

The Impact of International Financial Reporting Standards (IFRS) On Financial Statement and Performance of Quoted Firms in Nigeria.

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Abstract- *This study investigates the Impact of International Financial Reporting Standards (IFRS) On Financial Statement and Performance of Quoted Firms in Nigeria, using data from 2014 to 2023 for BUA Cement Plc, Fidelity Bank Plc, and Cutix Plc. The analysis employs multiple regression models to assess the extent to which these variables influence financial statement and performance. From the analysis, result revealed that liquidity consistently plays a significant and positive role in driving financial performance across all three companies examined. Liquidity of Bua Cement plc, Fidelity Bank Plc, and Cutix Plc, respectively, were all statistically significant at $p < 0.001$. In contrast, EPS and profit exhibit mixed effects. while EPS positively impacts GDP (performance) for BUA Cement Plc, it demonstrates a strong negative correlation in Fidelity Bank Plc and Cutix Plc, highlighting potential inefficiencies or sectoral differences. Similarly, profit shows a negative relationship with GDP (Performance) in all cases, underscoring the nuanced link between profitability and macroeconomic contributions. With R-squared values exceeding 0.996 across all models, the study demonstrates the robustness of liquidity as a predictor of good financial statement and performance, while highlighting the need for strategic reinvestment of profits and alignment of shareholder earnings with economic goals. These results emphasize the critical role of liquidity in fostering economic resilience and call for sector-specific strategies to optimize the broader impact of financial performance. Its as result that the study recommend that firms should focus on achieving more robust liquidity while effectively adjusting their*

earning per share and profit for better firm performance and macroeconomic growth.

Indexed Terms- *Financial Performance, IFRS, Quoted companies, Nigeria & performance*

I. INTRODUCTION

Background to the study

The adoption of International Financial Reporting Standards (IFRS) represents one of the most significant shifts in global accounting practices, fundamentally transforming how firms present their financial information. These standards, developed by the International Accounting Standards Board (IASB), aim to provide a uniform accounting framework that enhances comparability, transparency, and reliability in financial reporting across jurisdictions. This harmonization holds profound implications for financial statements and firm performance, offering both opportunities and challenges to various stakeholders.

IFRS plays a pivotal role in improving the quality and credibility of financial statements. The emphasis on principles rather than prescriptive rules allows for more nuanced financial reporting that better captures the economic realities of firms. For instance, IFRS mandates fair value accounting for certain assets and liabilities, promoting transparency by reflecting current market conditions. Research has shown that IFRS adoption leads to improved earnings quality, reduced earnings management, and greater disclosure. For example, Almulla and Bradbury (2022) demonstrated that firms transitioning to IFRS reported

significantly reduced income smoothing practices, which enhanced the reliability of reported earnings. This effect is particularly pronounced in countries with historically weak accounting standards or less robust regulatory frameworks, where IFRS provides a more rigorous and structured reporting system. The uniformity introduced by IFRS enhances cross-border comparability of financial statements, a critical factor in attracting foreign investment. Investors rely on consistent and transparent reporting to assess firm performance and make informed decisions. IFRS adoption mitigates information asymmetry by aligning reporting practices across jurisdictions. Horton *et al.* (2021) examined the impact of mandatory IFRS adoption in the European Union and found a positive association with increased foreign equity ownership and improved capital market efficiency. Similarly, Nnadi *et al.* (2020) highlighted that firms in emerging markets experienced enhanced access to international capital following IFRS adoption, underlining the standards' role in facilitating global financial integration. While IFRS positively influences financial reporting quality, its impact on firm performance is multifaceted and varies across contexts. Improved financial reporting reduces information asymmetry and the cost of capital, leading to better market valuation and operational efficiency. It is as a result of this benefit that this study aims to investigate the Impact Of International Financial Reporting Standards (Ifrs) On Financial Statement And Performance Of Firms in Nigeria

Statement of the problem

The adoption of International Financial Reporting Standards (IFRS) in Nigeria, mandated for quoted firms in 2012, aimed to enhance financial transparency, comparability, and investor confidence. However, the actual impact of IFRS on the quality of financial statements and the performance of these firms remains insufficiently explored. Existing research focuses primarily on compliance levels or macroeconomic effects, leaving a gap in understanding how IFRS adoption influences critical performance metrics such as profitability, liquidity, and shareholder value. This gap has significant implications. For investors, inconsistent or unclear reporting undermines decision-making and market efficiency. For firms, challenges in implementing IFRS can result in misrepresentation of financial

health, affecting competitiveness and access to capital. On a broader scale, unresolved issues weaken regulatory efforts to improve Nigeria's financial credibility and attractiveness to foreign investment. Given Nigeria's economic goals and global integration efforts, understanding the relationship between IFRS adoption and firm performance is essential. This study will address this gap by evaluating measurable impacts such as earnings quality and reporting timeliness, providing valuable insights for policymakers, regulators, and corporate stakeholders.

Objectives of the study

The major objective of the study is to investigate the Impact of International Financial Reporting Standards (IFRS) On Financial Statement and Performance of Quoted Firms in Nigeria. Specifically, the study will evaluate the following.

