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THE DETERMINANTS AND DECISION USEFULNESS OF IFRS 8 ON SEGMENT DISCLOSURES

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Abstract
The paper examined the determinants and decision usefulness of segment disclosures under SAS 24 and IFRS 8. The sampling population include 15 listed banks in the Nigerian Stock Exchange between 2010 and 2013 and survey of 126 chartered accountants in Benin Edo State. The findings suggest that there was a 10% increase in the segment disclosures after IFRS 8 adoption. The paired t-test reveals a significant difference in the pre and post IFRS 8 on operating segment disclosure practices of Nigerian bank. Therefore the findings indicate that Nigerian banks provided more disaggregated segmental information. Moreover, whereas profitability and growth rate of sales have significant positive relationship with segment disclosures, the company's size and age have negative relationship with the segment disclosures. Again, most of the respondents agreed that IFRS 8 was more decision useful than the SAS 24. Therefore, the paper recommends the need for the regulatory authorities to compel Nigerian banks and other companies to segment information relating to the operations

Keywords: Segment disclosures, determinants, decision usefulness, IFRS 8, SAS 24,

Introduction

Segmental reporting involves the disaggregation of financial statement information which users of analyze when making economic decisions. It enables users to assess better the performance of the different parts of the company and also identifies the different risk and return profiles of these parts (Troberg, Kinnunen & Seppänen, 2010). It also prevents one successful area of a company's operations from masking a level of underperformance in other segments (Odia & Imagbe, 2015). Good quality segment reporting reveals dissimilarities across the company and lowers the information asymmetry between the company owners and managers (Yoo & Semenenko 2012). The International Financial Reporting Standards (IFRS) 8 on "Operating Segments" was released in 2006 by International accounting Standard Boards (IASB) and became obligatory in financial reporting from 1st January, 2009 (IASB 2006 a & b).

Despite the benefits expected, based on the research results on SFAS No.131, not all stakeholders were convinced that the IASB was making the right decision by converging with the US approach. For example, the European Parliament observed that the standard was approved without truly assessing whether it suits Europe. There were also claims that the standard (IFRS 8) would place smaller companies in a much competitively disadvantageous situation (Crawford, Extance, Helliar & Power, 2012) as well as the concerns of reduction in the quality and quantity of segment information(Crawford, Extance & Power 2010).There are also questions on

the consequences of the introduction of IFRS 8. It is unclear whether the view "through the management' seye" helps users of financial statements to make better decisions or if the potential flexibility and discretion of the management approach impair the decision usefulness of segment reporting. Because of these mixed expectations and concerns, IFRS 8 became the first IFRS standard to be scrutinized under the post-implementation reviews (IASB 2013).

Despite the completion of the review process, there are a few researches that have examined the perceptions of stakeholders on IFRS 8. For instance, Crawford et al (2012), Zelinschi, Levant and Berland (2012) and Mardini (2012) interviewed preparers, auditors, managers and users on their perception of the usefulness of IFRS 8. Segment disclosure has long been a key concern for investors since it improves their understanding of companies with very different activities or operating in very different locations. Prior studies such as Crawford et al (2012), Nichols, Street and Cereola (2012) find that IFRS 8 did succeed in some of its goals such as increasing the average amount of segments information reported by companies. However, these researches have focused largely on companies from developed economies (e.g. Nichols et al. 2012 & 2013). Moreover, researchers show that even though global standards like the IAS and IFRS seek to harmonize accounting practices, national patterns or differences still exist (Kvaal & Nobes, 2012).

IFRS 8 became effective in Nigeria from 1st January 2012 following the phased IFRS mandatory adoption by public listed entities. To date, there are few studies on IFRS 8 in Nigeria which have examined the determinants of segment disclosures in Nigeria (Kabir & Hartini, 2012; Kabir, 2014; Odia, 2015) and whether IFRS 8 has resulted in increased segment disclosures following the IFRS adoption in Nigeria, as well as examining the stakeholders' concerns on its contents and endorsement (Odia & Imagbe, 2015).

The current study intends to fill this gap in the accounting literature as it examines segment disclosures before and after IFRS adoption, and the perception of preparers (accountants) on the decision usefulness of IFRS 8 in a developing country like Nigeria. Therefore, the objectives of the paper are threefold: First, it examines whether the volume segment disclosure by Nigerian listed companies have increased or decreased since the introduction of IFRS 8 on segment disclosures; Second, it finds out the specific firm characteristics which influence segment disclosures and Third, it examines through the survey of preparers and auditors of accounts whether IFRS 8 on segment disclosure has aided the decision making process of investors compared to its predecessor, SAS 24. The rest of the paper is structured into four sections. The immediate section dwells on the review of literature and theoretical frameworks of agency and decision useful theories. The methodology and research hypotheses are described in section three. The data analysis and discussion of the findings is in Section four. The last section is the conclusion and recommendation.

