establish the relationship between dependent and independent variables in the study while the t-test was used to compare the pre and post era in IFRS

3.4. MODEL SPECIFICATION

For hypothesis 1 model is stated below;

FEIM = f(IFRS) ……………………………………………………………………………..3.1

FEIM = β_0+ β_1IFRS + ei………………………………………………………….….3.2

Where:

FEIM = Foreign equity investment from manufacturing sector of the economy

IFRS = International Financial Reporting Standard (IFRS) (dummy, before =0, during =1)

β_0 = Intercept

β_1 =parameter estimate

ei = stochastic variables

$\beta 1$, is the beta coefficients of the independent variables. From this study, we expect $\beta 1$ to be greater than zero.

For hypothesis 2 model is stated below;

FEIT = f(IFRS) ……………………………….……………………………………..3.3

FEIT = β_0+ β_1IFRS + ei……………………………………………………………..3.4

Where:

FEIT = Foreign equity investment from telecommunication sector of the economy ..

IFRS = International Financial Reporting Standard (IFRS) (dummy, before =0, during =1)

β_0 = Intercept

β_1 =parameter estimate

ei = stochastic variables

β1, is the beta coefficients of the independent variables. From this study, we expect β1 to be greater than zero.

PRESENTATION OF DATAANALYSIS AND DISCUSSIONS

4.1 DATA PRESENTATION AND ANALYSIS

Years	International Financial Reporting Standard (IFRS)	Foreign Equity Investment From Telecommunication (FEIT) (₦' million)	Foreign Equity Investment From Manufacturing Sector (FEIM) (₦' million)	Foreign Equity Investment From Oil and Gas (FEI0) (₦' million)
2000	0	154,865.6	900,125.6	260,392.4
2001	0	152,508.6	102,392.9	278,912.3
2002	0	166,631.6	111,928.1	286,292.3
2003	0	178,478.6	117,293.2	321,987.2
2004	0	249,220.6	120,272.2	330,918.3
2005	0	324,656.7	129,023.2	340,198.2
2006	0	481,239.1	139,233.6	369,182.5
2007	0	552,498.6	138,262.9	379,182.4
2008	0	586,309.6	149,279.3	420,192.1
2009	0	594,316.7	165,799.8	418,918.7
2010	0	608,729.1	170,973.5	781,912.3
2011	0	629,328.1	180,357.8	781,921.4
2012	1	659,029.5	190,464.6	791,872.2
2013	1	659,876.3	200,437.4	816,219.1
2014	1	669,866.6	219,870.6	819,101.3
2015	1	679,765.4	229,067.3	851,991.9
2016	1	682,763.3	239,065.8	861,921.2
2017	1	688,729.2	270,978.5	891,728.1
2018	1	691,540.6	289,860.7	901,821.2
2019	1	699,866.8	282,490.5	902,712.5
2020	1	701,875.4	291,023.2	1,029,182.1
2021	1	719,873.6	310,283.2	1,182,601.2
2022	1	728,140.9	357,293.2	1,329,762.2

Source: Central Bank of Nigeria Statistical Bulletin, 2022

4.2 DESCRIPTIVE ANALYSIS

The descriptive analysis displayed the basic features of the time series data presented in table 4.1 above. The outcome of the descriptive analysis was presented in Table 4.3 below:

	FEIM	FEIO	FEIT	IFRS
Mean	230686.0	667344.5	533048.3	0.478261
Median	190464.6	781921.4	629328.1	0.000000
Maximum	900125.6	1329762.	728140.9	1.000000
Minimum	102392.9	260392.4	152508.6	0.000000
Std. Dev.	162994.0	319854.7	209947.8	0.510754
Skewness	3.141849	0.228640	-0.94938	0.087039
Kurtosis	13.61967	1.930033	2.227709	1.007576
Jarque-Bera	145.9180	1.297522	4.026652	3.833388
Probability	0.000000	0.522693	0.133544	0.147092
Sum	5305777.	15348923	12260111	11.00000
Sum Sq. Dev.	5.84E+11	2.25E+12	9.70E+11	5.739130
Observations	23.00000	23.000000	23.000000	23.00000