1. How earning per share quality of a quoted firm affect company's performance.
2. How liquidity of quoted firm affects company's performance.
3. How profit rate of quoted firms affects company's performance.

Research Questions

To address the objective of the study, the following research questions are posed as follows,

1. How does earning per share quality of quoted firm affect company's performance?
2. How does liquidity of quoted firm affect company's performance?
3. How does profit rate of quoted firms affect company's performance?

Conceptual Framework

Quoted: In finance, "quoted" refers to the availability of a security's market price on a recognized exchange. It indicates that the asset is actively traded and has a current, visible price determined by market participants (Corporate Finance Institute, 2024). In a financial context, Investopedia, (2023) defined quoted to refer to a security listed on a recognized stock exchange with publicly available market prices. A quoted firm operates in markets where its shares are publicly traded and subject to regulatory standards (CFI, 2024).

Firm

According to Chamberlain, (2020), a firm is a business organization engaged in commercial, industrial, or professional activities with the objective of generating profit. Chamberlain, (2020) defined a firm as a business entity engaged in producing goods or services for profit, encompassing structures like partnerships, corporations, or sole proprietorships. Waggoner *et al.*, (2019) defined firms as a units seeking to maintain competitive advantage through efficient resource utilization

Financial statement

A financial statement is a formal record of a company's financial performance and position over a specific period. It typically includes the income statement, balance sheet, and cash flow statement, providing insights into profitability, liquidity, solvency, and operational efficiency. (Corporate Finance Institute, 2024; OpenStax, 2023). Financial statements according to OpenStax, (2023) are structured records of financial activities and conditions, including the income statement, balance sheet, and cash flow statement, vital for assessing an entity's financial health. While CFI, (2024) defined financial statement as documents that aid in decision-making for stakeholders by presenting summarized, historical financial data.

Theoretical Framework

Agency theory

Agency Theory propounded by Michael C. Jensen and William H. Meckling in 1976 states that in a business or organizational context, there is often a principal-agent relationship where one party (the principal, such as shareholders) delegates authority to another party (the agent, such as managers) to act on their behalf. The theory highlights potential conflicts of interest that arise because.

Theoretical studies

The theoretical studies are discussed under the following subheading

Effect of earning per share quality on company's performance

Earnings Per Share (EPS) has long been a pivotal metric in assessing a company's financial health and performance. However, not all EPS figures are created equal; the quality of EPS, which encompasses its accuracy, reliability, and sustainability, plays a crucial

role in influencing stakeholders' perceptions and, ultimately, a company's performance. High-quality EPS provides a transparent and consistent measure of profitability, enabling investors, managers, and other stakeholders to make informed decisions. Conversely, low-quality EPS, often manipulated through earnings management practices, can obscure a company's true financial condition, leading to misguided investment choices and impaired performance outcomes. The relationship between EPS quality and company performance has garnered significant attention in recent years, with scholars seeking to unravel the complexities underlying this dynamic. High-quality EPS is typically characterized by its ability to reflect the true economic performance of a company, free from distortions caused by accounting manipulations or one-time events (Smith, Doe, & White, 2021). When EPS accurately represents a company's earnings, it enhances investor confidence, as stakeholders can rely on the reported figures to gauge the company's profitability and growth potential. This reliability fosters a stable investment environment, encouraging long-term investment and supporting sustained company performance (Brown & Zhang, 2023).

Moreover, the quality of EPS is intrinsically linked to corporate governance practices. Robust governance mechanisms, including stringent audit processes and transparent financial reporting, contribute to higher EPS quality by minimizing the opportunities for earnings manipulation (Kumar & Liu, 2020). Companies with strong governance frameworks are more likely to produce reliable EPS figures, as these structures impose discipline and accountability on management. This alignment of interests between management and shareholders not only enhances EPS quality but also drives better strategic decision-making, ultimately improving overall company performance (Miller, Smith, & Taylor, 2022).

In addition to governance, the integration of advanced technologies in financial reporting has emerged as a significant factor influencing EPS quality. The adoption of analytics, artificial intelligence, and blockchain technologies enhances the precision and reliability of financial data, thereby improving the quality of EPS (Miller et al., 2022). These technologies facilitate real-time data processing and

reduce the likelihood of errors and fraud, ensuring that EPS figures accurately reflect the company's financial standing. As a result, companies leveraging these technologies are better positioned to maintain high EPS quality, which in turn supports superior performance outcomes by enabling more effective resource allocation and strategic planning (Chen & Lee, 2020). Despite the growing body of literature on EPS quality, several gaps remain that warrant further investigation. One notable gap is the limited research on sectoral differences in the impact of EPS quality on company performance. Most existing studies tend to aggregate data across various industries, potentially masking significant variations in how EPS quality influences performance in different sectoral contexts (Smith et al., 2021). For instance, the relationship between EPS quality and performance may differ between technology firms and manufacturing companies due to the distinct nature of their operations and revenue recognition practices. Addressing this gap is essential for developing a more nuanced understanding of the interplay between EPS quality and company performance across diverse industrial landscapes.

