# DOES THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) 15 IMPROVE EARNINGS PERSISTENCE? THE NIGERIAN EXPERIENCE

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## Abstract

*IFRS 15 (Revenue from Contracts with Customers) was issued in 2014 and became effective on 1 January 2018 to address the limitations of IAS 11 (Construction Contracts) and IAS 18 (Revenue). However, whether the adoption of IFRS 15 has improved financial reporting outcomes, particularly earnings persistence, remains largely unresolved empirically. This study therefore examined the impact of IFRS 15 adoption on earnings persistence in listed Nigerian firms. Using secondary data obtained from S&P Capital IQ and annual reports, the study analysed 103 firms listed on the Nigerian Exchange (NGX) selected purposively from a population of 159 firms based on data availability. The study period covered 2012–2023, divided into the pre-IFRS 15 period (2012–2017) and post-IFRS 15 period (2018–2023). Operating earnings persistence was used as the primary proxy for earnings persistence, while net profit persistence served as a robustness measure. The Mann–Whitney U test was employed for hypothesis testing. The results revealed a statistically significant difference in operating earnings persistence between the pre-IFRS 15 and post-IFRS 15 regimes (U = 212,777.00; z = 3.477; p = 0.001). The findings were robust to alternative earnings persistence measures. The study concludes that IFRS 15 significantly influences earnings persistence in Nigeria and recommends further review and clarification of the standard by the FRC and IASB to strengthen reporting quality.*

## Introduction

The global landscape of financial reporting has been rocked by a wave of scandals, sparking serious questions about the reliability of financial disclosures from both domestic and international entities. In Nigeria, the infamous accounting controversies at Cadbury Nigeria Plc and African Petroleum (Yeng & Oppong, 2024) serve as cautionary tales, while the Nigerian Exchange Group (NGX) recently imposed over N1 billion in fines on a range of firms including Conoil Plc, Deap Capital Management and Trust, Briscoe Plc, FTN Cocoa Processors Plc, e-Transact International, Royal Exchange Plc, and 35 others for failing to publish their financial reports (Bugaje et al., 2024). This events signals serious financial reporting infractions.

On the global stage, the fallout from high-profile disasters at Enron, WorldCom, Barings, and Parmalat, along with more recent incidents like Wirecard's €1.9 billion financial black hole and Carillion's collapse after a £2 billion investment has intensified scrutiny on CEO accountability and auditor vigilance (Obazee & Amede, 2019; Reuters, 2025). These cases continue to fuel an urgent call for stronger regulatory oversight and bold reforms in financial reporting. Responding to these challenges, the International Accounting Standards Board (IASB) unveiled IFRS 15-*Revenue from Contracts with Customers*-in May 2014, effective from January 1, 2018. This standard replaced IAS 11 (Construction Contracts) and IAS 18 (Revenue) and aims to fill persistent gaps in financial reporting by enhancing the accuracy of revenue recognition and the persistence of reported earnings. While IFRS 15 promises sustainable and consistent financial results, its actual impact remains the subject of ongoing debate in academic and professional circles.

Earnings persistence is one of the dimensions of earnings quality, while other dimensions include income smoothing, accrual quality, value relevance, conservatism, earnings response coefficient and earnings predictability (Francis et al., 2004; Dechow & Ge, 2006; Dechow et al., 2010; Ruch & Taylor, 2015; Abogun et al., 2020). According to Abogun et al. (2020), earnings persistence is the capacity and the extent to which the earnings of a firm can recur in the future, usually associated with the fundamentals of the firms, the efficiency of its management and core activities. Afams et al. (2025) and Krishnan & Zhang (2019), capture it as the extent to which the shocks from current period earnings affect expectations about future. It relates to the characterization of current earnings in terms continuity and durability (Afams et al., 2025).

