Effect of Segment Reporting Practice on Investors Decision Making: A Comparative Analysis of Nigeria and South Africa

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DOI: https://dx.doi.org/10.47772/IJRISS.2024.804095

Received: 16 March 2024; Revised: 30 March 2024; Accepted: 04 April 2024; Published: 10 May 2024

ABSTRACT

Aim: Segment disclosure is expected to present essential information to meet the increased need of demand for published corporate disclosure of firms by stakeholders worldwide. This study examined the effect of Segment Reporting Practises on Investors' Decision Making: A Comparative analysis of Nigeria and South Africa.

Methodology: The research design was *ex post facto*. As of the end of 2023, the study's population included 66 firms from the Johannesburg Stock Exchange and 46 multinational corporations listed on the Nigeria Exchange Group.15 businesses from each of the two stock exchanges were chosen using the purposive sampling method. Data were obtained from the audited annual reports of the companies from the period 2015 to 2022 and analyzed using Panel regression analysis.

Results: Findings revealed that segment reporting practices have an insignificant effect on investors' decision-making of multinational firms in Nigeria while on the decision-making of investors for multinational companies in South Africa, segment reporting practice can be argued to have a considerable impact.it can be said that segment reporting practice has a significant effect on investors' decision-making of multinational firms in South Africa.

Conclusion: This comprehensive panel regression analysis delved into the intricate relationship between segment reporting practice, leverage, firm size, and investors' decision-making for multinational organisations in both Nigeria and South Africa.

Recommendation: The findings offer nuanced insights into how these factors contribute to shaping investment decisions, as measured by share prices, in the respective countries. While the results vary between the two nations, they collectively underline the complexity of factors influencing investors' choices and highlight the need for a tailored approach to decision-making frameworks.

INTRODUCTION

In the business world globally, Investment decision-making is a crucial aspect of finance which involves analyzing available information to make informed choices that align with an investor's objectives and constraints. Investors make investment decisions to allocate their financial resources in ways that maximize returns while managing risks effectively. Risks connected with various investment opportunities are weighed by potential buyers and they take into account things like market volatility, the state of the economy, new regulations, and the dangers unique to the organisation (Adeniji & Adekoya, 2021). To make decisions that are in line with their risk tolerance, investors need to understand and assess its hazards. Assessing potential returns is essential for aligning investments with financial goals which makesthe investment decision-making process complex with a combination of financial knowledge, analytical skills, and understanding of individual preferences. If properly executed, it can lead to the optimization of an investment portfolio that aligns with an investor's risk profile and financial aims (Siyanbola, et. al., 2018).

Investment, whether it comes from inside the country or from outside it, is one of the most crucial variables in figuring out how quickly a country's economy is expanding. Nawzad (2020) opined that commercial transactions and foreign direct investments are the two components that contribute the most to the overall processing of any nation's economic development. According to Nawzad et. al. (2021), investments lead to a rise in output as well as employment, which in turn leads to the formation and accumulation of wealth. The United Nations Summit in 2015 placed an additional emphasis on the significance of sustainable development, which involves balancing the promotion of economic progress with the protection of social and environmental concerns. Since then, economic progress has made it necessary for commercial organizations to adapt economic models that were previously focused solely on maximizing profit to take into account social and environmental factors (Abdullah et al., 2021).

In order to address the growing need for public corporate disclosure of businesses by stakeholders globally, segment disclosure is anticipated to give crucial information.According to Akuchi et al. (2002), a number of firm-specific traits may influence investors' decisions in addition to the quality of segment disclosure.As a result of numerous corporate scandals, unexpected global corporate failures, business failures, and financial crises, government, regulators, academics, investors, practitioners, financial analysts, and other stakeholders demand greater and more detailed corporate accountability and transparency from the corporate world for the resources at their disposal (Faith & Akhidime 2015).

Accumulated financial statements are no longer sufficient to assess a company due to the growth and complexity of organisations, which are now operating globally in a variety of industries (Silpa, 2021). Financial analysts and others have recognised the need for disaggregated disclosures to aid in decision-making. Due to these requirements, segment reporting emerges as a way to enhance the informational content of financial statements by assisting users in understanding the entity's performance and more accurately estimating future cash flow streams that are influenced by various economic environments. It also allows users to more effectively estimate risks and future prospects.

Businesses have become more diverse as a result of their growth and globalisation, creating a variety of business lines and operating in multiple regions. These businesses see segmental information as a crucial management tool because it enables them to track performance, allocate resources, and develop successful market strategies (Akuchi, et.al., 2022). On the other hand, it gives consumers of the financial statements a better knowledge of the entity's performance, gives them access to the company's potential profitability, and helps them make better choices regarding the activities of the business. For those who establish standards, segment reporting has always been a problem. Due to the International Accounting Standards Board's (IASB) publication of certain standards, particularly the IFRS 8 Operating Segments, which became applicable for accounting periods beginning on or after January 1, 2009, there has been a significant impact (Akuchi, et.al., 2022).

Ugwuanyiet. al. (2012) and Obi and Ehiedu (2020) stated that the value of a decision-maker is enhanced by a more detailed information structure compared to a less detailed one. This principle is a fundamental aspect of the arguments supporting the significance of segment disclosures (Kajüter & Nienhaus, 2017). Analysts and investors advocate for the adoption of segment reporting (Ehiedu, et. al., 2021), asserting that it facilitates the evaluation of risk profiles and growth prospects of diversified entities. Furthermore, it enables the seamless integration of entity data with external information (Wan, 2016), thereby enhancing the precision and reliability of earnings forecasts (Ehiedu, et. al., 2020). Previous studies (Ehiedu & Toria, 2022; Wanjere, et. al., 2018) provided evidence that early segment reporting efforts are associated with improved accuracy.

The purpose of segment disclosure is to provide crucial information in response to the growing demand for publicly available company information from stakeholders globally. Nevertheless, the level of segment transparency may be impacted by many firm-specific characteristics, which in turn might affect investors' decision-making (Akuchi, Egbunike & Oduche, 2022). Due to a multitude of corporate scandals, unexpected collapses of major corporations worldwide, business failures, and financial crises, various stakeholders such as government officials, regulators, academics, investors, practitioners, financial analysts, and others have expressed a growing need for comprehensive and enhanced corporate accountability and transparency in relation to the resources available to corporations (Faith & Akhidime, 2015).