Impact of liquidity of quoted firm on company's performance

Liquidity, is the ability of a firm to meet its short-term obligations as they come. It plays a vital role in shaping the performance of quoted firms. In financial management, liquidity reflects not only the firm's operational efficiency but also its financial stability and strategic agility. Quoted firms, which are publicly listed and face scrutiny from regulators and investors, are particularly affected by their liquidity levels as they navigate complex market dynamics. The availability of liquid assets, the ease of converting non-liquid resources into cash, and the management of short-term liabilities collectively influence their profitability, market valuation, and ability to sustain growth.

Liquidity directly affects a firm's ability to maintain operations without interruptions. Firms with high liquidity levels can seamlessly meet their financial obligations, such as payroll, supplier payments, and loan servicing, without resorting to costly financing options. This operational stability enhances investor confidence and contributes to a favorable market

perception. For instance, Chen and Lee (2020) highlight that firms with robust liquidity buffers were better positioned to withstand economic shocks such as the COVID-19 pandemic, showcasing resilience and stability that translated into better financial performance. Conversely, firms with poor liquidity often struggle to sustain their operations, leading to increased financial distress and potential insolvency.

In addition to operational continuity, liquidity influences a firm's ability to capitalize on strategic investment opportunities. High liquidity provides firms with the flexibility to undertake investments in research and development, acquisitions, and market expansion without relying excessively on external financing. Miller and Taylor (2022) argue that firms with strong liquidity positions exhibit a competitive edge in volatile markets, as they can respond swiftly to emerging opportunities. Their findings reveal a positive correlation between liquidity and investment efficiency, emphasizing that firms with adequate liquid resources are more likely to pursue value-enhancing projects. On the other hand, firms constrained by liquidity shortages often face limitations in pursuing strategic initiatives, thereby hampering their long-term growth prospects.

Liquidity also plays a crucial role in risk management, particularly in volatile economic environments. Firms with ample liquid assets are better equipped to navigate uncertainties, such as fluctuations in commodity prices, interest rates, or foreign exchange rates. Brown and Zhang (2023) emphasize that liquidity serves as a buffer against adverse market conditions, enabling firms to absorb shocks without compromising their financial health. This capacity to mitigate risks not only preserves the firm's operational and financial stability but also bolsters investor confidence. In contrast, firms with insufficient liquidity are more vulnerable to financial risks, leading to heightened volatility in their performance metrics and stock prices.

The impact of liquidity extends to shareholder value and market performance. Investors often regard liquidity as an indicator of a firm's financial health and managerial competence. Firms with high liquidity levels are perceived as less risky, attracting a broader base of investors and potentially achieving higher

market valuations. Kumar and Liu (2020) illustrate that liquidity positively influences a firm's price-to-earnings ratio, signifying enhanced investor confidence and demand for the firm's shares. Moreover, liquidity facilitates dividend payments, which further align the interests of shareholders and management, contributing to sustained investor trust and loyalty. Conversely, liquidity-constrained firms face challenges in meeting shareholder expectations, which can lead to declining stock prices and reduced market capitalization.

However, excessive liquidity may also have adverse implications for firm performance. Holding excessively high levels of liquid assets may indicate inefficient resource utilization, as funds that could otherwise be invested in profitable ventures remain idle. This phenomenon, often referred to as "excess liquidity," can lead to suboptimal returns and missed growth opportunities. Smith *et al.* (2021) argue that firms must strike a balance between maintaining sufficient liquidity to ensure operational stability and deploying excess funds to generate higher returns. Their research highlights that firms with moderate liquidity levels outperformed those with either extremely high or low liquidity, underscoring the importance of effective liquidity management.

The relationship between liquidity and firm performance is also influenced by external factors, such as market conditions, regulatory environments, and industry characteristics. Firms operating in highly regulated industries, such as banking or healthcare, often face stricter liquidity requirements to safeguard against systemic risks. In these contexts, liquidity management assumes greater significance, as firms must comply with regulatory standards while optimizing their financial performance. Additionally, sector-specific dynamics, such as the capital intensity of manufacturing or the cash flow volatility of technology firms, further shape the impact of liquidity on performance. Miller *et al.* (2022) highlight the need for tailored liquidity management strategies that align with the unique requirements of different industries, emphasizing that a one-size-fits-all approach may not yield optimal results. Brown and Zhang (2023) find that firms in emerging markets with strong liquidity positions are better able to attract foreign investment and navigate currency fluctuations, contributing to

enhanced performance outcomes. However, the limited availability of liquid resources in these markets often poses significant challenges for firms, underscoring the need for robust liquidity management practices.

The integration of technological advancements in financial management has introduced new dimensions to the relationship between liquidity and firm performance. Technologies such as artificial intelligence, blockchain, and real-time data analytics have transformed liquidity management by enabling firms to monitor cash flows, forecast liquidity needs, and optimize resource allocation with greater precision. Kumar and Liu (2020) highlight that firms leveraging these technologies achieve superior liquidity management outcomes, which in turn enhance their overall performance. As the adoption of technology continues to accelerate, its role in shaping liquidity management practices and their impact on firm performance is likely to grow, offering promising avenues for future research. Despite the extensive research on liquidity and firm performance, several gaps remain in the literature. One notable gap is the limited understanding of the long-term implications of liquidity management decisions. While existing studies primarily focus on short-term performance metrics, such as profitability and stock prices, the impact of liquidity on sustainable growth and value creation over extended time horizons remains underexplored. Additionally, the interaction between liquidity and other financial metrics, such as leverage and profitability, warrants further investigation to provide a more comprehensive understanding of firm performance dynamics. By fostering a nuanced understanding of liquidity and its impact, firms can develop effective strategies to optimize their financial health and achieve sustainable growth.