Source: Researcher computation from E-View 11

The descriptive analysis revealed that on foreign equity investment in Nigeria from manufacturing sector (FEIM) with mean value ₦230,686.0 over the period of study. The maximum value, on the other hand indicated that ₦900,125.6 observed over the period was which occurred in 2021 and minimum value on the other hand indicated that ₦102,392.9 observed over the period was which occurred in 2021. The value of skewness (3.141849) is indicative of the fact that foreign equity investment in Nigeria from manufacturing sector (FEIM) in Nigeria have been increasing persistently over the period. The descriptive analysis revealed that foreign equity investment in Nigeria from oil and gas sector (FEIO) with mean value ₦667344.5 over the period of study. The maximum value, on the other hand indicated that ₦1329762 observed over the period and minimum value on the other hand indicated that (152508.6) observed over the period. The value of skewness (0.228640) is indicative of the fact that foreign equity investment in Nigeria from oil and gas sector (FEIO) have been increasing persistently over the period. The descriptive analysis revealed that foreign equity investment in Nigeria from telecommunication sector (FEIT) with mean value of ₦2.512448 billion over the period of study. The maximum amount of equity investment in Nigeria from telecommunication sector (FEIT) was ₦ 728140.9 million observed over the period was which occurred in 2016 and minimum amount of equity investment in Nigeria from telecommunication sector (FEIT) was ₦152508.6 million observed over the period was which occurred in the year 2020 . The value of skewness (- 0.087039) is indicative of the fact that equity investment in Nigeria from telecommunication sector (FEIT) in Nigeria have been increasing persistently over the period.

The descriptive analysis revealed that International Financial Reporting Standard (IFRS) with mean amount of ₦ 0.478261 million over the period of study. The maximum amount of International Financial Reporting Standard (IFRS) was ₦ 1 observed over the period was which occurred in 2021 and minimum amount of International Financial Reporting Standard (IFRS) was ₦ 0.00 observed over the period was which occurred in the year 2000 . The value of skewness (0.087039) is indicative of the fact that International Financial Reporting Standard (IFRS) in Nigeria have been increasing persistently over the period

4.3. SIMPLE REGRESSION ANALYSIS FOR HYPOTHESIS 1

Having carried out the result obtained from the analysis was presented in table 4.3 as shown below:

Table 4.3: Regression Analysis (dependent variable, FEIM)

	Coefficient	Std. Error	t-Statistic	Prob.
IFRS	1.873707	2.726547	0.687208	0.4918
C	0.342768	0.188344	1.819901	0.0831
R-squared	0.535132			
Adjusted R-squared	0.510814			
F-statistic	0.764646			
Prob(F-statistic)	0.391769			
Durbin-Watson stat	1.818441			

Source: EViews 11 Output

From the regression results as shown in table 4.5, the adjusted R-squared of 0.510814 reveals that approximately 51% of the total variations in the dependent variable foreign equity investment in Nigeria from manufacturing sector (FEIM) was accounted for by the explanatory variables(International Financial Reporting Standard (IFRS) while the remaining 49% was due to the error term. The coefficient of International Financial Reporting Standard (IFRS) was 1.873707. This implies that a unit increases in International Financial Reporting Standard (IFRS) lead to corresponding increase in foreign equity investment in Nigeria from manufacturing sector (FEIM) by 1.873707 units. The constant (C) implies that *ceteris paribus* (holding the explanatory variable constant), foreign equity investment in Nigeria from manufacturing sector (FEIM) will be increasing by 0.342768 units.

4.3.1 Test of Hypotheses 1

For the hypotheses testing, the decision was based on the p-values of the t-Statistics associated with each coefficient of the independent variables. If a p-value is less than 0.05 (5%), the null hypothesis is rejected. However, if a p-value is greater than 0.05 (5%), the null hypothesis was accepted.

$H0_1$: International Financial Reporting Standard (IFRS) has no significant impact on foreign equity investment in Nigeria from manufacturing sector of the economy

.The p-value (0.4918) of International Financial Reporting Standard (IFRS) in table 4.3 is greater than 0.05. Hence, the null hypothesis (H_{o1}) was accepted and the alternative hypothesis rejected we stated that International Financial Reporting Standard (IFRS) has positive and insignificant impact on foreign equity investment in Nigeria from manufacturing sector of the economy.

4.4. SIMPLE REGRESSION ANALYSIS FOR HYPOTHESIS 2

Having carried out the result obtained from the analysis was presented in table 4.4 as shown below:

Table 4.4: Regression Analysis (dependent variable, FEIO)

	Coefficient	Std. Error	t-Statistic	Prob.
IFRS	1.293700	1.301153	0.994272	0.3530
C	1.141675	1.049215	1.088123	0.1620
R-squared	0.514557			
Adjusted R-squared	0.500964			
F-statistic	0.856974			
Prob(F-statistic)	0.976000			
Durbin-Watson stat	1.731532			

Source: EViews 11 Output

From the regression results as shown in table 4.5, the adjusted R-squared of 0.500964 reveals that 50% of the total variations in the dependent variable foreign equity investment in Nigeria from Oil and Gas sector (FEIO) was accounted for by the explanatory variables(International Financial Reporting Standard (IFRS) while the remaining 50% was due to the error term. The coefficient of International Financial Reporting Standard (IFRS) was 1.293700. This implies that a unit increases in International Financial Reporting Standard (IFRS) lead to corresponding increase in foreign equity investment in Nigeria Oil and Gas sector (FEIO) by 1.293700 units.

The constant (C) implies that *ceteris paribus* (holding the explanatory variable constant), foreign equity investment in Nigeria from oil and gas sector (FEIO) will be increasing by 1.141675 units.