Scholars have probed the effects of IFRS and financial reporting quality across various sectors. Adebanjo and Wisdom (2024) explored the influence of financial disclosure on stock prices, while Oto and Ola (2024) investigated IFRS's role in timely loss recognition for Deposit Money Banks. Other studies have examined audit attributes, going concern issues, and the broader relationship between accounting standards and financial reporting quality (Olowookere et al., 2024; Egbe, 2023; Ojianwuna, 2023; Lodikero, 2023; Chude & Chude, 2023; Emmanuel & Ilma, 2022; Apochi & Mustapha, 2022; Ezejiofor, 2022). Yet, amidst this research, evidence

remains scarce regarding the broader impact of IFRS 15 on financial reporting quality and specifically, on the persistence of earnings in an emerging economy such as Nigeria, thereby creating a gap. As an attempt to fill this gap, this paper leverages agency and signaling theories to examine how IFRS 15 affects earnings persistence, applying robust measures from both operating and net earnings to answer a compelling question:

i.    does the persistence of operating earnings differ significantly for Nigerian firms before and after adopting IFRS 15?

The remainder of this paper proceeds as follows: Section two reviews literature and develops hypotheses, Section three outlines the research methods, Section four presents the empirical results, and the final section concludes the paper.

**Literature Review and Hypothesis Development**
**Conceptual Review**
***IFRS 15: Revenue from contract with customers***

Accounting in IFRS-adopted jurisdictions is more principle-based than US GAAP, which is based on regulations. IFRS standards are more difficult to comply with because they have fewer regulations. In the case of revenue recognition, the previous International Accounting Standards (IAS) IAS11-Construction Contracts and IAS18-Revenue did not give adequate advice for more complicated transactions. There was a considerable need and need for clarity and consistency in revenue recognition rules. The IASB and their equivalent FASB in the United States agreed in 2002 to jointly produce the new IFRS15 standard (Flood, 2017). The new standard superseded the previous IAS11 and IAS18 standards, as well as interpretations including IFRIC 13, 15, 18, and SIC-31 (Flood, 2017).

On January 1, 2018, the new IFRS15 standard (Revenue from contracts with customers) replaced the former IAS11 and 18 standards, as well as multiple different interpretations such as IFRIC13 (Customer loyalty programs), IFRIC15 (Agreements for the construction of real estate), IFRIC18 (Transfers of assets from customers), and SIC-31 (Revenue- barter transactions involving advertising services) (PKF, 2019). The IFRS15 standard provides much-needed clarity and uniformity in recognizing revenue from a wide range of diverse transactions, regardless of industry. The preparation of financial statements is now less time-consuming and more efficient because revenue recognition principles are now unified under one standard.

***Operating Profit Persistence***

Operating profit persistence refers to the ability of a company to maintain consistent levels of profitability over time. It is a key metric that investors and analysts use to assess the financial health and stability of a business. In a study conducted by Abogun et al. (2020), operating profit persistence was found to be positively correlated with firm performance and shareholder value. Operating profit persistence is an important feature of financial reporting quality for Nigeria's deposit money institutions. A bank's capacity to consistently earn operational profits over time demonstrates its efficiency, stability, and overall financial health. Banks must comply with IFRS to ensure the transparency, comparability, and reliability of financial information. (Pervan et al., 2015). Operating profit persistence is an important factor in establishing the accuracy of financial reporting under IFRS. Banks with a higher level of operating profit persistence are more likely to deliver accurate

and reliable financial statements that represent their actual financial performance. This, in turn, boosts the reliability of financial data and increases investor trust in the banking industry (Sinha & Sharma, 2016).

In contrast, operating profit persistence has consequences for the overall financial health of Nigerian deposit money banks. Banks with continuous operational profitability are better able to weather economic downturns and financial shocks because they have a steady source of cash to cover operating expenses and loan losses. This resilience is crucial for maintaining the stability of the banking sector and safeguarding the interests of depositors and other stakeholders (Sarpong-Kumankoma et al., 2018). Furthermore, the persistence of operating profits in Nigerian banks has broader implications for the economy as a whole. Banks play a vital role in the financial intermediation process, channeling funds from savers to borrowers and facilitating economic growth.