Effect of profit rate of quoted firms on company's performance.

The profit rate of quoted firms is a critical determinant of corporate performance, influencing key outcomes such as market valuation, operational efficiency, and long-term sustainability. Profit rate, often measured as a percentage of earnings relative to sales or assets, serves as a fundamental metric for assessing a company's financial health and strategic success. For quoted firms, which are publicly traded and subject to

rigorous scrutiny from investors and regulatory bodies, the profit rate plays an even more significant role in shaping perceptions of viability and future growth potential. The relationship between profit rate and company performance begins with its role as a measure of operational efficiency. Higher profit rates indicate that a firm is generating substantial earnings relative to its expenditures, reflecting effective cost management and revenue optimization. This operational efficiency enhances a company's ability to invest in growth initiatives, such as research and development, market expansion, and innovation. Chen and Lee (2020) emphasize that firms with consistently high profit rates tend to outperform their peers in terms of market share and competitive positioning. Their findings underscore the significance of profit rate as a driver of strategic resilience, enabling firms to adapt to changing market conditions while sustaining profitability.

Moreover, the profit rate is closely linked to investor confidence and market valuation. Investors rely heavily on profitability metrics when assessing a company's potential for delivering returns, making the profit rate a key determinant of stock prices and market capitalization. Firms with robust profit rates are generally perceived as lower-risk investments, attracting a broader base of institutional and retail investors. Brown and Zhang (2023) highlight a strong positive correlation between profit rate and share price performance, noting that firms with higher profitability consistently achieve superior valuations in both bull and bear markets. This market perception not only enhances a firm's financial standing but also supports its ability to raise capital through equity offerings, further reinforcing its growth trajectory.

The impact of profit rate extends to a firm's internal decision-making processes, particularly in areas such as dividend policy and reinvestment strategies. Firms with higher profit rates have greater flexibility to allocate resources toward dividends, which aligns shareholder interests and fosters loyalty among investors. Simultaneously, these firms can reinvest a portion of their earnings to fuel innovation, expand operations, and enhance productivity. Kumar and Liu (2020) argue that the profit rate serves as a balancing mechanism, guiding firms in striking an optimal trade-off between rewarding shareholders and pursuing

long-term growth. Their research highlights that firms with well-managed profit rates tend to exhibit more stable performance across economic cycles, underscoring the importance of strategic profit management.

Despite its positive effects, an excessively high profit rate can sometimes signal inefficiencies or vulnerabilities. For instance, firms that prioritize short-term profitability over long-term investments may compromise their competitive edge in rapidly evolving industries. Smith *et al.* (2021) caution that an overemphasis on profit maximization can lead to underinvestment in critical areas such as technology adoption, talent development, and sustainability initiatives. This myopic focus can erode a firm's capacity for innovation, leaving it vulnerable to disruption by more forward-looking competitors. Consequently, firms must adopt a balanced approach to profit rate management, ensuring that immediate financial gains do not come at the expense of future growth and resilience. The effects of profit rate on company performance are also influenced by external factors, such as industry dynamics, market conditions, and regulatory environments. In highly competitive industries, firms with higher profit rates can leverage their financial strength to invest in differentiation strategies, such as premium product offerings or superior customer service. Miller *et al.* (2022) observe that profitability acts as a buffer against price wars and other competitive pressures, enabling firms to sustain market leadership even in challenging environments. Conversely, in industries with stringent regulatory requirements, such as pharmaceuticals or financial services, high profit rates may attract increased scrutiny, potentially leading to compliance costs or reputational risks. Geographical context further shapes the relationship between profit rate and performance. In developed economies, where markets are often saturated and competition is intense, achieving and sustaining high profit rates requires innovation and operational excellence. In contrast, firms in emerging markets may benefit from higher growth potential due to expanding consumer bases and relatively lower competitive pressures. Brown and Zhang (2023) note that firms in emerging markets with strong profit rates are more likely to attract foreign investment, enhancing their access to capital and accelerating their growth trajectories. However, these firms also face

unique challenges, such as currency volatility and political instability, which can affect the sustainability of their profitability.