The significance of segment reporting in providing valuable information to investors, stakeholders, and financial analysts has been extensively acknowledged via several studies conducted since the late 1960s (Deppe & Omer, 2000). The primary objective of the voluntary provision of segment information is to mitigate information asymmetry, a phenomenon that is constrained by the presence of relevant private costs. The expenses associated with the presentation and distribution of segment information should be taken into account. The production of segment reports poses challenges due to several technological requirements, including segment definition, transfer pricing or overhead allocation, and geographical closeness. This assertion has particular validity in cases when the revealed segments fail to include internal business divisions and statutory sub-entities. However, in circumstances where the reported segments align with the organizational structure of the reporting entity for management reasons, such as internal divisions or legally recognizable organizations, the generation of segment information becomes much more feasible. This is primarily due to the fact that the segment information is often already accessible for internal information requirements.

Several studies, including Ailwan et al. (2013), Al-Jabali and Ata (2014), Dutta and Nezlobin (2016), Klinskhon and Ussahawanitchakit (2016), and Siyanbola, Enyi, Adegbie, & Nwaobia (2018), have been conducted. Studies were conducted in several nations to examine the influence of accounting information sharing on investment choices. As far as researchers are aware, no study has assessed the influence of segment reporting on investors' decision-making, particularly via a comparison investigation of companies from two distinct countries. The purpose of this research is to address the existing gap in the literature. Hence, this research aims to examine the practice of segment reporting and its impact on investors' decision-making: An examination comparing enterprises from Nigeria and South Africa.

The study will help the government, regulators, academics, financial analysts, and other stakeholders to demand more thorough and increased corporate accountability and transparency of businesses with the resources at their disposal to help reduce corporate scandals, unanticipated collapse of large companies, business failure, and financial crises. Therefore, this study seeks to investigate segment reporting practice and its effect on investors' decision-making: A comparative analysis of Nigeria and South African firms. The remaining sections of the paper are structured as follows; the second section deals with a review of concepts, theories, and empirical studies. The third section shows the methodology used for the study, fourth section analysed and explains the data collected. The fifth section shows the conclusion and recommendations of the study.

LITERATURE REVIEW

This examined the relationship among the variables through adequate reviews, the theories, and reviewed empirical studies.

Investors' Decision Making

Zayol, et.al. (2017) opined that investment is making a commitment with current cash or other resources with the expectation of receiving a payoff in the future The word "investor decision" refers to the choice that individual investors make about long-term financial commitments that often span many years and include long-term effects like rewards, risk, uncertainty, and the evolution of the value of money.The amount of money frequently invested in commercial ventures is fairly large, and the amount of time needed before the projected return may be viewed as extremely long. The decisions made by investors have a significant impact on the core components of a company as well as the path it will take. As a result, a choice that the organisation makes on investments that are unsuitable may have serious adverse effects on the organisation. According to the definition. According to Pandey (2010), the most important consideration in making investment choices is how efficiently money will be used. It involves making the decision to put money into investments with a longer-term horizon. These kinds of decisions are very important for both the company and the individual since they have an effect on growth, profitability, and risk, and as a result, determine the value and size of both the company and the individual.

One of the most important aspects of a performance manager's work is to collect and present data that may be used as a resource when making choices on the allocation of capital funds. According to Efni (2017), investment choice is one of the elements that determine corporate value, and investment decision is correlated with corporate value. This finding supports the hypothesis that investment decision is related to corporate value. Notable among the other aspects is the distribution of cash as well as the sourcing of finance (which may originate from both inside and outside the firm). Such is the allocation of funding to both immediate and long-term projects and goals. The investment choice made by the corporation aims to maximize the Net Present Value (NPV) since an increase in real assets would result in an increase in NPV that is positive. Efni (2017) hypothesized that investment choices had a large direct influence on the value of the company. It should go without saying that making the appropriate choice regarding investments will lead to an increase in the overall worth of an organisation. However, when referring to the "right investment," it is assumed that a wise investment decision is one that might produce a positive net present value. This suggests that the investment choice may result in a return larger than the firm's weighted average cost of capital.

Decision-makers in charge of investing are provided with a choice of tools to analyse and choose between multinational initiatives that are incompatible with one another. The commitment of capital that is made with the intention of a good rate of return is one definition of an investment. The expectation of returns is one of the most important aspects of an investment. It is an activity that is carried out by those who have money stored up; in other words, investments are made from money saved. People choose to invest their money, however, Essien and Ntiedo (2018) point out that not all savings qualify as investments. Nearly all investors have the same primary objective in mind, which is to achieve the greatest possible rise in investment value while taking the fewest possible risks. According to Siyanbola et al. 2020, investors are rational beings who make use of various financial instruments and organise their investments according to various risk-return factors.

The kind of financial information that a person needs while investing in or selling their stake in a firm may be explained with the help of portfolio theory, which can be applied in this context. Individual investors can reduce the impact of risk by engaging in a practice known as portfolio diversification (Siyanbola, Enyi, Adegbie, & Nwaobia, 2018). Portfolio diversification involves dividing an investor's capital between multiple companies, one of which may provide insufficient information while the other may provide full and adequate information. There are three ways to measure investment decisions: the number of shares traded, the market value of shares, and the volume of new issues within the time. Each of these approaches has its own advantages and disadvantages.

Segment Reporting

Segment reporting can be defined as separately reporting financial figures of the divisions, subsidiaries, or other segments of a company (Akuchi, Egbunike & Oduche, 2022). It separates the consolidated financial reports into segments thereby providing a breakdown of firm financial statements. Bergerand Hann (2007) opined that the use of segment reporting should make a company's resource transfers and diversification policies clear.The International Accounting Standards Board (IASB) responded to analyst requests for more detailed segment information by releasing International Financial Reporting Standard 8 (IFRS 8) Operating Segments on November 30, 2006. From a global perspective, this replaced IAS 14 Segment Reporting. The idea is to ensure that the Chief Operating Decision Maker (CODM) has access to and reviews all relevant internal data in order to provide users of accounting information with an accurate picture of the company's financial status and performance. Users of financial information seek proper disclosures to understand management approach and aid their perception of the company which in turn influences their decisions (Akuchi, Egbunike & Oduche, 2022).