2.0. Review of Related Literature

Crawford et al (2012) examine whether a sample of users, preparers and auditors considered whether IFRS 8 provided more decision-useful information than its predecessor, IAS 14R by interviewing six preparers, even auditors and seven users of financial statements were interviewed about their general perceptions concerning IFRS 8. They were also asked to talk about their own experiences of IFRS 8, including views on the number of segments, type of segment, segmental items disclosed by companies and other issues concerning the adoption IFRS 8. They found that most interviewees agreed that segmental information was useful for decision making especially among investors. Moreover, there was strong support for the management approach by preparers who believed the users would gain from viewing segmental data 'through the eyes of management. However, there

were fears that management might use the flexibility provided under IFRS 8 to hide unfavourable results by changing the segment definitions employed, or by altering the internal reporting processes to manage the information reported to the Chief Operating Decision Maker (CODM).

From the literature, it was observed that the main difference between SAS 24 and IFRS 8 is in the way they define a reportable segment. In the new standard, segments are defined from the management perspective and segment reporting is based on a company's internal reporting (Epstein & Jermakowicz, 2008). In SAS 24, segments were divided to primary and secondary segments, which were either line-of-business or geographic segments. The decision whether geographic or line-of-business segments were reported as primary segments was based on which of the two was the main cause of risks and return for the company (Nirkkonen, 2006).IFRS 8 also differs from SAS 24 in the disclosure requirements of segment line items, as the only mandatory item to disclose is the segment profit (IASB 2006b), whereas SAS 24 required multiple segment line items (IASC 1997).

2.2. Number of Reported Segments following Adoption of IFRS 8

Under IFRS 8, the segment disclosures consist of the same typology used for internal decision and not necessarily organized in business area or geographic one with the same level of risks and rewards (Pardal & Morais, 2012). Moreover, the implementation of IFRS 8 seems to reduce the mandatory items to indicate in the segment reports, delegating the choice of the extent of the disclosure to the management. Previous studies such as Crawford et al (2012) provided evidence that the level of disclosure is affected by the problem of the sensitive information; as a result, the observed eventual changes might not be constant. In addition, the post-implementation review of IFRS 8 by the IASB revealed that a large number of companies have not changed the amount of segments reported (IASB, 2013). For instance, Nichols et al (2012); Crawford et al (2012) found the 62% of European and UK companies did not changed the number of reporting segments; Bugeja, Czernkowski and Bowen (2012) found 79% for Australian firms. In other words only a small percentage of the firms recorded change in the reported segments. Mardini, Crawford and Power (2012) found no significant difference in segment disclosures for Jordanian companies (2013) found a marginal increase in the number of business segments and the total number of segments disclosed, and a marginal decrease in the number of geographic segments reported for foreign firm listed in the US stock exchange for pre and post IFRS 8 adoption. On average however, the number of reported segments has not decreased and when a change in the reporting practice did occur, it was more likely an increase than a decrease (IASB 2013a).

Table 1: Summary of Result on impact of IFRS 8 on segment disclosures

Authors	Sample size	Geographical region	Decrease %	No change %	Increase %
Bugeja et al. (2012)	N = 1,617	Australia	4	79	17
Crawford et al. (2012)	N=150	UK	15	62	23
Heem & Valenza (2012)	N = 37	France	16	78	6
Mardini et al. (2012)	N = 109	Jordan	21	61	18
Nichols et al. (2012)	N = 335	12EU countries, Norway and Switzerland.	11	62	27
Pisano and Landriana (2012)	N=124	Italy	11	75	14
Weissenberger and Franzen (2012)	N = 82	Germany	3	81	16
Wilkins and Khoo (2012)	N = 1,272	Singapore	0	78	22

Source: IASB

2.3. Segment Disclosures and Firm Characteristics

2.3.1. Company Size and Segment Disclosure

Prěvious studies (Wallace, Naser & Mora, 1994; Raffournier, 1995; Street & Gray, 2002; Botosan, 1997, Prencipe, 2004; Pardal & Morais, 2012) show a positive relation between the disclosure information degree and the firm size. Probably this is due to the fact that the biggest firms do not suffer an increase of the expenses caused by the information disclosure growth. However, Odia (2015) found an insignificant positive relationship between the segment disclosure and firm size while Street and Gray (2002) and Glaum and Street (2003) found no association between firm size and the level of segment disclosures.