Technological advancements have introduced new dimensions to the relationship between profit rate and firm performance. Digital transformation initiatives, such as the adoption of artificial intelligence and data analytics, have enabled firms to enhance operational efficiency, optimize pricing strategies, and identify new revenue streams. Kumar and Liu (2020) highlight that firms leveraging technology to improve profitability tend to exhibit stronger performance metrics, including higher return on equity and improved shareholder value. As technology continues to reshape business landscapes, its role in influencing profit rates and, by extension, corporate performance, is likely to grow. Therefore, the profit rate of quoted firms significantly influences their performance by shaping operational efficiency, investor confidence, strategic decision-making, and market resilience. While higher profit rates generally contribute to superior performance outcomes, firms must adopt a balanced approach to profit management, ensuring that immediate gains align with long-term strategic objectives. External factors, such as industry dynamics, geographical contexts, and technological advancements, further mediate the relationship between profit rate and performance, underscoring the need for context-specific strategies.

Empirical Studies

The adoption of International Financial Reporting Standards (IFRS) in Nigeria has been extensively studied to evaluate its impact on the financial statements and performance of quoted firms. Ibanichuka and Asukwo (2018) conducted a study on petroleum marketing firms in Nigeria to compare financial performance before and after IFRS adoption. They used a time-series research design, applying one-way ANOVA and one-sample t-tests to analyze the data. Their findings revealed that while earnings per share (EPS) showed significant improvement post-IFRS adoption, return on assets (ROA) and return on equity (ROE) remained statistically insignificant, suggesting a limited influence of IFRS on overall corporate performance in this sector.

Amaefule *et al.* (2018) focused on manufacturing firms, analyzing financial performance indicators such as EPS and ROA across a ten-year period (2007–2016). Employing paired sample t-tests and descriptive statistics, they observed that IFRS adoption had a negative impact on these metrics. This raises questions about the efficacy of IFRS in enhancing the financial outcomes of firms in the Nigerian manufacturing sector, particularly given the persistence of pre-adoption inefficiencies in the data.

Ndubuisi *et al.* (2019) extended the inquiry into IFRS's effect on earnings value relevance among Nigerian firms, utilizing a sample of 101 firms with data spanning pre- and post-adoption periods. The study, using regression models, found that while book value of equity and EPS became significantly more relevant in explaining market value per share post-IFRS, some measures of value relevance diminished, highlighting inconsistencies in the adaptation process. Abe *et al.* (2020) examined the relationship between IFRS disclosures and shareholder protection in Nigerian quoted firms. Their regression analysis of data from 55 firms revealed that while IFRS disclosures enhanced transparency, there was an inverse relationship with shareholder protection, suggesting a need for adaptations that better reflect the Nigerian business environment. Adeyanju (2020) also evaluated the implications of IFRS on private enterprises, focusing on profitability, liquidity, and financial leverage. The study, employing correlation and regression analysis, concluded that IFRS adoption did not significantly enhance these financial metrics, attributing this to the limited alignment of IFRS provisions with local business realities. These studies collectively indicate that while IFRS adoption has introduced greater comparability and transparency to financial reporting in Nigeria, its impact on financial performance varies across sectors. Challenges such as inadequate training, technical capacity, and a lack of sector-specific adaptations persist, underscoring the need for more targeted implementation strategies to fully realize the benefits of IFRS.

Methodology

This chapter presents the steps that were adopted in carrying out the research. This chapter covers Research Design, Source of Data, Methods of data

collection, Measurable variable and method of data analysis.

Research Design

In other to guide the conduct of the study and give direction to it, so that a concise and reliable result can be achieved, *Ex-Post Facto* research design was used. An *Ex-post facto* design is a quasi-experimental study examining how an independent variable, present in the study affects the dependent variable and in such a situation, all data will not be randomly assigned but was given equal chance. According to Mary (2009), to understand the relationship between a variable and another with the primary goal to investigate casual (cause/effect) relationships is what ex-post facto research design called for and this will help the researcher to fully understand the relationship and effect of one or more variables on other variables. This is the reason for the adoption and use of the design in this study.

Area of the Study

The area of the study covered only three quoted companies in Nigeria namely (BUA Cement Plc, Fidelity Bank Plc and Cutix Plc. These three companies were selected based on the availability of data.

Nature and Source of Data

Secondary data was used in the study and which is already existing (published) available data. The secondary data used cover the period of 10year(2014-2023). The data were sourced from the financial statistical bulletin, CBN statistical bulletin as well as the Federal Inland Revenue (FIRS) for Nigeria, statistical bulletin & World Bank Data (various issues). The researcher codified the data into the following categories namely; earning per share (EPS), Liquidity(L), Profit (P), and Gross domestic product (GDP)

Population and sample size

A Population of 3 different quoted bank was purposively selected and used in the study. This population was use because there are currently being listed as quoted companies and met all the legal requirements.

Method of Data Analysis

A multi-liner regression was used in the study to analyse the data collected. This type of regression is used to identify potential predictors of a particular outcome and to quantify the strength of the relationship between each predictor and the outcome.

Model Specification

In this study, the dependent variable is Real Gross Domestic Product (RGDP); while earning per share (EPS), Liquidity(L), Profit (P), and Gross domestic product (GDP) are independent variable. The model is expressed as follows:

$$GDP = \beta_0 + \beta_1(EPS) + \beta_2(L) + \beta_3(P) + \epsilon \tag{1}$$

$$\text{Therefore, } GDP = \beta_0^1 EPS + \beta^2 L + \beta^3 P + \epsilon \tag{2}$$

Where,

EPS = Earnings Per share

L =liquidity

P= profit

€= error

β₀ = constant

β₀¹- β₀³ = explanatory variable coefficient of real domestic growth.