Following requests from the investment community and as part of international harm on isation initiatives, segment reporting requirements have been expanded globally. IASB's IFRS 8 Operating Segments standard and SFAS 131 are two examples of current segment reporting standards.Research studies in accounting have revealed a detectable variation in the level of segment disclosure between listed reporting firms, which raisesthe need for regulators to closely monitor how the statutory segment disclosures are being executed.The management approach to segmentation, according to Kajüter and Nienhaus (2017), is concentrated on how management splits the company into segments to make operational decisions.

The broken-down components referred to as operational segments may be discerned from the organisational structure of the organisation. The disclosures related to segment reporting should include segments that are not consolidated or reported separately, either as an item that is non-allocated and reconciled or as an "all other" head. Even if the prerequisites are not met in the current period, a segment should nevertheless be reported separately, if it was previously reported separately and has been determined to have ongoing significance. Moreover, in cases where it is feasible, it is advisable to provide a distinct segment that meets the 10% requirement for both the current and prior periods, even if it was not initially reported. Price water house Coopers (2008) claims that the establishment of segments as accounting areas of responsibility has to do with a number of factors, inclusive of top managers' management style, the environment in which the company operates, the company's strategy as it has been developed, the size of the company, its organisational structure, its business operations, and its management's aptitude for correctly identifying the proper areas of responsibility within the organisational structure as it has been observed. According to Ibrahim and Jaafar (2013), the management strategy used in this standard will act as a conduit to maintain the free flow of classified information, thereby reducing the likelihood of information asymmetry as a result of agency conflicts (Akuchi, Egbunike, and Oduche, 2022).

According to Faith & Akhidime (2015), segment reporting comprises disseminating data regarding the financial statements and operations of the many segments that make up a firm.In its annual financial report, a corporation includes comprehensive descriptions of the operations of each operational segment as supplemental or additional disclosures to its financial statements.According to International Financial Reporting Standard 8 (IFRS 8), "Segment Disclosure," operational segment information is required to help users of financial statements better understand the performance of the entity, regarding the financial results and the position of the most important business units or segments, which can serve as the basis for investment decisions, to more easily access the entity's risks and returns and to make more educated judgments about the corporation as an entire entity. The performance and future prospects of a certain division of the business may be of more interest to consumers of financial statements than the business as a whole, according to one argument (Faith & Akhidime 2015).

THEORETICAL REVIEW

Agency Theory

Diversification is generally in management's best interests, according to agency theory, regardless of the actual efficiency of an investment from the viewpoint of the shareholder. In particular, managers have incentives to diversify their businesses in order to (a) increase their influence, compensation, and benefits (Jensen, 1986; Stulz, 1990); (b) lessen their personal employment risk (Jensen and Murphy, 1990), intimately tied to business risk (Amihud and Lev, 1981); and (c) solidify their positions. In other words, they want to make their worth more valuable compared to that of possible replacement managers. As a result, managers often spend excessively and expand their businesses beyond the point where they should. Investing in unprofitable ventures rather than returning capital to shareholders would probably result in a decrease in the firm's value since investment amount and kind are not always value-maximizing (Kajüter & Nienhaus, 2017).

Decision Usefulness Theory

When looking at financial disclosures, many previous studies have utilized decision usefulness theory to determine the types of information that users find helpful for the decision-making process. This was done in an effort to find out the kind of information consumers find useful. (see, for example, Lee and Tweedie's work from 1979; Berry and Robertson's work from 2006; Mardini's work from 2012). According to Gautier and Underdown (2001), decision usefulness theory describes the process of providing investors with adequate information to assist them in formulating accurate forecasts of the future performance of a company. For the sake of making decisions, financial information must be presented in a manner that is not only intelligible but also relevant, dependable, and comparative. Because it will make it possible to investigate the perspectives of external auditors, preparers, and users about this new segmental reporting standard, the implementation of the decision usefulness theory in this study is justified. In addition to the IASB and FASB adopting the convergence project, Faith and Akhidime (2015) report that the two boards also approved the decision's usefulness inside their combined framework.

EMPIRICAL REVIEW

Empirical Studies in Nigeria

The effect of segment reporting on investor trust in Nigeria was examined by Essien (2023) in his study.A sample of companies selling consumer goods listed on the Nigerian Exchange Group market is used by the researcher to collect data.In this study, annual stock returns are used to measure the dependent variable or the level of investor confidence. The total number of subsidiaries and the number of international subsidiaries are the two independent variables used for this study. Furthermore, in line with the relevant extant literature, we included a control measure in our model by including the variable of capital structure, which was evaluated based on the debt-to-assets ratio. The present study used an ex post facto research design. The study is conducted using a longitudinal design, including a duration of 10 years. From 2011 through 2020, individuals employed businesses listed on the floor of the Nigerian Exchange Group (NGX) were included. Purposive sampling is the name given to the method of selection utilized in this study since the firms that were included in the sample were chosen based on predetermined standards. The final sample size consisted of 16 different consumer products companies that were listed. The selection of this particular figure was predicated upon the availability of data spanning a decade, including all factors under investigation. The study endeavour included econometric techniques referred to as robust regression processes. Based on the research results, it can be concluded that the presence of subsidiaries has a modest nevertheless favourable effect on investor trust. The study results suggest that there is a positive and significant relationship between the presence of foreign subsidiaries and investor confidence. The empirical outcomes of this study provide support for the proposition that segment reporting engenders more confidence among investors.

Adeniji and Adekoya (2021) looked at the effect that budget performance reporting had on the investment choices made by a number of Nigerian companies that were listed but not in the banking sector. The research was conducted using survey research designs, and the population consisted of 54 listed non-financial enterprises from Nigeria. 510 respondents were chosen using the purposive selection method from a sample frame consisting of 34 different organisations. A standardised questionnaire was utilised to gather data, and the results were verified using Cronbach Alpha, which yielded coefficients ranging from 0.772 to 0.907 with a response rate of 97.2%. A combination of descriptive and inferential statistical methods was used to do the analysis and validation of the data. According to the findings of the research, (R2 = 0.300 =0.620, t (484) = 14.400; p0.05), performance reporting has a considerable impact on the investment choices made by corporations. According to the findings of the research, performance reporting has an impact on corporate investment choices for a variety of stakeholders within a limited group of nonfinancial enterprises listed in Nigeria. According to the findings of the research, those who are responsible for making choices about business investments should take into account the presence of performance reporting in addition to the audited financial statement.