2.3.2. Profitability and Segment Disclosure

There are mixed results on the relationship between profitability and segment disclosure (Street and Gray, 2002).While some report positive and significant relationship (Kelly, 1994, Hossain, 2008, Botosan and Stanford, 2005), others reported negative (Pardal & Morais, 2012) or insignificant association (Wallace et al, 1994; Street &Gray, 2002; Glaum & Street 2003, Odia, 2015).

2.3.2. Company Age and Segment Disclosure

Company age may affect a firm's level of disclosures. Whereas younger firms tend to disclose less segment information because of competitive harms, older firms because of their maturity and associated learning experience are more likely to have well-established accounting procedures that produce more detailed information than younger firms (Owusu-Ansah, 1998; Glaum & Street, 2003; Al-Sammari, 2005). Alfaraih and Alanezi (2011) found a positive association between company age and segment disclosures for 189 firms listed on the Kuwait Stock Exchange in 2008.

2.3.4. Growth Rate and Segment Disclosure

A good performance of the market such as profitability drives new competitors, increasing the expenses to face up them. So, the diffusion of more segment information could bring the companies to lose their predominant position in the market (Prencipe, 2004) Nevertheless, the higher the level of inter-segment sales, the greater the proportion of common costs, revenues and common net assets. Lucchese and Di Carlo find no significant relationship between growth rate and segment disclosures.

2.3.5. Ownership structure and segment disclosures

Fama and Jensen (1983) suggest that dispersed ownership structure may have incentive to provide more segment information to shareholders. Although higher ownership diffusion brings to a need of higher information of stakeholders, to reduce the information asymmetries and maintain the equity (Mckinnon & Dalimunthe, 1993), Lucchese and Di Carlo finds no significant relationship between ownership and segment disclosures. Moreover, Chau and Gray (2002), and Hannifa and Cooke (2002) find a positive relationship between the dispersed ownership and voluntary disclosures, while others like Barako et al (2006) Brammer and Pavelin (2006) find a negative relationship or even no association (Eng & Mak, 2003). Jalila and Devi (2012) find that increase in the family and founding family ownership influence the segment disclosure while government ownership, foreign ownership and widely dispersed ownership have no significant effect on the segment disclosures by Malaysian listed firms.

3.4 Theoretical Frameworks

3.4.1 Agency Theory

Agency theory have used by previous researchers as the theoretical framework that relates company attributes to the extent of financial disclosures. Agency theory is concerned with resolving the problems and conflicts that occur relationships between owners and managers (Jensen & Meckling, 1976).Under this arrangement, the owners delegate some decision making authority to the manager. It is presumed that both parties are utility maximizes with varying philosophies and divergent, misaligned interests between them. The owners' would want to maximize net present value of firm while the managers would want to maximize utility. In most cases, the agent will not act in the best interests of the principal. The agents could also hide information for selfish purpose by non-disclosure of important facts about the organization (Barako et al., 2006). Owners face moral dilemmas because most times they cannot ascertain or evaluate the decision made by their agents (Barako, 2007). This conflict of interest results in "agency problem" or "principal-agent problem" whose resolution incurs agency costs. Jensen and Meckling (1976:308) considered how to structure the contractual relations between the owner and manager to induce the manager to make choices which will maximize the owner's welfare, given that uncertainty and imperfect monitoring exist. Agency costs can be reduced by disclosing more information in the financial statements which enable the owners to have access to appropriate, relevant and reliable information. The information disclosures including segment disclosures are signals to the owners that managers are acting in their interests and allow the owners to monitor the managers effectively.