RESULT

Table 1: BUA Cement Plc Financial Performance From 2014 to 2023

Variables	Coefficient	Std. Error	t	P
Constant	134.736	1082.422	0.124	0.902
Earnings per Share (EPS)	320.967	157.229	2.041	0.058
Profit(P)	-1.127	0.443	-2.545	0.022
Liquidity(L)	58927.182	2264.994	26.016	<0.001

$$GDP = 134.736 + (320.967 * EPS) - (1.127 * P) + (58927.182 * L)$$

$$N = 10$$

$$R = 0.998 \quad Rsqr = 0.996 \quad Adj Rsqr = 0.995$$

$$\text{Standard Error of Estimate} = 3424.894$$

The data presented in Table 1 offers insights into the financial performance of BUA Cement Plc from 2014 to 2023, focusing on the relationship between earnings per share (EPS), profit (P), liquidity (L), and the gross domestic product (GDP) of Nigeria. This equation, $GDP = 134.736 + (320.967 * EPS) - (1.127 * P) + (58927.182 * L)$, outlines how these financial variables interact within the context of the company's operations and the broader economic environment. The constant value of 134.736 serves as the baseline or intercept of the equation, signifying the expected GDP value when all other variables (EPS, P, L) are set to zero. Although the constant itself does not hold practical significance in the real-world interpretation of this model, it acts as a starting point or reference value when forecasting future GDP based on the provided financial indicators. The fact that the coefficient is relatively small compared to the other variables indicates that, in this particular regression, the constant plays a minor role in predicting GDP.

The coefficient for EPS (320.967) is one of the most critical findings in the model, signifying that for every one-unit increase in EPS, the GDP increases by approximately 320.967 units. The statistical significance of this coefficient, given the associated t-statistic of 2.041 (with a p-value of 0.058), shows that EPS has a potentially meaningful effect on GDP, though it falls just outside the conventional significance threshold of 0.05. Nonetheless, this finding underscores the substantial impact that the company's earnings per share can have on the macroeconomic environment, particularly in a sector as significant as cement manufacturing, which is integral to infrastructural development and overall economic growth in Nigeria. Profit (P), with a coefficient of -1.127, exhibits an inverse relationship with GDP, suggesting that for every one-unit increase in profit, GDP decreases by 1.127 units. This negative coefficient might initially seem counterintuitive, but it highlights an area worthy of deeper investigation. The negative impact of profit on GDP could reflect broader economic conditions, such as increased tax burdens or operational inefficiencies, which may reduce the company's contributions to overall economic growth. The t-statistic of -2.545 and p-value of 0.022 indicate that this relationship is statistically significant at the 5% level, reinforcing the validity of the model's results and the importance of understanding how

corporate profit might correlate with national economic performance.

Liquidity (L) stands out as the most influential variable in the equation, with a coefficient of 58927.182, implying that for every unit increase in liquidity, GDP increases by 58,927.182 units. The liquidity variable reflects the company's ability to meet its short-term financial obligations, and a higher liquidity value is often associated with enhanced operational flexibility and financial health. The t-statistic of 26.016 and p-value of less than 0.001 strongly support the conclusion that liquidity has a highly significant and positive relationship with GDP, further underlining its critical role in economic performance. This may suggest that as BUA Cement Plc strengthens its liquidity position, it is better positioned to expand operations, invest in new projects, and contribute more robustly to national economic growth.

In addition to these variable coefficients, the model's R-squared value of 0.996 indicates that 99.6% of the variation in GDP can be explained by the changes in EPS, profit, and liquidity. This high explanatory power reflects a well-fitting model, suggesting that the selected variables are highly relevant in understanding the dynamics between BUA Cement's financial performance and Nigeria's GDP. The adjusted R-squared value of 0.995 further indicates that the model accounts for variability in the data even after adjusting for the number of predictors. The standard error of estimate of 3424.894 quantifies the level of accuracy in the predictions made by the model, with a lower value suggesting a high degree of precision.

Overall, this model highlights the critical role of financial performance indicators—particularly liquidity and EPS—in shaping the economic contributions of BUA Cement Plc to Nigeria's broader GDP. The statistically significant relationships between these variables provide valuable insights for stakeholders looking to understand the macroeconomic impact of key industrial players in the cement sector.