**Theoretical Review**
This study is anchored on agency and signalling theories:

***Agency Theory***

Michael C. Jensen and William H. Meckling proposed agency theory, a widely used concept in accounting and finance, in 1976. The theory focuses on the connection between principals (such as shareholders) and agents (such as managers) in organizations, as well as how to resolve conflicts of interest between the two sides. Jensen and Meckling's seminal paper, "Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure," laid the groundwork for agency theory by emphasizing the agency problem, which is the divergence of interests between principals and agents caused by information asymmetry and different risk preferences. They claimed that managers, as agents, may behave in their own self-interest rather than in the best interests of shareholders, resulting in agency costs that can lower firm value. However, the creators of agency theory advocated a variety of techniques to align the interests of principals and agents, including CEO compensation plans, board oversight, and monitoring measures. Understanding and managing the agency problem allows firms to improve decision-making, performance, and shareholder value.

Agency theory is a widely recognized concept in corporate governance that examines the connection between principals (such as shareholders) and agents (such as managers) in businesses. Jensen and Meckling (1976) argue that conflicts of interest between principals and agents might occur as a result of diverging aims and information asymmetry, resulting in agency costs. Agency theory provides a useful framework for understanding the dynamics at work when it comes to financial reporting quality in listed Nigerian Deposit Money Banks (DMBs) under International Financial Reporting Standards (IFRS).

***Signaling Theory***

Michael Spence first suggested signaling theory, which is now widely used in domains like as economics, biology, and sociology, in 1973. Spence, an American economist and Nobel laureate, first proposed the hypothesis in his landmark study, "Job Market Signaling." Spence investigated the theory that people might utilize signals to communicate information about their abilities or qualities to others in order to achieve a competitive advantage in the job market.

Individuals with superior abilities or qualities, according to Spence's signaling theory, may opt to spend in costly signals such as education or training in order to distinguish themselves from others. By doing so, people can demonstrate their worth to potential employers and improve their chances of landing desirable career possibilities. In essence, signaling theory proposes that signals can act as a kind of communication, reducing information asymmetry between individuals. However, Spence's seminal work on signaling theory has had a far-reaching impact on a variety of disciplines, including economics, sociology, and organizational behavior. The idea has been applied to explain a wide range of phenomena, including educational attainment, salary disparities, and consumer behavior. Signaling theory has shed light on how people traverse complicated social and economic situations by emphasizing the significance of signals in communicating information and changing decision-making processes.

Signaling theory is a subject that has received a lot of attention in accounting and finance, especially in terms of International Financial Reporting Standards (IFRS) and financial reporting quality. Signaling theory can provide light on how listed deposit money banks in Nigeria communicate information to stakeholders via their financial reporting methods. According to signaling theory, organizations use financial reporting to communicate their quality and performance to external stakeholders such as investors, creditors, and regulators.

**Empirical Review**

The reviewed empirical literature presents a diverse examination of the effects of International Financial Reporting Standards (IFRS) adoption on financial reporting quality among Nigerian listed firms, while highlighting gap in the literature. Several studies, such as those by Oto and Ola (2024) and Egbe (2023), specifically investigated the impact of IFRS adoption on various aspects of financial reporting and firm performance. Oto and Ola (2024) found that the adoption of IFRS did not enhance the quality of accounting information as measured by timely loss recognition, highlighting a reduction in timely loss recognition post-IFRS adoption. Egbe (2023) reported that accounting standards, including IFRS, positively influenced the quality of financial reporting, focusing on aspects such as timeliness, relevance, and faithful representation.

Other studies, including those by Chude and Chude (2023), Emmanuel & Ilma (2022), and Apochi & Mustapha (2022), further support the positive role of IFRS in enhancing corporate accountability, regulatory frameworks, and disclosure quality. However, Apochi & Mustapha (2022) also note that the effects of IFRS adoption vary across jurisdictions and may not always result in significant differences in financial reporting outcomes. Specifically, some studies report positive, indifferent, or even negative effects, suggesting that the impact of IFRS adoption is context-dependent and may not universally translate into significant changes in firm performance metrics such as operating earnings. While these literature indicate mixed outcomes regarding the effect of IFRS adoption on the financial performance of Nigerian listed firms, they neglected the impact of IFRS 15 on earnings persistence. While improvements in reporting quality and disclosure are often noted, concrete evidence of significant differences in operating earnings before and after the implementation of IFRS 15 is limited. This supports the formulation of the following hypothesis:

$H_0$: There is no significant difference between the operating earnings persistence of Nigerian listed firms before and after the implementation of IFRS 15.