3.4.2. Decision Usefulness Theory

Many prior studies have used decision usefulness theory when examining financial disclosures to ascertain the type of information which users find useful for decision making process. (e.g. Lee & Tweedie, 1979; Berry & Robertson, 2006; Mardini, 2012).Decision usefulness theory refers to the provision of sufficient information to help investors to make predictions about future performance of a firm (Glautier & Underdown, 2001).For A financial information is useful if it is understandable, relevant, reliable and comparable for decision makers. The adoption of decision usefulness theory in this paper is justifiable since it will allow investigation into the perceptions of external auditors, preparers and users about this new segmental reporting standard. Besides the convergence project of the IASB and the FASB adopted the decision usefulness in their joint framework (Mardini, 2012)

3.0. Methodology

The paper were investigated by employing disclosure index to examine the extent and determinants of segment information by banks in Nigeria and the survey of the preparers on the decision usefulness of IFRS 8 over SAS 24. The use of the dual methods follows prior studies such as Crawford et al (2012), Zelinschi, Levant and Berland (2012) and Mardini (2012 The sampling population was limited to the 15 quoted banks in the Nigerian Stock Exchange for the period between 2010 and 2013. These years were chosen because the researcher wants to observe what changes that occurred in the presentation of segment information following the application of IFRS 8; the 2010 to 2011 was considered as the last 2 years of application of SAS 24 while 2012 and 2013 as the years in which the IFRS 8 has been adopted. Moreover, each selected bank must have presented segment information in their annual reports based on IFRS 8 as at December, 2012. Each bank's annual report was analyzed carefully for completeness and segment data was collected to address the first two research questions .The focus on banks was necessitated by the fact that most of the early adopters of the IFRS were mostly the financial institutions and their operations, subsidiaries and affiliations are often more diversified than other-sectors which are basically the focus of segment reporting.

The population of the respondents for the survey comprised all Chartered Accountants in Benin City, Edo State, who were competent and knowledgeable in the accounting and also users of accounting information. As at February 2013, there were 256 ICAN certified registered Chartered Accountants in Benin ICAN District (ICAN Office, 2014). However, not all the chartered accountants are practicing; some are lecturers/academia in the tertiary institutions while others are working in government sector and the private sector. The Yaro Yamani formula was used to select a sample size of 156. The questionnaire comprised two sections. Section one focused on the demographic data of the respondents while the section two related to information required to find out how useful/relevant the users of financial information considered find IFRS 8 to be in terms of making informed investment decision. To enable the respondents express the extent to which they agree or disagree to each of the statements in the questionnaire, the questionnaire was designed in a Likert-type. A total of one hundred and fifty-six (156) copies of questionnaire were administered to chartered accountants in Benin City, Edo State. Out of these 156 questionnaires distributed, one hundred and twenty-seven (127) were retrieved representing a response rate of 81.4%. The entire questionnaires retrieved were properly filled and found useable for analysis. The data from the administered questionnaire was analyzed using descriptive statistics, statistical tables and percentage analysis, while hypothesis three was tested using Chi Square analysis.

3.1. Research Hypotheses

The following null hypotheses were formulated for the study as:

1. There is no significant difference in number of reported segments before and after the adoption of IFRS 8 (pre and post IFRS 8 Adoption).
2. There is no significant relationship between firm characteristics (firm size, profitability, growth rate, firm age and ownership diffusion) and the level of segment disclosure.
3. IFRS 8 is not more useful in aiding decision making than its predecessor, SAS 24.

3.2. Model Specification

In the two research objective, the researcher seeks to examine whether there is a relationship between the level of segment disclosures by Nigerian banks and some specific firm characteristics such as firm size, profitability, growth, leverage and ownership diffusion. Therefore, the model is specified as follows:

SDS = f (SIZE, ROI, LEV, GROWTH, OWN)..(1)

This is re-written in econometric form as:

$SDS_{it} = \beta_0 + \beta_1 SIZE_{it} + \beta_2 ROA_{it} + \beta_3 LEV_{it} + \beta_4 GROWTH_{it} + \beta_5 OWN_{it} + U_t$.......(2)

Where:

SDS = Segment Disclosure Score - an index that indicate the segment disclosure level of *i*-banks at the end of each year *t*, measured as the natural log of the total number of accounting items disclosed per segment in the segment reporting notes to financial statements for the fiscal year.

SIZE = Company size, measured as the natural log of total assets of *i*-banks at the end of each year *t*.

ROA = Profitability measured as the return on assets of *i*-banks at the end of each year *t*.

LEV = Financial structure (leverage) measured as long-term debt divided by equity of *i*-banks at the end of each year *t* (LTD/EQ).