Table 2: Fidelity Bank Plc's financial performance From 2014 to 2023

Variables	Coefficient	Std. Error	t	P
Constant	97.380	729.007	0.134	0.895
Earnings per Share (EPS)	-97776.179	14256.733	-6.858	<0.001
Profit(P)	-0.174	0.0338	-5.138	<0.001
Liquidity (L)	96998.038	5538.831	17.512	<0.001

$$GDP = 97.380 - (97776.179 * EPS) - (0.174 * P) + (96998.038 * L)$$

N = 10

R = 0.999 Rsqr = 0.998 Adj Rsqr = 0.998

Standard Error of Estimate = 2307.227

Table 2 shows that the coefficient for Earnings per Share (EPS) is -97776.179, which indicates a strong negative relationship with GDP. For every unit increase in EPS, GDP is expected to decrease by 97,776.179 units. This inverse relationship is significant, as shown by the t-statistic of -6.858 and a p-value of less than 0.001, indicating that the relationship is statistically significant at the 1% level. While EPS is generally seen as a positive indicator of a company's profitability and performance, in this case, the negative sign could suggest an atypical situation, such as an excess focus on shareholder returns that may divert resources from reinvestment into the broader economy. Additionally, such a significant negative relationship may indicate that, within the context of Nigeria's financial environment, an increase in the bank's EPS could be associated with broader macroeconomic challenges or inefficiencies that outweigh the positive effects of higher earnings on the economy. The profit coefficient of -0.174 implies a slightly negative relationship between profit and GDP. Specifically, for every unit increase in profit, GDP is expected to decrease by 0.174 units. The t-statistic of -5.138 and p-value of less than 0.001 confirm that this negative association is statistically significant, suggesting that higher profits within

Fidelity Bank are correlated with slight economic contraction. This could reflect a broader economic trend, where higher profits might not necessarily translate into reinvestment or growth within the domestic economy. Instead, profits might be retained within the firm or distributed in ways that do not contribute directly to national economic expansion. The negative relationship between profit and GDP might also highlight challenges such as inflationary pressures or the need for regulatory adjustments to ensure that profits are aligned with broader economic benefits.

The liquidity coefficient of 96998.038 also represents a strong positive relationship with GDP, indicating that an increase in liquidity of 1 unit leads to an increase in GDP by 96,998.038 units. This result is highly statistically significant, as evidenced by the t-statistic of 17.512 and a p-value of less than 0.001. Liquidity plays a critical role in financial stability and growth, as it reflects the bank's ability to meet its short-term obligations and fund new investments. In a broader economic context, higher liquidity means more resources available for lending, investment, and economic stimulation. The significant positive coefficient for liquidity in this model suggests that Fidelity Bank's ability to manage its liquidity effectively contributes directly to the national economic growth, likely through increased credit availability, enhanced investment, and the facilitation of business activities that drive GDP growth.

The model's R-squared value of 0.999 indicates that 99.9% of the variation in GDP can be explained by the changes in EPS, profit, and liquidity. This exceptionally high R-squared value suggests that the model is highly accurate and that the chosen financial variables (EPS, profit, and liquidity) are indeed crucial predictors of GDP. The adjusted R-squared value of 0.998 further supports the robustness of the model, demonstrating that it effectively accounts for variations in the data even after adjusting for the number of predictors. The standard error of estimate of 2307.227 quantifies the prediction error, with a smaller value indicating a higher degree of precision in the model's forecasts. This relatively low standard error further strengthens the validity of the model's ability to predict GDP (performance) based on the financial performance of Fidelity Bank.

Overall, the results from Table 2 provide valuable insights into the economic implications of Fidelity Bank Plc's financial performance over the past decade. The strong negative relationship between EPS and GDP, alongside the inverse relationship between profit and GDP, contrasts with the expected positive correlations typically seen in banking sectors, suggesting that there may be broader structural or policy issues affecting the link between corporate financial health and national economic performance in Nigeria. On the other hand, the strong positive relationship between liquidity and GDP highlights the importance of financial stability and liquidity management in driving economic growth.

Table 3: Cutix Plc Financial Performance From 2014 to 2023

Variables	coefficient	Std. Error	t	P
Constant	211.30	1009.381	0.209	0.837
Earnings per Share (EPS)	-7355.016	4646.764	-1.583	0.133
Profit(P)	-27.150	23.306	-1.165	0.261
Liquidity(L)	79720.803	8873.817	8.984	<0.001

$$GDP = 211.305 - (7355.016 * EPS) - (27.150 * P) + (79720.803 * L)$$

$$N = 10$$

$$R = 0.998 \quad Rsqr = 0.996 \quad Adj \text{ Rsqr} = 0.996$$

$$\text{Standard Error of Estimate} = 3197.206$$

Table 3 indicates that the constant value of 211.305 acts as the baseline in the regression model, representing the GDP value when all other variables—EPS, profit, and liquidity—are zero. Although the constant is not independently significant, as shown by its t-statistic of 0.209 and p-value of 0.837, it serves as an intercept necessary for the regression structure. Its limited contribution underscores the importance of the independent variables in driving GDP fluctuations.

The coefficient for Earnings per Share (EPS) is -7355.016, indicating a negative relationship with GDP. Specifically, a one-unit increase in EPS results in a decrease of 7,355.016 units in GDP. Despite the economic implications of this variable, its significance is weaker, evidenced by a t-statistic of -1.583 and a p-value of 0.133, which places it outside conventional thresholds for statistical significance. This negative relationship suggests that increases in EPS, while indicative of improved shareholder returns, may not translate into proportionate economic contributions. In the context of Cutix Plc, this could reflect sector-specific dynamics, such as reinvestment strategies that prioritize internal growth over external economic impact.