**Research Design and Measurements**

This study adopted *ex post facto* research design as there was a need to understand historical events regarding the introduction to IFRS 15 and its impact on the persistence of earnings. The population of this study constituted all listed firms on the Nigerian Exchange as at 31 December 2023. There were one hundred and fifty nine (159) of them as at that date. This, therefore, constituted the sampling frame. This study selected one hundred and three (103) firms listed on the Nigerian Exchange as at 31 December, 2023. These firms were selected using purposive sampling technique, on the grounds that firms without complete data were eliminated. The one hundred and three (103) firms out of the one hundred and fifty nine (159) represents about 65%. This is considered representative enough to allow for generalization of the findings to the entire population. The study collected secondary data. The data were collected from sources such as S&P Capital IQ and annual reports. These sources are credible and reliable as the annual reports were audited by respectable audit firms.

*Measurement of variables*

The response variable is earnings persistence, while the policy variable is IFRS 15-Revenue from contract with customers. The proxies of earnings persistence are: operating profit persistence and net profit persistence. IFRS 15 became operational in Nigeria in 2018. Therefore, the period between years 2012 and 2017 (6 years) is the pre-IFRS 15 period, while the period between years 2018 and 2023 (6 years) is the post-IFRS 15 period.

Each of the proxies of earnings persistence (operating profit persistence and net profit persistence) is then compared between the pre-IFRS 15 adoption and post-IFRS 15 adoption periods and subjected to test of significant difference. The appropriate test of significant difference depends on the nature of distribution of the data. The proxies are measured as follows:

**Table 3.1**: Measurement of variables

| Variables | Measurements |
|---|---|
| Operating Profit Persistence | $OP_t = \alpha_0 + \alpha_1 OP_{t-1}$ ……………  …(i) |

(**Source**: Author's Compilation, 2024)

The slope of the equation (i) $\alpha_1$ represents the coefficients of operating earnings persistence, which was estimated on a rolling basis, following extant literature (Francis et al., 2004; Richardson et al., 2005; Boubakri, 2012; Park & Shin, 2015; Artikis & Papanastasopuolos, 2016; Abogun et al., 2020).

**Method of Data Analysis**

The study utilized both descriptive and inferential analytical tools for the data analysis. The descriptive tools involve the summary statistics (such as mean, Jarque-Bera statistic and standard deviation) on the earnings persistence variables being examined, such as operating earnings persistence (*OEPERS*), and net profit persistence (*NPPERS*). Following the study and the normality test results (*see* Tables

4.1 to 4.4), the study utilized non-parametric tests of difference statistical techniques. In other words, the independent-samples Mann-Whitney U test was utilized for the study's inferential analysis. The use of above-mentioned test was considered for the study's empirical analysis since the datasets were collected for two different groups of time periods, *i.e.*, before IFRS 15 (pre-IFRS15) regime and after IFRS 15 (post-IFRS15) regime. Thus, the Mann-Whitney U test examines the existence or otherwise of the statistically significant difference in each of the earnings persistence dimensions.