GROWTH = Growth rate measured as percentage increase of the sales of *i*-banks at the end of each year *t*.
OWN = Ownership diffusion, measured as percentage of share controlled by the outside shareholders.
$\beta_1, \beta_2, \ldots \beta_n$: are the coefficients

U_t= Standard error term Apriori expectation: $\beta_1, \beta_2 \beta_3, \beta_4 \beta_5, > 0$

The segment disclosure (SDS) was measured using the content analysis method. This requires the collection of segment disclosed information from firm's financial statements in the note to the accounts. Following Andre & Moldovan (2014), the number of accounting items disclosed per segment was counted. For example, if a firm has a segment and discloses the following accounting items: segment sales, profit, assets, liabilities, and capital expenditures for each of the four segments, then SDS is equal to five (5) for that particular segment. After scoring the entire segment reports, the natural logarithm of the total disclosure score was computed to produce a disclosure compliance index (see appendix 1).The paired sample t-test was employed to test hypothesis if there are significant differences between the segmental disclosure in pre and post IFRS 8 adoption. The correlation and regression analyses were used to test hypothesis two.

4.0 Data Analysis

4.1. Segment disclosures following IFRS 8 adoption

Table 1 shows the overall average of the disclosure frequencies of each item in the operating segment. As shown in the table, revenue was the measure most disclosed item in the segments with 9 observations in 2009 and 10 observations each for 2011, 2012 and 2013. It could also be seen from Table 1 that the number of disclosures in most segments (for example the mandatory geographical information), did not increase or decrease abysmally in pre and post IFRS 8 adoption basis. This is an indication that most companies may have ignored the specific requirements of IFRS 8 and maintained their existing reporting structures. However, the cumulative value of the disclosure index shows that the segment disclosures increased in the post IFRS adoption stages by about 10 %(See Table 2).

Table 2: Disclosure Frequencies on each item on Operating Segments

S/NO	Operating segment	SAS 24	IFRS 8	Increase %	Mean Diff.	Paired correlation
1	Segment Assets	124	131	6	1.279	0.535
2	Segment Liabilities	47	53	13	1.732	0.315
3	Geographical Profit/Loss	115	130	15	3.033***	0.452*
4	Expenditure	53	58	9	0.919	0.221
5	Total	339	372	10	3.293**	0.314**

Source: Researchers computation (2015).

The t-value of 3.399 which is significant at 1% shows that there is significant difference in the number of reported segments by the sampled banks before and after (pre and post) the adoption of IFRS 8. Thus hypothesis one (H1) is rejected. The finding disagrees with Lucchese and Di Carlo (2012) and Saariluoma (2013) who find that IFRS 8 did not increase segment reporting practices by European companies and Mardini et al (2012) who found no significant difference in the number of segment disclosed for Jordanian companies. Nichols et al (2012) found that IFRS 8 adoption resulted in a significant decline in the number of reportable segment information items in European blue chip companies.

4.2. Determinants of segment disclosures

This section presents the descriptive statistics, correlation matrix, diagnostic tests and regression analysis of the impact of corporate characteristics on the segment disclosures. Table 2 shows the results of the descriptive statistics (mean and standard deviation) of variables as well as the correlation matrix. The mean value of segment disclosures (SDS) for the sampled period is approximately 11.12. Profitability, measured as return on assets (ROA), has an average of n the average of 5.84%. The mean of 0.61 for Ownership diffusion (OWN) indicates that on average, about 61% of shares in the sampled companies are controlled by outside shareholders. The percentage change in sales for the period under recorded a decrease of 24.3%. The average age of the companies (AGE) was 28 years.

Table 3. Descriptive statistics and Correlation Matrix

	Descriptive Statistics				**Correlation Matrix**							
Variables	Min	Max	Mean	Std dev		SDS (1)	ROA (2)	FSIZE (3)	GROWTH (4)	OWN (5)	AGE (6)	VIF
SDS			11.10	2.02	(1)	1.000						-
ROA			0.05	0.62	(2)	0.213*	1.000					**1.087**
FSIZE			6.950	0.64	(3)	-0.299**	0.054	1.000				**1.071**
GROWTH			-0.24	1.45	(4)	0.128	-0.009	0.108	1.000			**1.016**
OWN			0.61	0.12	(5)	0.041	0.040	0.162	0.078	1.000		**1.041**
AGE			28	16.33	(6)	-0.261**	-0.259**	0.168	0.045	0.107	1.000	**1.122**

Source: Researchers' computation (2015).

Moreover, the correlation matrix results in Table 3 show a significant positive relationship between ROA and SDS whereas OWN and GROWTH are positive but insignificantly related with SDS.F SIZE and AGE have negative and significant relationship with SDS. The negative correlation supports the result found by Lucchese and Di Carlo (2012).The implication of this result is that while ROA, OWN, GROWTH moves in the same direction with the level of segment disclosures, bigger and older firms tend to have less segment disclosures. The strength of the correlations between the corporate characteristics variables and SDS is quite low and the variance inflation factors (VIF) of close to 1 indicate the absence of multi collinearity.