Sanyaolu, Odunayo, Akintan, and Ogunmefun (2020) conducted research on how analysing financial statements factors into the investment decisions made by Nigerian deposit money banks. The research strategy we settled on was called “ex post facto,” and the information we used came from the annual reports and financial statements of the 10 institutions we examined. Research hypotheses were tested using fixed-effect regression analysis. Profitability was shown to have a statistically significant (P 0.05) beneficial influence on investment decisions, whereas financial leverage and liquidity did not (P > 0.05). Conclusions drawn from the data show that the analysis of financial accounts has a significant and positive joint effect on investment decision-making. According to the research, banks should always evaluate their profitability and financial statements to entice additional investors.

The study by Faith and Akhidime (2015) examines the determinants of segment disclosure in Nigerian firms. Studies were consulted for information on firm size (FMS), profitability (PROF), financial leverage (FINLEV), industry classification (INDST), and company age (COMA).From the pool of companies listed on the Nigeria Stock Exchange, 65 were chosen for this study.It examined the data using the LOGIT regression analysis methodology.The findings of this study indicate that firm size (FMS) is a weak but significant factor in firms disclosing their segmental activities; company age (COMA) and industry type (INDST), with p-values of 0.0017 and 0.0006 respectively, have positive significant relationship with segment disclosure (SD); and profitability (PROF), with a negative but insignificant relationship with segment disclosure (SD), but failing the 10% sig. This is essential to improve market segmentation among Nigerian public enterprises.

Odia and Eriabie (2015) investigated the factors that determine segment disclosures in accordance with SAS 24 and /FRS 8, as well as the effectiveness of such disclosures for decision-making. The population that was sampled consisted of 126 chartered accountants in Benin, Edo State, in addition to the 15 banks that were listed on the Nigerian Stock Exchange during the years 2010 and 2013. Based on the statistics, it seems that following the introduction of IFRS 8, there was a 10% rise in the segment disclosures. A substantial difference was found between the operating segment disclosure practises of Nigerian banks before and after the implementation of IFRS 8, according to the results of a paired t-test. The data thus suggest that Nigerian banks presented more granular and disaggregated segmental information. In addition, whereas profitability and the pace of sales growth have a large positive association with segment disclosures, the latter two factors have a negative relationship with segment disclosures. There is a negative correlation between the segment disclosures and the age and size of the firm. Again, the vast majority of respondents were of the opinion that the IFRS 8 provided a higher level of decision-usefulness than the SAS 24. As a result, the report suggests that the regulatory authorities in Nigeria should make it mandatory for Nigerian banks and other businesses to divide information that is related to their operations.

Siyanbola, Enyi, Adegbie, and Nwaobia (2018) conducted a study to examine the influence of mandatory disclosures of accounting information on investment decisions within the consumer goods industry of the Nigerian economy. This research effort explored the possible theoretical foundations of the Positive Accounting Theory and Portfolio Theory. Data was collected from the audited financial reports of eight out of the twenty-two businesses engaged in the consumer goods category and listed on the Nigerian Stock Exchange in 2016, using purposive judgment sampling. The temporal scope of these reports included the years 2007 to 2016. Prior to the development of a definitive regression estimate, the series underwent pre-estimation and post-estimation testing. These findings indicate that there is no presence of first-order auto correlation. The final regression analysis demonstrates a positive and substantial association between investment choices in the consumer goods sector of the Nigerian economy and both the IFRSDI and the Rin DI. The volume of shares traded has a value of 146.75 ($p = 0.00$), while the market value of shares has a value of 825.53 ($p = 0.00$). Based on the study results, accounting information disclosures emerge as a significant determinant in the investment decision-making process pertaining to consumer goods businesses in Nigeria. Prior to making any investments in business entities in Nigeria, it is recommended that prospective investors always prioritise the need for adequate disclosure of accounting information from these corporate businesses.

Ajayi-Owoeye, Akinwunmi, Olayinka, and Pelemo (2022) conducted a study to examine the impact of financial reporting quality on investment choices within the context of Nigerian manufacturing companies that are listed on the stock exchange. The study used an ex-post facto research design as its research methodology. The study sample included 52 manufacturing enterprises that were officially listed on the Nigerian market as of December 31, 2020. In order to facilitate this study, a deliberate selection was made of 10 organisations based on the availability of data and the entire asset base within the sampling time period (2011-2020). The data were subjected to analysis using descriptive and inferential statistics, namely Multiple Regression. Based on the available data, it can be shown that there exists a significant correlation between the quality of financial reporting and the market price per share of manufacturing enterprises listed in Nigeria (Adj.R^2= 0.316560, $F(3)$= 16.28516, $p<0.05$).The study results indicate that the financial reporting quality of listed manufacturing enterprises in Nigeria has a significant influence on the market price per share. The implications of the research findings are significant for investors, as it is crucial for them to comprehend the intricacies of financial reporting quality, including timely loss recognition, information transparency, accounting conservatism, and earnings quality.

Akuchi, Egbunike, and Oduche (2022) conducted an empirical study to investigate the influence of Listing age and Firm size on the segment reporting of Consumer goods manufacturing businesses that are listed on the Nigerian Exchange Group floor in the IFRS-post adoption phase. The dependent variable, Segment reporting, was assessed using the obligatory disclosure check list for IFRS 8 (Disclosure Index), whereas the independent variable, corporate qualities, was split into two parts: Listing age and Firm size. A content analysis was utilised to collect the data of thirteen (13) selected companies from the annual reports of those companies that were compliant with IFRS in 2015–2019. This study uses an ex-post facto research strategy for its methodology. SPSS was used to conduct the analysis, and the ordinary least squares (OLS) regression statistical approach was used to analyse the data that was produced for the research. According to the findings, the Listing age of businesses has a positive and substantial influence on segment reporting of

Consumer goods manufacturing firms in Nigeria, while Firm Size has a positive but negligible effect on segment reporting. In conclusion, older businesses have a greater responsibility to disclose their segmental operations, which has the potential to entice a greater number of investors. This is particularly true given that factors other than company size may have a bigger influence on segment reporting. Therefore, it was advised that every publicly traded company, regardless of its size, should implement mandatory segment reporting. Additionally, the Financial Reporting Council and other regulatory bodies need to step up their efforts to ensure that businesses are in compliance with the criteria outlined in IFRS 8.