**Test Statistic Specification**

Following the study's descriptive analysis, the distributions OEPERS and NPPERS in relation to IFRS 15 do not meet underlying normality assumption, thus, the study's hypotheses were tested using the independent-samples Mann-Whitney *U* test as a non-parametric technique. The *z* test statistic is defined as:

$$z = \frac{U - \bar{U}}{\sigma_U} \tag{3.1}$$

Where:

$\bar{U}$ = Expected value of $U$

$$\bar{U} = \frac{n_{pre} \times n_{post}}{2}$$

$\sigma_U$ = Standard Error of $U$

$$\sigma_U = \sqrt{\frac{n_{pre} \times n_{post} \times (n_{pre} + n_{post} + 1)}{12}}$$

$$U = \min (U_{pre}, U_{post})$$

min = minimum

$U_{pre}$ = Mean Rank of /OEPERS//NPPERS in pre-IFRS15 period

$$U_B = (n_{pre} \times n_{post}) + \frac{n_{pre} \times (n_{pre} + 1)}{2} - R_{pre}$$

$U_{post}$ = Mean Rank of /OEPERS//NPPERS in post-IFRS period

$$U_{post} = (n_{post} \times n_{pre}) + \frac{n_{post} \times (n_{post} + 1)}{2} - R_{post}$$

$R_{pre}$ = Sum of Ranks of OEPERS//NPPERS in pre-IFRS15 period

$R_{post}$ = Sum of Ranks of OEPERS/NPPERS in post-IFRS15 period

$n_{pre}$ = Number of quarters (obs.) of OEPERS/NPPERS in pre-IFRS15 period

$n_{post}$ = Number of quarters (obs.) of OEPERS/NPPERS in post-IFRS15 period

**Robustness test**

To determine the stability of the result, net profit persistence was adopted as another proxy of earnings persistence. Net profit persistence is the extent to which the profit after deducting all expenses recur. To measure this variable, the model in below is employed:

**Table 3.2**: Measurement of variables

| Variables | Measurements |
|---|---|
| Net Profit persistence | $NP_t = \delta_0 + \delta_1 NP_{t-1}$ ……………… (ii) |

(**Source**: Author's Compilation, 2024)

**Empirical Results and Discussion**

**Summary Statistics**

This section presents the summary statistics of the variables being investigated in the study, viz., the categorical variables such as: IFRS15 as a dummy variable (0, 1) as well as the continuous variables operating earnings persistence (*OEPERS*), net profit persistence (*NPPERS*). The summary statistics were computed in three categories such as: the full sample period and 2 sub-sample periods. The full sample covers the period between 2012 and 2023. The first subsample covers pre-IFRS15 regime between 2012 and 2017 while the second subsample covers the post-IFRS15 regime between 2018 and 2023.

***Summary Statistics of Operating Earnings (OEPERS) in Relation IFRS15***

Table 4.1 presents the results of the summary statistics of operating earnings in relation International Financial Reporting Standard (*IFRS*) 15. Under the full sample, it could be observed that operating earnings persistence (*OEPERS*) demonstrates high variability in its distributions having its standard deviations above the averages (mean and median). The foregoing observation suggests operating earnings persistence is likely to demonstrate low predictive capacity power over the sample of 103 firms and time points of 12 years. Furthermore, the coefficient of skewness indicates that the *OEPERS* appear to be negatively skewed (long-left tail) having negative coefficient. Meanwhile, the kurtosis coefficient indicates that *OEPERS* appears to be peaked (leptokurtic) having its coefficient (339.449) above the threshold of 3 for a normal distribution. Moreover, operating earnings persistence appears to be non-normal having significant Jarque-Bera statistic (JB = 5872453, *p* = 0.0000 < 0.05). Thus, OEPERS massively deviates from the normality assumption.

**Table 4.1-: Summary Statistics**

**Operating Earnings (OEPERS) in Relation to IFRS 15**

| | Operating Earnings (OEPERS) in Relation to IFRS 15 | | |
|---|---|---|---|
| | Continuous Variable: OEPERS | | |
| Statistics | Full: 2012-2023, *N* = 103 | Pre: 2012-2017, *N* = 103 | Post: 2018-2023, *N* = 103 |
| Obs. | 1236 | 618 | 618 |
| Mean | -0.765 | -0.491 | -1.039 |
| Median | -0.220 | -0.366 | -0.055 |
| Maximum | 166.154 | 34.519 | 166.154 |
| Minimum | -391.00 | -42.500 | -391.000 |
| Std. Dev. | 16.268 | 5.181 | 22.421 |
| Skewness | -14.408 | -0.7738 | -10.975 |
| Kurtosis | 339.449 | 26.0229 | 187.831 |
| | | | |
| Jarque-Bera | 5872453. | 13710.54 | 892100.4 |
| P-value | 0.0000 | 0.0000 | 0.0000 |