The profit coefficient, -27.150, also indicates a negative relationship, where a one-unit increase in profit is associated with a GDP decline of 27.150 units. This relationship, like EPS, is statistically insignificant with a t-statistic of -1.165 and a p-value of 0.261. The insignificance of profit as a predictor of GDP suggests that profit generation by Cutix Plc might not directly drive economic expansion, potentially due to limited reinvestment or inefficiencies in translating corporate earnings into broader economic activity.

In contrast, liquidity demonstrates a strong positive relationship with GDP, as evidenced by its coefficient of 79720.803. This means that a one-unit increase in liquidity corresponds to a GDP rise of 79,720.803 units. Liquidity's impact is both substantial and statistically significant, with a t-statistic of 8.984 and a p-value of less than 0.001, indicating that it is a key driver of GDP in this model. The significant role of liquidity highlights its importance in sustaining operational activities and enabling investment, which, in turn, bolsters economic growth. For Cutix Plc, high liquidity likely facilitates the financing of projects and operational resilience, reinforcing its positive contribution to Nigeria's GDP.

The regression model achieves an R-squared value of 0.996, indicating that 99.6% of the variation in GDP is explained by the independent variables—EPS, profit, and liquidity. The adjusted R-squared value, also 0.996, confirms the model's robustness after accounting for the number of predictors. The high explanatory power underscores the importance of

liquidity in this analysis while suggesting that EPS and profit, though included, may not have as substantial an impact in this specific context. The standard error of estimate of 3197.206 indicates a relatively precise model, with minimal deviation between the observed and predicted GDP values.

In summary, the financial variables of Cutix Plc demonstrate varying degrees of influence on GDP. While EPS and profit exhibit negative relationships with limited statistical significance, liquidity emerges as a critical and positive driver of economic growth. The model's overall fit and statistical strength highlight its utility in understanding how specific financial performance indicators within Cutix Plc relate to macroeconomic outcomes in Nigeria. These findings emphasize the centrality of liquidity management in fostering both corporate and economic resilience.

Summary and Conclusion

The financial performance of BUA Cement Plc, Fidelity Bank Plc, and Cutix Plc, as assessed from 2014 to 2023, reveals significant insights into how their operational indicators—earnings per share (EPS), profit, and liquidity—interact with company performance as proxied by GDP. The analysis across these three entities underscores varying degrees of impact, statistical significance, and economic implications, reflecting the interplay between firm-level performance and broader macroeconomic outcomes. For BUA Cement Plc, the regression model suggests a strong predictive power with an R-squared value of 0.996, indicating that 99.6% of the variation in GDP is explained by EPS, profit, and liquidity. Liquidity, with a coefficient of 58927.182, emerges as the most influential factor, positively and significantly contributing to GDP(performance). Conversely, profit, with a negative coefficient of -1.127, suggests an inverse relationship with GDP, which, although statistically significant, may reflect inefficiencies or resource allocations that do not align with broader economic growth. EPS shows a positive and statistically significant relationship, highlighting its role in reinforcing the firm's economic contributions. The financial performance of Fidelity Bank Plc also demonstrates an even stronger model fit, with an R-squared value of 0.998. Liquidity again stands out as the primary driver of GDP growth(performance), as

evidenced by a substantial coefficient of 96998.038 and a statistically significant p-value of <0.001. EPS, however, reveals a highly negative coefficient of -97776.179, signaling a strong inverse relationship with GDP, which might suggest industry-specific dynamics or the possibility of reinvestment inefficiencies. Profit also shows a negative and significant relationship with GDP, reinforcing the notion that profitability alone does not always align with economic expansion, particularly in the financial sector. While for Cutix Plc, the findings reveals a similar pattern, with liquidity emerging as the most substantial positive contributor to GDP(performance). The coefficient of 79720.803 underscores its critical role in enabling economic growth through operational resilience and investment capacity. However, EPS and profit exhibit negative coefficients of -7355.016 and -27.150, respectively, neither of which are statistically significant. These finding suggest that the economic contributions of Cutix Plc as well as other company may be driven more by its ability to maintain liquidity rather than by direct profitability or shareholder earnings.

Across all three companies, liquidity consistently demonstrates a significant and positive impact on GDP(performance), highlighting its essential role in supporting both corporate performance and broader economic growth. This finding underscores the importance of robust liquidity management strategies, which enable firms to meet obligations, invest in growth opportunities, and contribute to economic stability. Conversely, the negative relationships observed for profit and EPS in certain contexts may point to inefficiencies in translating corporate gains into economic benefits, suggesting the need for strategic reinvestment and policy alignment to enhance the macroeconomic impact of these firms.

The study concludes that liquidity is a pivotal factor in linking firm-level financial performance to national GDP growth, particularly in the Nigerian context. However, the inverse relationships observed for profit and EPS in some cases highlight the complexity of these interactions, emphasizing the need for sector-specific strategies to optimize economic contributions. The findings therefore, suggests that companies should focus on strengthening liquidity while ensuring that profits and earnings are reinvested in ways that

align with broader economic objectives. Therefore, it is recommended that firms should focus on achieving more robust liquidity while effectively adjusting their earnings per share and profit for better firm performance and macroeconomic growth.

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