Empirical Studies Outside Nigeria

The study carried out by Nawzad, Rezan, Shahla, and Diyar (2021), aims to investigate the impact of financial reports on the rationalization of investment decisions in Iraq as well as the corporate attitude toward the disclosure of financial information in accordance with international accounting standards. Additionally, the study intends to show how financial reports can help investors rationalize their choices of investments and to highlight how important it is for them to disclose a wide range of accounting and financial data, which is essential for making wise choices.An examination of a representative sample of 15 earlier studies on the subject was conducted as part of the study's systematic review technique. SPSS was utilized to analyze the secondary data. Based on the study's findings, it is clear that financial reports that are industry-specific are essential for giving investors the information they need to make wise investment choices in the context of Iraq.The results of the study also show that the degree of financial report content knowledge among investors, the degree of financial statement transparency, and the accessibility to complete financial report access are all significant factors in the justification of investment choices in the context of Iraq.

In her study conducted in 2016, Manuela examines the effectiveness of International Financial Reporting Standard 8 (IFRS 8), which has been implemented since 2009, on Italian companies listed on the stock exchange. The study focuses on the period from 2008 to 2012 and investigates the relationship between the extent of segment disclosures and several firm-specific elements that may impact the decision-making process regarding disaggregated disclosure policies. Manuela's research primarily focuses on the impact of IFRS 8 on segment disclosures and the characteristics of organisations. The results suggest that, on average, the adoption of the new standard did not lead to significant modifications in the segment disclosures, as had been previously anticipated according to IAS 14R. This finding indicates that the International Accounting Standards Board's (IASB) anticipated outcomes were not achieved, which is a regrettable occurrence. Furthermore, a technique known as fixed-effect regression was used to demonstrate the inverse relationship between the level of sector disclosure and other factors such as growth rate, size, profitability, and ownership diffusion. The favourable correlation between ownership diffusion and these parameters was shown by empirical evidence.

METHODOLOGY

A research design known as ex-post-facto was used for this investigation. The population of this research comprises 66 firms from the Johannesburg Stock Exchange and 46 multinational corporations listed on the Nigeria Exchange Group as of the 31st of December in the year 2023. The study's sample was selected from the whole population with the use of purposeful sampling, and this selection was then acted as the research sample. This research focuses on thirty companies that are listed on the Nigerian stock market and the Johannesburg stock exchange as of the end of the year 2023. To ensure that the sample is representative of the population, fifteen companies were drawn at random from each stock exchange market. The justification for the sample is to ensure that high-capitalized firms whose annual reportsare publicly available and assessable were selected. The annual reports and accounts of companies, in addition to a few books on the Nigerian stock market, were combed through in order to get secondary data. Both inferential and descriptive

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IV April 2024

statistics were calculated with reasonable effort.

Model Specification

The focus on investigating segment reporting practice and its effect on investors decision making: A comparative analysis of Nigeria and South Africa firms. Based on the research objectives developed in the literature reviewed, the model below which was used in past studies such as: (Akuchi, Egbunike & Oduche, 2022; Adeniji, & Adekoya 2021; Siyanbola, Enyi, Adegbie, & Nwaobia, 2018) will be modified for this study; Mathematical and Econometric specifications;

INVSD= *f(*SR*)* ———————————*(1)*

INVSD (i, t) = $\alpha 0$ + SR_{it} + $Size_{it}$ + $Leverage_{it}$ + LIS_{it}+ μ……… (2)

Where; *INVSD= Investor decision. SR= Segment Reporting, Size is Firm Size; LEVERAGE is Leverage; LIS is Listed Age*

The above model is now mathematically expressed below;

$INVSD_{it} = \partial_0 + \partial_1 SR_{it} + \partial_2 Size_{it} + \partial_3 Leverage_{it} + \mu_{it}$ ——— *(3)*

Where:

Where; *INVSD= Investor decision. SR= Segment Reporting, Size is Firm Size; and LEVERAGE is Leverage.* μ_{it} = Model disturbance term; i = total of sampled cross-sectional firms, t = time period of the sampled companies. $\partial_1 - \partial_3$= coefficient of the variables,

Table 1. Measurement of Variables

Variable	Definition	Measurement	Source
INVSD (Dependent variable)	Investor decision	Measured by the company Share price	Sanyaolu, Odunayo, J., Akintan, Ogunmefun, (2020)
SR (Independent variable)	Segment reporting	Total number of subsidiaries	Akuchi, Egbunike & Oduche, 2022; Faith, & Akhidime (2015)
Leverage (Control Variable)	Leverage of selected firm	Long-term debts/ total assets.	Adeniji, & Adekoya 2021; Siyanbola, Enyi, Adegbie, & Nwaobia, 2018
SIZE (Control Variable)	Firm size	natural logarithm of total assets	Adeniji, & Adekoya 2021; Siyanbola, Enyi, Adegbie, & Nwaobia, 2018

Source: Researcher's Compilation, 2024

DATA ANALYSIS AND DISCUSSION OF FINDINGS

This section presents both the descriptive and inferential analysis of segment reporting practice and its effect on investors' decision-making: A comparative analysis of Nigeria and South African firms. The results from various diagnostic and specification tests as well as results from the test of the various stated objectives and the discussion of the findings was made based on each objective.

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IV April 2024

Descriptive statistics

The descriptive statistics of Nigerian companies are shown in Table 2. This table gives the mean, standard deviation, minimum, and maximum values for both outcome and predator variables. In this research, descriptive statistics takes into account essential aspects like the range of values for a given variable, as well as its minimum, maximum, mean, and standard deviation. This is so that the study can explain how the variables behave individually.