Meanwhile, the summary statistics of pre-IFRS15 and post-IFRS samples shown in Table 4.2 indicate that the absolute average *OEPERS* observed during the post-IFRS15 regime is more than the average obtained in the pre-IFRS15 regime. Moreover, the variability in *OEPERS* is higher during post-IFRS15 regime as compared with that of pre-IFRS15 regime judging by their respective standard deviations. The higher variability in operating earnings persistence during the post-IFRS15 may be attributed to the implementation to IFRS 15.

### *Summary Statistics of Net Profit persistence (NPPERS) in relation to IFRS15*

Table 4.2 presents the results of the summary statistics of net profit persistence in relation International Financial Reporting Standard (*IFRS*) 15. Under the full sample, it could be observed that net profit persistence (*NPPERS*) demonstrates high variability in its distributions having its standard deviations above the absolute averages (mean and median). The foregoing observation suggests NPPERS is likely to demonstrate low predictive capacity power over the sample of 103 firms and time points of 12 years. Furthermore, the coefficient of skewness indicates that the *NPPERS* appear to be negatively skewed (long-left tail) having negative coefficient. Meanwhile, the kurtosis coefficient indicates that *NPPERS* appears to be peaked (leptokurtic) having its coefficient (284.604) above the threshold of 3 for a normal distribution. Moreover, *NPPERS* appears to be non-normal having significant Jarque-Bera statistic (JB = 4084899, $p$ = 0.0000 < 0.05). Thus, *NPPERS* significantly deviates from the normality assumption.

**Table 4.2-: Summary Statistics**

| | Net Profit Persistence (NPPERS) in Relation to IFRS 15 | | |
|---|---|---|---|
| | Continuous Variable: NPPERS | | |
| Statistics | Full: 2012-2023, $N$ = 103 | Pre: 2012-2017, $N$ = 103 | Post: 2018-2023, $N$ = 103 |
| Obs. | 1236 | 618 | 618 |
| Mean | 0.277 | 1.382 | -0.829 |
| Median | -0.193 | -0.322 | -0.124 |
| Maximum | 402.500 | 402.500 | 175.385 |
| Minimum | -491.563 | -102.600 | -491.563 |
| Std. Dev. | 22.507 | 22.535 | 22.443 |
| Skewness | -2.0918 | 11.804 | -16.177 |
| Kurtosis | 284.604 | 190.128 | 377.841 |
| | | | |
| Jarque-Bera | 4084899. | 916033.1 | 3644971. |
| P-value | 0.0000 | 0.0000 | 0.0000 |

Meanwhile, the summary statistics of pre-IFRS15 and post-IFRS samples shown in Table 4.2 indicate that the average *NPPERS* observed during the post-IFRS15 regime is more than the average obtained in the pre-IFRS15 regime. Moreover, the variability in *NPPERS* is lower during post-IFRS15 regime as compared with that of pre-IFRS15 regime judging by their respective standard deviations. The

lower variability in net profit persistence during the post-IFRS15 may be attributed to the implementation to IFRS 15.

**Tests of Hypotheses**

Following the comparisons provided in the summary statistics, this section provides the tests of the hypotheses to ascertain the statistical significance or otherwise of the effect of the implementation of IFRS 15 on earning persistence dimensions such as: operating earnings persistence (*OEPERS*), and profit persistence (*NPPERS*). The non-parametric testing technique, *i.e.* the independent-samples Mann-Whitney U test was utilized for the tests of hypotheses since the aforementioned variables demonstrates non-normal conditions (*see* tables 4.1 to 4.2).

> **H₀:** Operating earnings persistence before and after the adoption of IFRS 15 is not significantly different amongst listed Nigerian firms.

