

PRE-AND POST-IFRSs ADOPTION EFFECTS ON MARKET RISK IN NIGERIAN LISTED COMPANIES

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Abstract

This study assessed pre-and post-IFRSs adoption effect on market risk of companies listed on the NSE. The study covered a population of one hundred and sixty-eight (168) companies listed as at 31st December, 2020. The study collected data from the annual reports and accounts of a sampled size of fifty-six (56) companies listed on the NSE between 2003 and 2020 (i.e., 2003 to 2011 for pre-IFRSs and 2011 to 2020 is post-IFRSs adoption era). Ordinary least square regression analysis technique was employed to analyse the data and the result revealed that the post-IFRSs adoption era had no significant effect on market risk proxied as BTMV, GR and DFL compared to the pre-IFRSs adoption era. In addition, it was revealed that the control variable (firm size) had positive significant effect on market risk in companies listed on the NSE in the post-IFRSs adoption era than the pre-IFRSs adoption era. The study concludes that the adoption of IFRSs by companies listed on the NSE has no significant effect on market risk compared to pre-IFRSs adoption era. However, it reduced BTMR, and increased GR and DFL. It is therefore recommended to the directors of the companies listed on the NSE to utilize key areas of the IFRSs specifically where the standard allows estimate and judgment on business transactions that will help them reduce market risk to increase value of the company, reduce financial distress and volatile earnings of the company.

Keywords: *Decision usefulness theory; Market risk; Nigerian listed companies; Pre- and Post-IFRSs adoption*