Table 2: Nigeria MNC Firms Descriptive Statistics

	INVSD	SR	SIZE	LEVERAGE
Mean	696.1028	6.983333	7.741578	1.314420
Median	12.29657	5.500000	7.849279	0.844086
Maximum	16281.00	21.00000	11.16637	15.11737
Minimum	0.750000	1.000000	5.033231	0.001791
Std. Dev.	2234.764	5.781720	1.292292	2.650506
Skewness	4.596958	0.972119	0.030881	4.467211
Kurtosis	26.93312	3.022888	2.255090	21.57309
Jarque-Bera	3286.611	18.90294	2.793530	2123.917
Probability	0.000000	0.000079	0.247396	0.000000
Sum	83532.34	838.0000	928.9894	157.7305
Sum Sq. Dev.	5.94E+08	3977.967	198.7321	835.9964
Observations	120	120	120	120

Source: Researcher's Computation, 2024

Table 2 shows the Nigeria firm descriptive statistics of explanatory and explained variables for this study. It indicated that the extent of average investor decision measured by share price (INVSD) of the sampled multinational firms in Nigeria was 696 with a minimum and maximum of 0.75 and 16281 respectively. The results also, reveal that a standard deviation of 2234.764 indicates high variability across the sampled firms. As indicated in Table 2, the average segment reporting practice of multinational firms measured by the number of subsidiaries is 7, with a standard deviation of 6. This suggests that segment reporting practice across the sampled Multinational firms in Nigeria is not widely dispersed as it is statistically proven by a standard deviation of 6. This indicates that on average, Nigeria MNC has an average of 7 subsidiaries.

Also, the firm size of the MNC firms measured by the log of the total assets stood at 7.741578 on average with a standard deviation of 1.292292 showing that the distribution is not widely dispersed. The descriptive statistics further revealed that the distribution of the firm size is normally distributed by the Jarque-Bera P-value of 0.247396 which is insignificant at a 5% significant level. Lastly, the mean value of leverage across the Nigeria MNC firms is 131%, while a deviation value of 2.650506 indicates that there is a high deviation of the data from the mean. In order words, Nigeria firms used 131% of their long term debt in servicing their total asset on average with the standard deviation indicating that majority of the sampled firms are far from the mean value.

Table 3: South Africa MNC Descriptive Statistics

	INVSD	SR	SIZE	LEVERAGE
Mean	2736.185	7.433333	6.337215	0.259025

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Median	110.5000	5.000000	6.525699	0.192695
Maximum	50477.00	42.00000	10.11160	0.935376
Minimum	7.390000	1.000000	3.486855	0.002129
Std. Dev.	9144.314	10.11342	1.554217	0.246420
Skewness	3.715467	2.474910	0.003347	1.267944
Kurtosis	15.71027	8.440942	2.361266	3.946865
Jarque-Bera	1083.849	270.5228	2.040127	36.63639
Probability	0.000000	0.000000	0.360572	0.000000
Sum	328342.2	892.0000	760.4658	31.08306
Sum Sq. Dev.	9.95E+09	12171.47	287.4551	7.225996
	120	120	120	120

Source: Researcher’s Computation, 2024

In the same view, considering 120 observations from South African economy, Table 3 shows the South African firm descriptive statistics of explanatory and explained variables for this study. It indicated that extent of average investor decision measured by share price (INVSD) of the sampled multinational firms in South African is 2736 compare to 696 of Nigeria MNC with a minimum and maximum of 7.39 and 50477 respectively. This comparison of the two nations shows that South Africa Multinational firms has a higher share price as compare to Nigeria Multinational companies. The results also, reveal that standard deviation of 9144.314 in dicating high variability across the sampled firms.

As indicated in Table 3, the average segment reporting practice of multinational firms in South Africa measured by the number of subsidiary is 7, with a standard deviation of 5. This suggests that segment reporting practice across the sampled Multinational firms in Nigeria is not widely dispersed as it is statistically proven by standard deviation of 6. This indicating that on average, South Africa MNC has an average of 7 subsidiaries. This is similar to that of Nigeria MNC firms

Also, the firm size of the MNC firms measured by the log of the total asset stood at 6.337215 on average with the standard deviation of 1.554217 showing that the distribution is not widely disperse. The descriptive statistics further revealed that the distribution of the firm size is normally distributed by the Jarque-Bera P-value of 0.360572 which is insignificant at 5% significant level. Lastly the mean value of leverage across the South Africa MNC firms is 25% as against the 131% of Nigeria MNC firms, while deviation value of 0.246420 indicates that there is a very low deviation of the data from the mean. In order words, South Africa firms long term debt account for only 25% of their total asset on average with the standard deviation indicating that majority of the sampled firms are far from the mean value.

Correlation Matrix of Dependent and Independent Variables

The correlation matrix shows the relationship between each two pairs of variable in the model. The correlation matrix is a preliminary test to also check for possibility of multi-collinearity. However, in this study, further test of multi-collinearity was conducted using the variance inflation factor (VIF) and Tolerance Value (TV).

Table 4: Correlation Matrix of Nigeria Multination Companies

Correlations					
		INVSD	SR	Size	Leverage
INVSD		1			

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SR		-.095	1		
	Probability Value	.304			
Size			-.055	1	
	Probability Value	.171	.548		
Leverage		-.080	.161	-.452**	1
	Probability Value	.382	.080	.000	
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Researcher's Computation, 2024

From the correlation matrix Table 4, it can be seen that, all the explanatory variables except firm size is negatively correlated with investor decision making of the MNC firms in Nigeria measured by their share price. The implication is that the above variables move in the opposite direction with the investor decision making of the MNC firms in Nigeria (INVSD). With respect to association among the independent variables themselves, the table reveals that there is positive and negative correlation between segment reporting practice (SR), Size and Leverage. However, leverage and segment reporting practises has the highest correlation of 16%, which is insignificant at 5%. As a result, the relationship between the variables themselves is not found to be significant to the extent that one can conclude that there is multi-collinearity. This holds true until the tolerance levels and variance inflation factors are much beyond the norm. There are a number of sophisticated metrics that may be used to assess the impact of multi-collinearity among the regressors, such the variance inflation factor (VIF) and the tolerance value.