Explicitly, the test of the hypothesis seeks to determine whether or not there is significant difference in the average operating earnings persistence (*OEPERS*) observed between pre-IFRS15 and post-IFRS15 regimes in Nigeria. Since the distribution of *OEPERS* does not demonstrate the assumption of normality (*see* tables 4.1) and thus, tested using the Mann-Whitney U Test.

**Table 4.3-: Mann-Whitney U Test Result for Hypothesis 2 (OEPERS and IFRS15)**
**Pre-IFRS15: *T* = 6 (2012 – 2017), *N* = 618**
**Post-IFRS15: *T* = 6 (2018 – 2023), *N* = 618**

| | |
|---|---|
| Median of *OEPERS* in Pre-IFRS15 regime | -0.366 |
| Median of *OEPERS* in Post-IFRS15 regime | -0.055 |
| Mean Rank of *OEPERS* in Pre-IFRS15 regime | 583.20 |
| Mean Rank of *OEPERS* in Post-IFRS15 regime | 653.80 |
| Mann-Whitney U | 212777.00 |
| Wilcoxon W | 404048.00 |
| *Z* | 3.477 |
| *p*-value | 0.001 |
| **Effect Size** (Eta Squared )**:** | 0.0028 |

**Source**: Author's computation, 2024.

Table 4.3 presents the result of the independent-sample Mann-Whitney U test. The Mann-Whitney U test was conducted to evaluate effect of the implementation if IFRS 15 on operating earnings persistence (*OEPERS*) in Nigeria. Evidently, there is statistically significant difference ($U$ = 212777.00, $z$ = 3.477, $p$ = 0.001 < 0.05) in operating earnings persistence (*OEPERS*) between pre-IFRS15 regime ($M_d$ = -0.366, $n$ = 618) and post-IFRS15 regime ($M_d$ = -0.055, $n$ = 618). Thus, since the *p*-value of the test statistics is less than 5-percent level of significance, the null hypothesis that "operating earnings persistence before and after the adoption of IFRS 15 is not significantly different amongst listed Nigerian firms" is rejected. In other words, there is a significant increase in the average operating earnings persistence (*OEPERS*) between pre-IFRS15 and post-IFRS15 regimes across the selected firms in Nigeria (*see* Table 4.3).

**Result from Robustness Check**

Using net profit persistence, the stability of the results obtained from the above analysis is presented below:

$H_0$: Net profit persistence before and after the adoption of IFRS 15 is not significantly different amongst listed Nigerian firms.

Explicitly, the test of the hypothesis seeks to determine whether or not there is significant difference in the average net profit persistence (*NPPERS*) observed between pre-IFRS15 and post-IFRS15 regimes in Nigeria. Since the distribution of *NPPERS* does not demonstrate the assumption of normality (*see* tables 4.4) and thus, tested using the Mann-Whitney *U* Test.

**Table 4.4-: Mann Whitney U Test Result for Hypothesis 4 (NPPERS andIFRS15)**
**Pre-IFRS15: *T* = 6 (2012 – 2017), *N* = 618**
**Post-IFRS15: *T* = 6 (2018 – 2023), *N* = 618**

| | |
|---|---|
| Median of *NPPERS* in Pre-IFRS15 regime | -0.322 |
| Median of *NPPERS* in Post-IFRS15 regime | -0.124 |
| Mean Rank of *NPPERS* in Pre-IFRS15 regime | 608.44 |
| Mean Rank of *NPPERS* in Post-IFRS15 regime | 628.56 |
| Mann-Whitney U | 202806.500 |
| Wilcoxon W | 394077.500 |
| *Z* | 1.888 |
| *p*-value | 0.059 |
| **Effect Size** (Eta Squared )**:** | 0.0015 |