Table 4. Regression results

Dependent Variable: **SDS**	**OLS**	**PANEL DATA**
C	11.45188*** (9.979706)	11.36606*** (9.408363)
ROA	0.852858** (2.120368)	0.842849** (2.194959)
FSIZE	-2.81E-08*** (3.363266)	-2.38E-08** (-2.584219)
GROWTH	0.334718** (2.117112)	0.242599 (1.478928)
OWN	1.384706 (0.758621)	1.435746 (0.761359)
AGE	-0.022684* (-1.692792)	-0.022207 (-1.452508)
R^2 **Adj. R^2** **F-stat (p)**	0.418 0.332 2.55(0.03)	0.407 0.339 3.03 (0.02)

Source: Researchers' Computation (2015) *, **, ***significant at 10%,5% and 1% respectively

From the OLS result in Table 4, the R^2 was 0.418 which indicates that the model explains about 41.8% of the systematic variations in the dependent variable (SDS), while the panel data technique showed an R^2 value of 0.407 meaning that only 40.7% of such variations were explained. The adjusted R^2 which controls for the effect of inclusion of successive explanatory variables on the degrees of freedom was 0.332 and 0.339 on the two techniques respectively, meaning that about 66.8% and 66.1% of systematic variations were not explained by the model and have been captured by the error term. The F-statistics value and the associated p-values indicate that the hypothesis of a joint statistical significance of the model cannot be rejected as 5% level of significance and the linear specification of the model is appropriate. The coefficients of the independent variables revealed the existence of negative relationship foe, AGE, SIZE and SDS with -2.81E-08 and -0.02268 respectively for the OLS and -2.38E-08 and -0.022207 respectively in the panel data results. There is also a positive relationship among profitability (ROA), growth, ownership diffusion (OWN) and segment disclosure (SDS) in the two approaches adopted. The variables of interest in the ordinary least squares (OLS) results are ROA, FSIZE and GROWTH which passed the significance test at 5% level, while only ROA and FSIZE were statistically significant in the panel data results.

With regard to hypothesis two, firm size (FSIZE) showed a negative significant relationship with segment disclosure score (SDS) in both the OLS and panel data technique. This implies that larger firms as proxy by of total assets will not positively influence a firms decision to report on segment activities. This result agrees with the findings of Lucchese and Di Carlo (2012) and Saariluoma (2013); the former's results show that firm size has a negative relationship with voluntary segment disclosure score of Italian listed companies while the latter found that company size did not positively affect the way the IFRS 8 standard was responded to by quoted companies. However, our finding did not support the positive relationship in prior studies such as Pardal and Morais (2012), Wallace, Naser and Mora (1994); Raffournier (1995), Street and Gray (2002), Botosan (1997), Prencipe (2004) and the insignificant and no association by Odia (2015), Street and Gray (2002), and Glaum and Street (2003)

Moreover, profitability (proxy by ROA) has a significant and positive relationship with SDS. This result is consistent for the two estimation approaches. The result suggests that firms performing with higher returns tend to report more segment activities than the under-performing firms. The finding supports the positive significant relation found by Pardal and Morais (2012) but it is inconsistent with the inverse relationship between profitability (ROI) and segment disclosures found by and Lucchese and Ferdinando (2012).

On the effect of growth rate on the magnitude of segmental disclosure, our result showed a positive relationship between GROWTH and SDS (volume of segmental disclosure). However, while GROWTH showed a statistically significant relationship with SDS in the OLS technique, the GROWTH variable in the panel data technique did not pass the significance test at 5% level ($p>0.05$). The result is not consistent with most previous studies such as Prencipe (2004) and Lucchese and Ferdinando (2012) who both found a negative insignificant relationship between firm growth rate and extent of voluntary segment disclosure citing that, just like profitability, a firm growing well in the market drives new competitors, thereby increasing the expenses to face up them. Hence, the diffusion of increased segment information could lead the companies to lose their predominant position in the market.