Table 5: Correlation Matrix of South Africa Multination Companies

Correlations					
		INVSD	SR	Size	Leverage
INVSD		1			
SR		-.156	1		
	Probability Value	.089			
Size		-.441**	-.213*	1	
	Probability Value	.000	.019		
Leverage		.326**	-.010	-.377**	1
	Probability Value	.000	.916	.000	
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

Source: Researcher's Computation, 2024

From the correlation matrix table 5, it can be seen that, all the explanatory variables except leverage is negatively correlated with investor decision making of the MNC firms in Nigeria measured by their share price. The implication is that the above variables move in the opposite direction with the investor decision making of the MNC firms in Nigeria (INVSD). With respect to association among the independent variables themselves, the table reveals that there is negative correlation between segment reporting practice (SR), Size and Leverage. The relationship between the variables is not found to be significant enough to the point where one can conclude that there is multi-collinearity unless the variance inflation factor and tolerance

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values are comparatively above the established guideline. Leverage and segment reporting practises have the highest correlation of -1%, which is insignificant at 5%. As a result, leverage and segment reporting practises have the highest correlation of -1%. As a result, the tolerance value and variance inflation factor (VIF) are sophisticated methods for determining if the regressors are multi-collinear.

In comparison of the MNC in Nigeria and South Africa, it can be deduced that segment reporting practices and investor decision making of the MNC firms have negative relationship in both countries, nevertheless, this negative relationship is insignificant. Also, amongst Nigeria MNC, firm size is positively correlated with the investor decision making of the MNC firms while the firm size of the South African Multinational firms is negatively correlated with the investor decision making of the MNC firms. On the other hands, leverage seems to positively related of investor decision making of the MNC firms in South Africa while reverse is the case for Nigeria Multinational firms.

Multi-collinearity Test

When two or more regressor variables in a regression are strongly linked, this is known as multi-collinearity. One may accurately predict linearly from the others in this case. Utilising the Variance Inflation Factor (VIF) value, multi-collinearity is examined. If the VIF is less than 10 and the mean VIF is also less than 10, then no two independent variables may have the same function. A VIF over 10 indicates that two independent variables are serving the same function, and the independent variable with the highest VIF will be deleted. The VIF are used in this research to check the explanatory variable for multi-collinearity. In tables 5 and 6, the results of the multi-collinearity test are shown.

Table 6: South Africa MNC Variance inflation factor

	VIF	**1/VIF**
SR	.945	1.058
Size	.811	1.234
Leverage	.849	1.178

Source: Researcher's Computation, 2024

Table 7: Nigeria MNC Variance inflation factor

	VIF	**1/VIF**
SR	.974	1.027
Size	.795	1.257
Leverage	.777	1.287

Source: Researcher's Computation, 2024

A significant signal of multi-collinearity is present when the VIF value is more than 10. The lack of multi-collinearity among the explanatory variables was shown by a value of less than 10 in the VIF result. Regression coefficients are a reliable way for studies to estimate the magnitude of an independent variable's influence on a dependent variable. As a result, the study's overall conclusion is seen as being genuine since it is devoid of the negative effects of multi-collinearity.

Regression Analysis

Using a panel regression analysis, this study evaluated the impact of segment reporting practice on investors

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decision making using Nigeria and South Africa firms. Table 8 below revealed the panel regression analysis of segment reporting practice on investors' decision making of multinational firms in Nigeria. The cumulative correlation between the dependent variable and all the independent variables of 0.023674 shows that segment reporting practices with the control variable of firm size and leverage, jointly explained 2% of investors decision making of multinational firms in Nigeria and it is statistically insignificant at 5% as indicated with p-value of F-statistics 0.424963 while the remaining 98% are caused by other factors not captured in the model.

In addition, the panel regression Effect Model showed that segment reporting practice has a negative and insignificant effect (r = -33.17006, p = 0.3579) on investors decision making of multinational firms in Nigeria. Leverage and firm size has negative and positive effect (r = -12.76323, p = 0.8846; r =197.2935, p = 0.2697) on investors decision making of multinational firms in Nigeria measured by INVSD which is insignificant at 5% significant level.

Table 8: Nigeria MNCs Panel Regression Effect Model

Variable	Aprori Sign	Random Regression Effect Model
SR	+	-33.17006 (35.93340) {0.3579)
SIZE	+	197.2935 (177.8997) {0.2697}
LEVERAGE	+	-12.76323 (87.74281) {0.8846}
C	+	-582.8461 (1461.260) {0.6907}
Model Parameters		
R^2		0.023674
Adjusted R^2		-0.001576
F-statistic		0.937592
Prob(F-stat)		0.424963
Durbin-Watson		0.173469

Source: Researcher's computation, 2024

Table 9 below revealed the panel regression analysis of segment reporting practice on investor's decision

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making of multinational firms in South Africa. The cumulative correlation between the dependent variable and all the independent variables of 0.281265 shows that segment reporting practices with the control variable of firm size and leverage, jointly explained 28% of investors decision making of multinational firms in South Africa and it is statistically significant at 5% as indicated with p-value of F-statistics 0. 0000 while the remaining 72% are caused by other factors not captured in the model.

In addition, the panel regression Effect Model showed that segment reporting practice has a negative and significant effect (r = -222.7807, p = 0.0029) on investors decision making of multinational firms in Nigeria. firm size and Leverage have negative and positive effect (r = -2545.414, p = 0.0000; r =5947.788, p = 0.0631) on investors decision making of multinational firms in Nigeria measured by INVSD which is significant at 10% significant level.

Table 9: South Africa MNCs Panel Regression Effect Model

Variable	Aprori Sign	Random Regression Effect Model	
SR	+	-222.7807 (73.20866) {0.0029)	
SIZE	+	-2545.414 (514.4020) {0.0000}	
LEVERAGE	+	5947.788 (3170.099) {0.0631}	
C	+	18982.39 (3887.169) {0.0000}	
Model Parameters			
R^2		0.281265	
Adjusted R^2		0.262677	
F-statistic		15.13154	
Prob(F-stat)		0.000000	
Durbin-Watson		0.124950	

Source: Researcher’s computation, 2024

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DISCUSSION OF RESULTS

The panel regression Effect Model showed that segment reporting practice has an insignificant negative effect (r = -33.17006, p = 0.3579) on investors decision making of Nigeria's multinational firms. This connotes that for every one growth in the segment reporting practice by addition of one subsidiaries, the lower the investor's decision making of multinational firms in Nigeria measured by share price. Leverage and firm size has negative and positive effect (r = -12.76323, p = 0.8846; r =197.2935, p = 0.2697) on investors decision making of multinational firms in Nigeria measured by INVSD which is insignificant at 5% significant level.