4.4.1 Test of Hypotheses 2

For the hypotheses testing, the decision was based on the p-values of the t-Statistics associated with each coefficient of the independent variables. If a p-value is less than 0.05 (5%), the null hypothesis is rejected. However, if a p-value is greater than 0.05 (5%), the null hypothesis was accepted.

$H0_2$: International Financial Reporting Standard (IFRS) has no significant impact on foreign equity investment in Nigeria from m oil and gas **sector of the economy**

.The p-value (0.3530) of International Financial Reporting Standard (IFRS) in table 4.4 is greater than 0.05. Hence, the null hypothesis (H_{o1}) was accepted and the alternative hypothesis rejected we stated that International Financial Reporting Standard (IFRS) has positive and insignificant impact on foreign equity investment in Nigeria from Oil and Gas sector of the economy.

4.7. DISCUSSION OF RESULTS

The study examines the impact of International Financial Reporting Standard (IFRS) on foreign equity investment in Nigeria. The study was analysed under three stated hypotheses using simple regression. The result of the first hypothesis revealed that International Financial Reporting Standard (IFRS) has positive and insignificant impact on foreign equity investment in Nigeria from manufacturing sector of the economy. The result holds on the ground that most of the since the introduction of International Financial Reporting Standard (IFRS) in Nigeria in 2012 different sectors of the economy have adopted that International Financial Reporting Standard (IFRS) and this has help them in preparation of their financial report at yearly basis and has enhance the performance of these sector. However, in spite of the adoption International Financial Reporting Standard (IFRS) by different sectors of the economy there still pocket of financial mismanagement experienced in some sectors in the country. The result is inline with the finding of (Akpaka, 2015) while stated that introduction of IFRS has brought about consistency to accounting language, practices and statements, and it also help businesses and investors make educated financial analyses and decisions.

The result of the second hypothesis revealed that International Financial Reporting Standard (IFRS) has positive and insignificant impact on foreign equity investment in Nigeria from Oil and Gas sector of the economy. The result of the second hypothesis also holds on the ground that with the adoption International Financial Reporting Standard (IFRS) in the country, the revenue from the oil and gas sector of the economy has continue to serves as one of major source of revenue in the country and the revenue from the sector And the adoption of International Financial Reporting Standard (IFRS) has enhanced the financial management of the sector. The result is inline with the finding of Adebisi and Onabanjo, (2015) who stated that The IFRS sets the standards to “bring transparency, accountability and efficiency to financial markets around the world fostering trust, growth and long-term financial stability in the global economy.

SUMMARY. CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

The study examines the impact of International Financial Reporting Standard (IFRS) on foreign equity investment in Nigeria. The study covered from 2000 to 2021**.** Based on the specific objectives of this study and the result of the hypotheses tested, the findings of this study are summarized below;

1.International Financial Reporting Standard (IFRS) has positive and insignificant impact on foreign equity investment in Nigeria from manufacturing sector of the economy

2.International Financial Reporting Standard (IFRS) has positive and insignificant impact on foreign equity investment in Nigeria from Oil and Gas sector of the economy

5.2. CONCLUSION

The adoption of International Accounting Standards Board (IASB) staffing and governance structure appears to be the principal factors in the adoption of IFRS in various sectors of Nigeria economy in recent time as well as the dominance of the developed countries and political lobbying. The developed countries want to dominate the IASB structure and standard setting process to the detriments of the developing countries. There is also strong lobbying and opposition by these groups to IASB's standards. Also, there are no consistent adoption, application and regulatory review as most IFRS adoptions are in labels and with various versions which are inconsistent with IASB's prescription. However, with these activities from International Accounting Standards Board (IASB) of international financial Reporting Standard (IFRS) in Nigeria is assumed to have serious adverse effect on foreign equity investment of various sectors in Nigeria.. Also, International Accounting Standards Board (IASB) bring transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economics decisions. IFRS Standards strengthen accountability by reducing the information gap between the providers of capital and the users of capital. The International Accounting Standards Board (IASB) provide information needed to hold management to account. As a source of globally comparable information, IFRS Standards are also of vital importance to regulators around the world. IFRS Standards contribute to economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation. Use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs for business. The result of study revealed that. International Financial Reporting Standard (IFRS) has positive and insignificant impact on foreign equity investment in Nigeria from manufacturing sector of the economy, .International Financial Reporting Standard (IFRS) has positive and insignificant impact on foreign equity investment in Nigeria from Oil and Gas sector of the economy and . In conclusion, effective implementation of foreign equity investment can enhanced the performance of foreign equity investment in Nigeria in different sectors.

5.3. RECOMMENDATIONS

1. Manufacturing sector should fully implement international financial reporting standards in order to maximize its influence on their relative impact on performance cannot be undermined

2. Financial reporting council of Nigeria (FRCN) should monitor compliance with the requirements of the standards as this might help organizations in the long run to secure foreign equity investment. Consequently, increased transparency should lead to enhanced foreign equity investment

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