On ownership diffusion (OWN), the result showed a positive relationship between OWN and SDS in conformity with theoretical expectation, but the relationship is observed to be insignificant as the p-values of 0.4513 (OLS)

and 0.4495 (Panel) both exceeds p = 0.05. However, the result of the descriptive statistics in table 5 shows that about 62% of shares in the sampled companies are controlled by outside shareholders, which corroborates previous literature of Mckinnon-Dalimunthe (1993) as cited in Saariluoma (2013) which posits that a higher ownership diffusion warrant the need of higher information of stakeholders, to reduce the information asymmetry and maintain the equity; and the segment information used to decrease the gap between management and investors. The findings of Lucchese and Di Carlo (2012) also show a positive insignificant relationship between ownership diffusion and voluntary segment disclosures.

With respect to company age, the result shows AGE is not significantly related level of segment disclosures given the negative relationship between company age and segment disclosure score (SDS) in both technique employed. This implies that the older a company is, the less segment information that is disclosed. The finding contrast the positive relationship in previous findings such as Owusu-Ansah, 1998, Glaum & Street (2003), Alfaraih and Alanezi (2011) that older firms would want to maintain their pedigree and remain competitive by providing higher segment information.

4.3. Decision-usefulness of IFRS 8.

Table 5 below presents the descriptive characteristics of the respondents. From table 4, in terms of gender, there were 87 males and 40 female respondents representing 68.5% and 31.5% respectively. Majority of these respondents (46 or 36.2%) were between the age bracket of 26 and 32 years as at the time of the field work, 10 respondents (7.9%) were between 18 to 25 years of age, 31 (24.4%) are between 33 – 40 years, while the remaining 40 (31.5%) respondents were between 41 years and above. As regard their religion, 108 (85%) are Christians while 19 respondents representing (15%) are Muslims. Eighty one (81 or 63.8%) respondents are chartered accountants while 46 or 36.2% are also accountants but are not practicing as at the time of the field work. On academic qualifications, more than half of the respondents (75 or 59.1%) are M.Sc./MBA holders, a total of 39 respondents representing 30.7% had obtained their first degree (B.Sc) or its equivalent (HND) as at the time of the field study, while about 10% (13 respondents) had obtained their PhD.

Table 5: Demographic Characteristics of the Respondents

Characteristics	Categories	Frequency	Percent (%)
Gender	Male	87	68.5
	Female	40	31.5
	Total	**127**	**100**
Age	18-25 years	10	7.9
	26-32 years	46	36.2
	33-40 years	31	24.4
	41 yrs and above	40	31.5
	Total	**127**	**100**
Religion	Christian	108	85
	Muslim	19	15
	Total	**127**	**100**
Marital Status	Married	74	58.3
	Separated	3	2.4
	Single	50	39.4
	Total	**127**	**100**
Profession	Accountant s (Not practicing)	46	36.2
	Accountant s (Practicing)	81	63.8
	Total	**127**	**100**

Characteristics	Categories	Frequency	Percent (%)
Educational Qualification	B.Sc	39	30.7
	M.Sc/MBA	75	59.1
	Ph.D	13	10.2

Source: Field Work (2015)

4.3.2 Decision usefulness of segment information

Table 6 below presents the respondents' responses on the decision usefulness of IFRS 8.

Table 6: Decision usefulness of IFRS 8

s/n	Factor Items	SA (%)	A (%)	D (%)	SD (%)
1.	IFRS 8 segment disclosure has enabled investors to see the business in management's eyes	37 (29.1)*	70 (55.1)	20 (15.7)	0 (0)
2.	IFRS 8 segment disclosure increases investors' understanding of communications from the entity's management.	16 (12.6)	89 (70.1)	22 (17.3)	0 (0)
3.	Segmental reporting and analysis would be inconsistent between entities because internal management structures vary among entities.	65 (51.2)	17 (13.4)	38 (29.9)	7 (5.5)
4.	IFRS 8 segment disclosure will not enhance the investors' understandability of the financial report.	0 (0)	27 (21.3)	88 (69.3)	12 (9.4)
5.	Investors make more informed decision under SAS 24 than with IFRS 8 operating segments.	20 (15.7)	37 (29.1)	47 (37.0)	23 (18.1)
6.	IFRS 8 segment disclosure is more useful in aiding decision making than its predecessor, SAS 24.	40 (31.5)	55 (43.3)	19 (15.0)	13 (10.2)
7.	IFRS 8 segmental reporting is not consistent in aiding investors' comparability of firms' past and future performance.	0 (0)	60 (47.2)	53 (41.7)	14 (11.0)
8.	By making decisions based on segmental information, an investor may miss some important interrelationship of the business and make wrong economic decisions towards the company.	18 (14.2)	35 (27.6)	66 (52.0)	8 (6.3)
9.	Sensitive information could be provided to competitors through segmental disclosures, which could damage the outcome of the business project	25 (19.7)	62 (48.8)	40 (31.5)	0 (0)
10.	The huge costs required for preparing the segment information decreases shareholders' funds	35 (27.6)	20 (15.7)	62 (48.8)	10 (7.9)