In addition, the control variable firm size also tends to be a positive determinant factor of investors decision making of multinational firms in Nigeria measured by share price. The positive effect of firm size on investors decision making of multinational firms in Nigeria measured by share price shows that as the firm grows, there might be increase in investors decision making of multinational firms in Nigeria measured by share price. Lastly, leverage seem to have negative effect on investors decision making of multinational firms in Nigeria measured by insignificant share price. Hence, it can be said that segment reporting practice has an insignificant impact on investor's decision making of multinational firms in Nigeria.

Looking at the South African firms, the panel regression Effect Model showed that segment reporting practice has a negative significant effect (r = -222.7807, p = 0.0029) on investors decision making of South African multinational firms. This implies that a growth in the segment reporting practice by addition of one subsidiaries, it will lead to significant reduction of investors' decision making of multinational firms in South Africa measured by share price. Also, the positive effect of leverage on investors decision making of multinational firms in South Africa measured by share price shows that as the debt of MNCs grows, there will be significant increase in investors decision making of multinational firms in South Africa measured by share price. Lastly, Firm size seem to have negative effect on investors decision making of multinational firms in South Africa measured by share price which is significant at 5% significant level. Hence, it can be said that segment reporting practice has a significant impact on investors decision making of multinational firms in South Africa.

These findings presented align with the study carried out by Essien (2023), which looks at how segment reporting affects investor trust in Nigeria. Essien (2023) chooses samples from companies that provide consumer items and are listed on the Nigerian Exchange Group market's trading floor. The results suggest that the presence of subsidiaries has a positive impact, although a little one, on investor trust. In their study, Adeniji and Adekoya (2021) evaluated the impact of budget performance reporting on the investment decisions of a specific group of non-financial businesses listed in Nigeria. The study results indicate that performance reporting significantly influences the investment decisions made by organisations. The correlation coefficient (R2) between the variables is 0.300, with a beta coefficient (β) of 0.620. The t-value (484) is 14.400, indicating statistical significance at a p-value of less than 0.05. The present research conducted by Sanyaolu, Odunayo, Akintan, and Ogunmefun (2020) aims to examine the influence of financial statement analysis on the investment choices made by Nigerian deposit money institutions. The study revealed a significant positive relationship between profitability and investment decision, with a p-value of 0.05. However, it can be shown that financial leverage does not exhibit a statistically significant positive impact on investment choice (P > 0.05). Similarly, the influence of liquidity on investment decision is also not found to be statistically significant (P > 0.05). In contrast to the findings of the present study, the research conducted by Ajayi-Owoeye, Akinwunmi, Olayinka, and Pelemo (2022) examined the impact of financial reporting quality on investment decisions within the context of Nigerian listed manufacturing firms. The researchers discovered that inadequate financial reporting has a detrimental effect on investing choices. The study used an ex post facto research design. Based on the available data, it can be seen that the level of financial reporting quality has a significant impact on the market price per share of manufacturing companies listed in Nigeria.

CONCLUSION AND RECOMMENDATIONS

This study investigates segment reporting practice and its effect on investors' decision making: A comparative analysis of Nigeria and South Africa firms. Findings revealed that segment reporting practice has an insignificant impact on investors decision making of multinational firms in Nigeria while it can be said that segment reporting practice has a significant impact on investors decision making of multinational firms in South Africa. In conclusion, this comprehensive panel regression analysis delved into the intricate relationship between segment reporting practice, leverage, firm size, and investors' decision making for multinational firms in both Nigeria and South Africa. The findings offer nuanced insights into how these factors contribute to shaping investment decisions, as measured by share prices, in the respective countries. While the results vary between the two nations, they collectively underline the complexity of factors influencing investors' choices and highlight the need for a tailored approach to decision-making frameworks.

For multinational firms in Nigeria, the study revealed that segment reporting practice, leverage, and firm size have limited or insignificant effects on investors' decision making. This suggests that investors in Nigeria may be influenced by other factors beyond these variables when making their investment choices. On the other hand, in the South African context, segment reporting practice and leverage emerge as significant drivers of investors' decision making. These findings highlight the importance of country-specific factors that shape investment behaviour.

Therefore, it is recommended that Multinational firms operating in Nigeria should focus on enhancing their segment reporting practices. Even though the analysis revealed an insignificant impact on investors' decisions, improving transparency through comprehensive segment reporting can in-still greater investor confidence and foster more informed investment choices. For both Nigerian and South African firms, a careful balance in leveraging strategies is crucial. While the analysis suggests that increased leverage has a positive effect on investors' decision making in South Africa, it's essential to consider the potential risks associated with higher debt levels. In Nigeria, despite the lack of significance, firms should prudently manage their leverage to maintain financial stability.

Multinational firms of all sizes, in both Nigeria and South Africa, should recognize the impact of firm size on investors' decisions. Embracing strategies for organic growth, strategic partnerships, and efficient resource allocation can contribute to positive investor sentiment and sustained market value. Given the divergent impacts of segment reporting practice on investors' decisions in Nigeria and South Africa, multinational firms should recognize the unique market dynamics and investor preferences in each country. Tailoring reporting practices and communication strategies to suit the specific demands of the local investor community can lead to better alignment between company performance and investor response.

This study offers valuable insights into the relationship between segment reporting practices, firm characteristics, and investor decision-making for multinational firms in Nigeria and South Africa. The findings have significant implications for both corporate practices and future research endeavours. Despite the insignificant impact found, Nigerian multinational firms should prioritize enhancing their segment reporting practices. Improved transparency can build investor confidence and encourage informed investment decisions. Segment Reporting and Leverage significantly influence investor decisions. South African firms should prioritize comprehensive segment reporting and maintain a balanced leverage strategy considering the potential risks of high debt. This comparative analysis between Nigeria and South Africa adds to the understanding of how segment reporting, leverage, firm size, and investor decision-making interact in different market contexts.

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