**Source**: Author's computation, 2024.

Table 4.4 presents the result of the independent-sample Mann-Whitney U test. The Mann-Whitney U test was conducted to evaluate effect of the implementation if IFRS 15 on net profit persistence (*NPPERS*) in Nigeria. Evidently, there is a weak statistically significant difference ($U$ = 202806.50, $z$ = 1.888, $p$ = 0.059 < 0.1) in net profit persistence (*NPPERS*) between pre-IFRS15 regime ($M_d$ = -0.322, $n$ = 618) and post-IFRS15 regime ($M_d$ = -0.124, $n$ = 618). Thus, since the *p*-value of the test statistics is less than 10-percent level of significance, the null hypothesis that "net profit persistence before and after the adoption of IFRS 15 is not significantly different amongst listed Nigerian firms" is somewhat rejected. In other words, there is a somewhat significant increase in the average net profit persistence (*NPPERS*) between pre-IFRS15 and post-IFRS15 regimes across the selected firms in Nigeria (*see* Table 4.4).

**Discussion of findings**

The study examined the nexus between IFRS 15 and earnings persistence in Nigeria. Following the empirical analysis using test of difference, it was discovered that there is a significant difference in the magnitude of operating earnings persistence before and after the implementation of IFRS 15 across the selected firms in Nigeria. Meanwhile, a weak significant difference was observed in net profit persistence before and after the implementation of IFRS 15 across the selected firms in Nigeria. These results support the findings from the studies of Oto & Ola (2024) and Chude & Chude (2023), while it disagrees with studies of Egbe (2023).

**Conclusion and Recommendations**

The study examined the impact of IFRS 15 on earnings persistence utilizing operating profit persistence, and net profit persistence as surrogates of earnings persistence. It collected secondary data from sources such as the S&P Capital IQ and annual reports of one hundred and three (103) firms listed on the Nigerian Exchange out of a population of one hundred and fifty nine (159). Purposive sampling technique was adopted to select the samples, informed by availability of complete dataset.  The period covered was between 2012 and 2023. IFRS 15 became effective in 2018 in Nigeria. Therefore, the period of the study was divided into the Pre-IFRS 15 (2012 to 2017) and Post-IFRS (2018 to 2023) regimes. Mann Whitney U non-parametric test was employed to test the four hypotheses. Result indicated that there is no statistically significant difference/ Finding showed that there is statistically significant difference in operating earnings persistence (*OEPERS*) between pre-IFRS15 regime and post-IFRS15 regime. However, the study also documented evidence that there is a weak statistically significant difference in net profit persistence (*NPPERS*) between pre-IFRS15 regime and post-IFRS15 regime. While these results provide further support for theoretical postulations of the agency and stakeholders, it concluded that the impact of IFRS 15 on earnings persistence significant.

Following the above findings, the study makes the following recommendations:
  i.   The Financial Reporting Council (FRC) of Nigeria, working with the International Accounting Standard Board (IASB) should provide review IFRS 15 to address some of the grey areas in order to the improve the quality-related offerings of the standards.
 ii.   The Financial Reporting Council (FRC) of Nigeria is also advised to adopt strong measures geared to domesticating this important standard to make it reflect local realities and then improve quality.
iii.   There should also continuing training and other capacity development efforts for accountants in Nigeria aimed at building their professional competence especially in the area of financial reporting.
 iv.   Sanctions should be meted out on erring practitioners in order to discourage fraudulent revenue recognition, amongst other financial reporting infractions.

This study has contributed to the body of knowledge by examining the impacts of IFRS on financial reporting quality in Nigeria. In the light of limited evidence, specifically, this investigation offers fresh insights into how IFRS 15 has impacted earnings persistence, using operating earnings as a proxy, while utilizing net profit persistence to determine the stability of the results. With the evidence provided, it highlights that, arguably, the far-reaching provisions of IFRS 15 geared at improving the quality of revenue recognition and then earnings appeared to be improving the persistence of earnings amongst listed firms in Nigeria since its adoption in 2018 in Nigeria.

It offer practical insights to the standard-setters such as the financial reporting council of Nigeria and the International Accounting Standards Board. Methodologically, the use of Mann-Whitney *U*, a non-parametric test which is often neglected in IFRS literature enriches it and future studies could reference, especially in situations where there are questions around the normality of the data.

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