Source: Field Work, 2015 Note* Percentages are in parentheses; SA = Strongly Agree, A = Agree, D = Disagree, SD = Strongly Disagree

From table 6, 84.2% of the respondents agreed that IFRS 8 on segment disclosure has enabled investors to see the business in management's eyes; only 20 respondents (15.7%) disagreed. In the same vein, only 22 respondents representing 17.3% did not agree that IFRS 8 segment disclosure increases investors' understanding of communications from the entity's management, this was against an overwhelming 82.7% that agreed that

segment disclosures. About two-third (65%) of the respondents agreed that segmental reporting and analysis would be inconsistent between entities because internal management structures vary among entities; a position about 35% of the respondents did not support. However, about 80% of the respondents did not agree that IFRS 8 segment disclosure will not enhance the investors' understandability of the financial report, 27 respondents (21.3%) felt that IFRS 8 segment disclosure will decrease investors' understandability of financial statement. Further, the opinions of the respondents were shared when asked if investors could make more informed decision under SAS 24 when compared to the newer IFRS 8 operating segments; 57 (44.2%) agreed while 70 (55.1%) disagree. In support, 95 (74.8%) respondents agreed that IFRS 8 segment disclosure is more useful in aiding decision making than its predecessor, SAS 24. Although about 25% of the respondents had contrary opinions, but it cannot supersede that of the former. About 53% of the respondents disagreed that IFRS 8 segmental reporting is not consistent in aiding investors' comparability of firms' past and future performance, 47% agreed to that.

Similarly, about 58% (74 respondents) disagreed that if an investor makes decisions based on segmental information; he may have missed some important interrelationship of the business and could lead to wrong investment decisions towards the company. 42% of the respondents agreed to the statement. On the other hand, 68.5% or 87 respondents agreed that sensitive information could be provided to competitors through segmental disclosures, which could damage the outcome of the business project. On the last item of the questionnaire, except for the 43% that were in agreement, all other respondents (57%) did not agree that the huge costs required for preparing the segment information decreases shareholders' funds.

Since the calculated chi–square value of 31.4 is greater than the Chi square critical value of 9.5, therefore the null hypothesis is rejected. Therefore, it can be conclude that IFRS 8 is more useful in aiding decision making than the SAS 24. In relation to hypothesis three, the result shows that users of financial information considered IFRS 8 more useful in aiding decision making than SAS 24. The finding is in line with prior studies such as Crawford et al (2012) and Nicholas et al (2012) who found that the implementation of IFRS 8 segment reporting in UK and European Stock Exchanges respectively improved analysts' forecast accuracy. Moreover, the result also agrees with Yoo and Semenenko (2012) who concluded that segment information is useful to both investors and management because it reduces information asymmetries between the company owners and managers, and therefore lowers the cost of equity capital. Sarriluoma (2013:8) considered "segment information as one of the most valuable pieces of information for investment decision making" since it was developed for investors at their own request.

5.0. Conclusion and Recommendations

The paper examines the effect of adopting IFRS 8 on segmental reporting of 15 listed banks as well as the decision usefulness of IFRS 8 through the survey of preparer of financial statements (chartered accountants).The empirical findings reveal the volume of segment disclosures by Nigerian banks after IFRS adoption differ significant when compared to the magnitude of disclosure before IFRS 8 and that firm characteristics such as profitability, growth rate, ownership diffusion had positive relationship with segment disclosures whereas an inverse relationship exist for firm size, company age and segment disclosures. With result to the decision usefulness of IFRS 8, it was found that preparers consider IFRS 8 more useful for decision making than SAS 24. Based on the findings, the paper recommend that the regulatory bodies, such as the Securities and Exchange Commission (SEC) and the Financial Reporting Council of Nigeria (FRC) should issue mandatory uniform guidelines for proper segment disclosure practices in annual reports and statements of all listed companies in

Nigerian stock exchange (NSE) because of its usefulness to users of financial statement over the defunct SAS 24.

We suggest that further researches should examine other sectors of the Nigerian Stock Exchange and other stakeholders/users of financial statements on the decision usefulness and the impact of segment disclosure on the accounting quality.

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